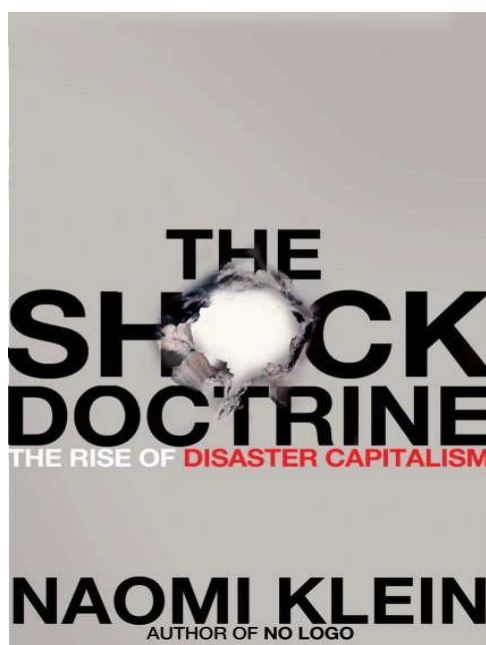


The Shock Doctrine

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Naomi Klein attempts to redefine the economic history discovering the historical continuities and to reveal the neoliberal theory which functions via the utilization of specific “tools”. The state of shock is the key for the opponents of Chicago School and Milton Friedman in order for them to establish neoliberal policies and to promote the deregulated capitalism which includes less welfare state, less public sector, less regulation, weakened labor unions, privatizations and laissez-faire. The thesis of Doctrine Shock explains how these radical policies dominated the global economy. They were not established through freedom and democratic procedures but as Naomi Klein states they needed crises, shocks and states of emergency.

The utility of crises in the form of natural disasters, wars and economic recessions is the cornerstone of the modern capitalism or otherwise the capitalism of disaster. Milton Friedman underlined that only a crisis actual or perceived produces real change as the new actions that are adopted during a state of crisis depend on the ideas which lie around. Consequently the role of neoliberalism should be to develop alternative policies in the name of deregulated capitalism that will substitute the existing ones when the political impossible becomes political inevitable that is after a disaster or a crisis.

The idea of crisis and disasters exploitation is the *modus operandi* of Milton Friedman’s ideological movement for radical reformations in favor of free market and private sector.

Friedman’s ideological movement can be described concisely as a complex of ideas which entails the eradication of public sphere, the ultimate freedom for corporations and private section, no public expenditure and generally the liberalization of markets. But what happened in fact when the classical policies were implemented was quite different. The adoption of Friedman’s classical theories brought about a mighty alliance between a handful of powerful corporations and a caste of strong politicians. It was an elite which earned immense profits by privatizing invaluable national resources as oil sources and embezzling public money. This is

a new system called corporatism whose the main aspects are the transfer of public wealth to private hands, the opening of the gap between rich and poor and the promotion of nationalism which warrants the extravagant expenditures for defense.

The idea of the doctrine of shock imitates the procedure of specific methods of tortures. The pressing interrogation is a series of techniques that via the sensual deprivation cause loss of critical capacity, disorientation, enfeeblement of resistances and the thinking is less clear. This is what we call a state of shock. Prisoners cannot think rationally and protect themselves. When they undergo a state of shock prisoners become vulnerable and “eager” to give information, confessions and whatever they are asked to. This is how a shock in the form of disaster or a crisis functions in a whole nation. For example after a national disaster such as a tsunami the population is under a state of shock so as the adoption of radical policies and reformations become political evitable as the people resistances have weakened.

The story begins on 1st June on 1951 when western intelligence agency secretly met with academics at Montreal of Canada. This meeting contributed to CIA funding research into the effect of sensual deprivation at McGill University under Dr. Donald Hemp. It is the period of cold war and CIA had marks that communists were implementing methods of brain washing to American captives. The declared goal of the research was to train the western trooper how to confront the violent interrogation in case of captivation. Dr Hemp carried out experiments on students using the method of sensual deprivation. The result of the experiments was that sensual deprivation could produce free monotony, loss of critical capacity and disorientation. Dr Hemp noted that this method could make them more vulnerable to brain storming. Finally, Dr Hemp decided to stop work on the research as he comprehended that sensual deprivation could become a vicious weapon against freedom. Indeed the real aim of the program was to enable western forces to utilize thinking control into captives.

But the experiments continued under the ambitious and anticommunist Dr Cameron who justified the procedure as part of cold war. Dr Cameron used to utilize more radical methods and make bizarre experiments on psychiatric patients such as electroshock and the LSD and PCP drugs. The institute Alan Memorial started to resemble as a prison and not a hospital. The main aim of Dr Cameron was to clean patients’ mind so he can rebuild it from a blink sheet. Cameron claimed that there are two factors that allow us to preserve the comprehension of time and place: the input of stimuli and our memory so he managed to disable memory through electroshock and the input of stimuli via isolation cells. This procedure is called shock-therapy. Cameron combined shock-therapy with sleep therapy and repeated taped messages. These methods lead to regression of personality. There is an interval extremely brief of suspended apparent death, a kind of shock when the prisoner is more open to suggestions and eager to comply. Janine Haurd confesses her obnoxious experiences as patient of Dr Cameron.

At the same time, Milton Friedman was teaching at the university of Chicago and he believed that economic shock therapy will lead to deregulated capitalism. He was opponent of the Keynesian policy of New Deal which was announced by president Roosevelt and consisted of extended public investments, as he thought that governments should stop regulating the economy as the market has the necessary power, there is an invisible hand that make the market correct.

The book describes a series of incidents over the last 40 years in which as the author states the doctrine of shock was implemented in order to establish neoliberal economic policies and facilitate the establishment of the free market and the deregulated capitalism.

The experience from South America shows that the main weapon of the military governments was terrorism. It was the key for them to manage the implementation of the neoliberal economic policies suggested by the Chicago School. It was undeniably a war with real weapons and brutality against dissidents. The environment of terror and shock that was created facilitated the establishment of the principles of Chicago School.

The first test was Chile. During 50's and 60's, Chile was being developed with great rates and constituted an example for the entire Latin America. The Chilean governments were following a program of public investments in health, education and industry. Marxism seemed to have been established and to be popular. On the other hand, american corporations in the area were worried for their investments as they had to confront the danger of nationalization. The response of America was to carry out an ideological war against Marxism. The state department started sponsoring students from South America to study economics at the university of Chicago with Friedman. Many Chilean students went to Chicago and took their PHD. These students returned in Chile and taught at the Catholic University of Santiago. During the elections of 1970 American corporations and CIA attempted to prevent Salvador Allende, who had a political platform of nationalization, from winning the elections but they failed as Allende nominated president. President Nixon ordered CIA to hit the Chilean economy and to cause economic instability. After a failed coup d' etat, on 11 September 1973 the general Pinochet leading the army entered the presidential palace. Chile had never before experienced such a tough situation. It was a shock, a shock of war. The coup d' etat as a program seemed to follow the doctrine of shock and this is how it had been planned. The new regime arrested and tortured more than 13000 deponents. The shock of war was followed by a new economic shock. With the entire population under a state of disorientation, Pinochet implemented the policies that were recommended by the "Chicago boys". This radical program consisted of privatizations, removal of the price control, removal of the trade barriers and cuts to governmental expenditures but indeed it didn't work. A year later the inflation was 375% per year the highest globally. It was the time for a shock treatment. Friedman's economic policy benefited the wealthy and deepened the social inequality. Milk and bread became luxuries. In order to be Friedman's program successful there had to be an enemy. Marxism and its proponents was the ideal victim. The economic plan had to be implemented and this would happen under a state of shock and terrorism with the establishment of concentration camps and numerous jailing.

A similar but more brutal procedure took place in Argentina. The new military government led by Vintela attempted to implement a neoliberal economic policy proposed by the Chicago boys who had crucial positions in the military government. It was their chance to make radical social changes. Alike the case of Chile, in order to be these economic changes accepted, people had to be terrorized, to undergo a state of shock. The "menu" had jailing, disappears, murders and detention camps under a state of governmental violence and terrorism. Military forces were using methods of brutal tortures and pressing interrogations as they had to deal with soldiers or terrorists. But these techniques were used in anyone who was against the regime. In the case of Argentina the brutality went one step further than Chile. Among the disappeared were pregnant women that could firstly give birth and then they would be murdered. Consequently, the purpose of the regime was to structure a new society. In the English spoken world, the radical economic policies of the Chicago School couldn't be imposed just like in South America. The neoliberal economic measures couldn't survive in a democratic regime and dictatorship was not a solution. In 1979, Margaret Thatcher whose intellectual mentor was old Friedman's mentor Friedrich Hayek elected prime minister in Britain and one year later Roman Reagan nominated president in the USA. Both USA and Britain were ruled by supporters of neoliberalism. The free market fundamentalism of the first period of Thatcher's governance was unpopular and it seemed really difficult to survive under democratic institutions. The enforcement of an economic shock therapy required another shock, a crisis. It was the absolute crisis, it was a war. The war in Falkland Islands against Argentina was the perfect vehicle for Iron Lady to promote the enforcement of free market. The success in the war augmented her popularity and in 1983 Margaret Thatcher won the elections with great majority. She could then push through the economic shock therapy. She managed also to confront the unions and specially the most powerful Britain union of maniers after massive strikes. Thatcher used every available mean to destroy the union and she finally

did it. The revolution of Chicago School had won. Margaret Thatcher implemented a program of extended and massive privatizations in the sectors of steel industry, water, gas, electricity, airlines, telecommunications and oil. Margaret Thatcher and Ronald Reagan pushed the global dominance of neoliberalism.

The case of communist regimes and the explicit example of Russia. In 1989, the situation in Poland with the union of “solidarity” and the massive strikes provoked a wave of demonstrations in East Europe. At the same time, Soviet Union had a new leader named Mikhail Gorbachev with a different vision from his predecessors. Gorbachev was committed to the policies of “glasnost” and “perestroika” and he believed in a third way something between capitalism and communism like the Scandinavian social democracy. The communist regimes started to collapse one by one without the intervention of USSR. At the end of 1989 the symbol of the cold war and the division of Europe, the wall of Berlin was destroyed. It was an opportunity for the proponents of free market and Chicago School as a new world arised. As Mikhail Gorbachev desired to promote reformations in the USSR, the West suggested him that he should adopt a shock therapy in order to overcome the resistance of people and to be granted financial aid. That period the scene in USSR was unsettled and turbulent. Extremist communists attempted to cause a coup and to get the power but it failed. It was the time of Boris Yeltsin to become president. In December 1991, the Soviet Union was dissolved. Free market was a reality and Boris Yeltsin who was in charge for economic policy followed radical neoliberal economic policies. The economic shock therapy was just a chaos and resulted in extreme poverty, reduction of purchase power, workers unpaid, corruption, organized crime and an elite that had numerous privileges. The shock therapy of Yeltsin paid off. Under these circumstances the parliament decided to repeal the special powers of Boris Yeltsin. The consequences of this decision were dramatic. A series of incidents lead to the bombardment of the parliament by the troops after Yeltsin’s command. As Yeltsin was powerful and the population under the state of shock, he implemented his radical neoliberal economic program with tragic impacts for the Russian people and immense profits for a class of billionaires, the oligarchy.

The menace of terrorism. In 2001 the defense minister Donald Rumsfeld was convinced that the department of defense needed reformation since the real enemy was the pentagon bureaucracy. His purpose was to create an army with a small number of permanent staff but with a core of officers. He wanted to promote the privatization of the defense services and to open them to free market. His goal was not to reduce the public expenditures but to guarantee the cooperation between state and private sector. That’s what happened after the landmark of 9/11/01. The terrorism attack constituted a real shock for the American society. It was the spark to begin the war against terrorism and a new economical system which was built on fear and this is what we call capitalism of disaster. This abstract war had huge economic consequences. The sector of internal security and defense ballooned handing out billion of dollars to private constructors. In the name of terrorism, USA attacked Afghanistan and Iraq. Firstly, in Afghanistan the American troops tested the efficiency of sensual deprivation and pressing interrogation on prisoners, showing off their power. In the case of Iraq, it is required an extended analysis. Iraq is a country with abundant oil and energy sources. Iraq had three distinct forms of shock which were all worked together and reinforcing each other. The shock of war which was immediately followed by economic shock therapy and the shock of enforcement.

The shock of war describes the massive, violent attack of the first days of military operations in Iraq which aimed to destroy the fundamental infrastructures of country and caused chaos and shock. After few days of military operations Iraqi people were physically, psychologically and emotionally exhausted such as the procedure of sensual deprivation. The economic shock therapy followed the route of neoliberalism. The regime fired 500,000 civil servants, the reconstruction of Iraq was assigned to American corporations, the new currency was printed abroad and there was private management of the public sector. The first years of

occupation 61,500 Iraqi were arrested. In prisons American troops were using similar techniques with those that Dr Cameron carried out. Prisoners were being undergone the method of sensual deprivation and tortures. The war in Iraq was the most privatized of the recent history to such an extent that there were more contractors than soldiers. The capitalism of disaster seems to have dominated.

Another case of the enforcement of a shock therapy can be found in the events after the disaster in New Orleans by the hurricane Katrina. Even though the hurricane left a lot of people homeless and the entire area was a scene of devastation, there was an opportunity as Friedman said for radical changes and reformation. A reformation according to the principles of Chicago School and neoliberalism. Specifically, few days after the natural disaster when the Heritage Foundation hosted a meeting for neoliberals and republican idealists, the neoliberals presented a catalogue with suggestions of actions in order to confront the consequences of the hurricane. The measures proposed reflected the ideology and the spirit of Chicago School. There were measures for the abolition of the law which was forcing corporations to pay decent wages, for the creation of an industrial zone without tax base and in favor of free competition and free market. Alike the case in Iraq, the same corporations undertook the technical rebuilding of the area. They imposed the whole privatization of the educational system in favor of individuals and powerful corporations. The capital grabbed the opportunity to maximize its profits. The local society being in a state of emergency could not protect and fight for the acquired and its interests.

A similar situation with New Orleans happened in Sri Lanka in 2004 when the country was hit by a devastating tsunami caused by a powerful earthquake. A long stretch of Sri Lanka's coast was devastated by the killer waves, with more than 40,000 dead and staggering 2.5 million people displaced. However the story had begun 2 years ago. When the civil war was ended the common "players" World Bank, USAID and the Asian Bank of Development aimed to help Sri Lanka to enter the global market. The comparative advantage of this country was the biodiversity, the beautiful shoreline and the culture, elements which constitute fundamental factors for the tourist industry. The government of USA was planning firstly to make Sri Lanka a touristic attraction and secondly to offer touristic corporations the opportunity to maximize their profits. Nevertheless, the system had to confront the local society and to enforce measures which would encourage the entrepreneurship. Six months before the tsunami, the tension between the natives fishermen and the hotel owners had peaked when a fire destroyed many houses of the formers. The fire was a mean to terrorize them but what did not happen with the fire, happened after the natural disaster of tsunami. The shoreline was devastated completely. The people properties disappeared. After the shock and chaos, the situation changed. Natives who used to live on the beach in fisheries villages for generations were prevented from returning by the authorities so that the land can be sold to private corporations in order to build luxuries hotels. The legislation changed in favor of entrepreneurship and against the natives. The doctrine of shock had worked.

The last and more recent example of a shock therapy that is described by Naomi Klein can be found the afterwards of a financial or economic crisis which constitute a direct result of the neoliberal ideology. An economic crisis that can be seen as debt crisis or financial collapse. In order the global market system to prevent a worse situation as it declares for example a default, it imposes a series of measures which are mainly characterized by the transfer of public funds and wealth which was collected by people in the form of taxes into the hands of individuals and corporations. Privatizations, liberalizations of markets, sell of public property in low prices, infringement of labor relationships, reduction of governmental expenditures and less welfare state are some of them. Measures which abolish freedoms and acquired rights It is an economic tsunami which aims at deregulation and privatization in favor of financial capital.