

**The Shock Doctrine: The Rise of Disaster Capitalism
by Naomi Klein, released 9/20/07**

<http://www.naomiklein.org/shock-doctrine>

**see the short film online and see the 9/17/07 interview on
Democracy Now! at democracynow.org**

She makes the case:

The history of the contemporary free market was written in shocks. ... Some of the most infamous human rights violations of the past thirty-five years, which have tended to be viewed as sadistic acts carried out by antidemocratic regimes, were in fact either committed with the deliberate intent of terrorizing the public or actively harnessed to prepare the ground for the introduction of radical free-market reforms.

She makes the parallel between using electroshock on individuals with using "shock and awe" experienced by nations after natural and manmade disasters. What's done to individuals:

Isolation, both physical and psychological, must be maintained from the moment of apprehension. The capacity for resistance is diminished by disorientation. Prisoners should maintain silence at all times. They should never be allowed to speak to each other.

She says:

Take a second look at the iconic events of our era, and behind many you will find its logic at work. This is the secret history of the free market. It wasn't born in freedom and democracy; it was born in shock.

The U.S.-backed coup in Chile in 1970 replaced democratically-elected Salvador Allende with dictator Augusto Pinochet.

The coup made possible putting in place the "free market" policies of recommended by economist Milton Friedman and the "Chicago School" of economics. Friedman once said, "Only a crisis produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around." Libertarians have assured his ideology was "lying around."

The "free market" "reforms" in Iraq are strikingly similar to what was done in Chile and what is being attempted in the U.S. now as defined by Bush's 2000 election platform. They include:

- an "ownership society"
- privatizing Social Security,
- charter schools,
- a flat tax

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"Baghdad Year Zero" on
policies introduced in Iraq.

Klein: "... these crises, these disasters, these shocks soften up whole societies. They discombobulate them. People lose their bearings. And a window opens up, just like the window in the interrogation chamber. And in that window, you can push through what economists call "economic shock therapy." That's sort of extreme country makeovers. It's everything all at once. It's ... the kind of radical change that we saw in Russia in the 1990s, that Paul Bremer tried to push through in Iraq after the invasion. So that's the shock doctrine."

Milton Friedman, she notes, "... had a vision of society, in which the only acceptable role for the state was to enforce contracts and to protect borders. Everything else should be completely left to the market, whether education, national parks, the post office; everything that could be performed at a profit should be. And he really saw, I guess, shopping -- buying and selling -- as the highest form of democracy, as the highest form of freedom."

Klein: "... the central myth of our time that democracy and capitalism go hand in hand is known to be a lie by the very people who are advancing it, and they will admit it on the record."

When Bush says "They hate our freedoms," he really means they hate the "free market," not that they hate democracy.

The unfettered "free market" does not produce democracy or true freedom. It could better be called a "lawless market" that allows the few to externalize costs, socialize costs, onto the many.

The unfettered "free market" produces inequality. Disparities in wealth happen due to natural dynamics, even when everyone starts out with equal ability and resources. The dynamic is called "path dependence" in system dynamics and "success to the successful" in systems thinking. It's the result of two interacting positive feedback loops.

Extremes in the distribution of wealth are greater when capital gains taxes are lower and when sales taxes are higher (they introduce "resistance" in the flows between individuals, impeding a leveling of wealth).

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