

Katrina, 9/11 and disaster capitalism

Naomi Klein talks about how governments and corporations take advantage of floods, wars and other crises to implement "shock and awe" economics.

By **LENORA TODARO** PUBLISHED SEPTEMBER 21, 2007 11:44AM (EDT)



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Naomi Klein is one of North America's most lucid translators of **globalization** and its defects. Her book "**No Logo: Taking Aim at the Brand Bullies**" (2000) landed just after **demonstrators in Seattle** put demands for international economic justice on the backs of **multinational corporations** for creating poor labor conditions in the

Klein, a Canadian whose physician father and filmmaker mother led her to follow her concerns for workers' conditions to Argentina after its

husband, Canadian journalist Avi Lewis, Klein created "The Take," a documentary about autoworkers who occupy their dormant factory. After finishing her new book, "The Shock Doctrine: The Rise of



Disaster Capitalism," she partnered with Mexican director Alfonso Cuarón ("[Children of Men](#)") to make a short film. (See it on [today's Video Dog](#).) The movie, which caused a stir at the Venice Film Festival, dramatizes the arguments of the book: that disasters -- unnatural ones like military coups ([Pinochet's Chile](#)) and war ([Iraq](#)) as well as natural ones (the Asian [tsunami](#) and [Hurricane Katrina](#)) -- allow governments and multinationals to take advantage of citizen shock and swiftly impose corporate-friendly policies. The result: a wealthier elite and more-beleaguered middle and lower classes. Sri Lankan fishing villages become luxury resorts; public schools along the Gulf Coast become corporate-run "charter" schools.

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Unafraid of controversy, Klein goes one step further in her new book than most progressive economists. She contends that in the aftermath of these various disasters, not only democracy but also human rights fall by the wayside -- all in the name of freedom and the free market. Klein compares economic shock therapy to the horrific experiments conducted on psychiatric patients in the mid-'50s by a CIA-sponsored Canadian doctor, in which patients were subjected to drugs, electroconvulsive therapy and sensory deprivation in an effort to replace their problem behaviors with a more compliant personality. If a personality can be remade, so, too, a nation. The film, with its stark images of ECT, excerpts from CIA torture manuals, footage of Nobel economist and shock-doctrine promoter Milton Friedman glad-handing Pinochet, Thatcher and Reagan, and images of natural disasters (the Asian tsunami, 9/11) makes her message vis

Klein spoke with Salon from London, one stop on a 10-country book tour. She discussed how free the free market is, and whether the anti-globalization movement is



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"No Logo" and "The Shock Doctrine" each look at issues surrounding economic justice from different angles: marketing, direct action, public policy. Why are you so interested in **economics?**

I'm not really interested in economics; I'm interested in politics and culture. I studied philosophy and literature but forced myself to learn the language of economics later in life because I need it to understand the issues that I do care about. "No Logo" is about understanding the loss of cultural space to marketing; "The Shock Doctrine" is really about the loss of democracy at the hands of this economic program. My brother is an economist and directs a policy institute, so he hooked me up with academics and specialists.

For your research you traveled to Iraq, Sri Lanka after the tsunami, and New Orleans after the levees broke. What surprised you most?

I went on assignment for Harper's to Iraq to write about Paul Bremer imposing shock therapy in the aftermath of "shock and awe." After Sri Lanka and New Orleans I realized the story was bigger. In Iraq I was shocked by the level of resistance on the part of Iraqis to the privatization of factories. I quote one worker in my book who worked in a vegetable factory: "We will either burn it down or blow ourselves up inside it. We will not be privatized." It's a measure of just how wrong the occupation forces were that the Iraqis would be so shocked that they'd be easy to marshal from point A to point B.

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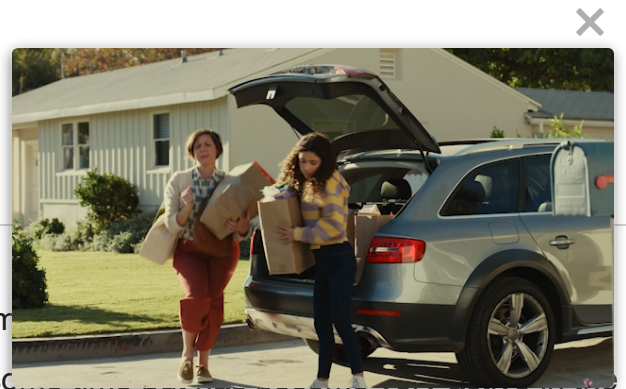


In Sri Lanka I was shocked by the sight of shantytowns emerging for victims of the tsunami. I knew how much money had been raised, and there was no reconstruction going on. It was clear that these sprawling shantytowns would become permanent. They were the richest poor people in the world. The largest charitable drive in history, and the money just didn't reach them. In New Orleans the disaster was being used to finish the project of transforming the Gulf Coast into a "tax-free enterprise zone," as the Heritage Foundation called it.

In this book you talk about how certain businesses thrive after disasters like 9/11 or Hurricane Katrina. What are the most lucrative businesses?

One of the things that really struck me is how the stock market responds to hurricanes and terrorist attacks. The most significant change in recent years is that the stock market now responds favorably to terrorist attacks or narrowly averted attacks. A whole class of stocks jump -- disaster stocks, like surveillance companies. Homeland security is now a \$200 billion industry.

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There is a new level of integration between homeland security companies and the private sector. General Electric, which owns NBC, has been in the weapons industry for so long that it has become a major player in the homeland security business. They recently purchased InVision, which provides bomb detection for airports.

Since 9/11 InVision has received \$15 billion in contracts from the Department of Homeland Security -- more such contracts than any other company. A company like that gains from the atmosphere of crisis and fear that is spread through media outlets. It's war against evil everywhere with no end. That's a war that can't be won, and you couldn't ask for a more profitable business plan. The only thing that threatens it is peace.

The recent [subprime mortgage meltdown](#) sent Wall Street to the government for a bailout. Is the free market really free?

This is yet another example of corporatism. It isn't a free market. The contractor economy in Iraq is not a free market: It is a political alliance of corporate elite through tax cuts, contracts and bailouts. The irony of this ideological campaign is that everywhere that extreme free marketeers who like freedom go, what emerges is not a free market but an alliance of the small government elite and a corporate elite marked by these transfers and the accumulation of huge debt.

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Has shock therapy run its course, or will it happen again?

We're still seeing it, and the shocks that enable it are getting bigger. There was a strange period in the late 1990s when there was a shamelessness and openness about imperialist wars. The fall of the Berlin Wall and Frances Fukuyama's book "The End of History and the Last Man" were against the WTO [World Trade Organization]. So it was really a decade of shock therapy, including the [Washington Consensus](#), that all governments must adopt free-trade policies, and that the World Bank and the International Monetary Fund [IMF] can impose [those actions] as conditions on their loans. It became a crusade, but from 1989 to 1999 the ideology didn't have a crusade. It was just naked before the world.



Now the policies are still advancing. The Bush administration has taken on the ideology of privatization and shock therapy -- remember Bush wanted to privatize Social Security -- but it's also about creating new infrastructure (homeland security, reconstruction, the war on terror), fighting wars of preemption abroad, and simultaneously outsourcing the entire enterprise.

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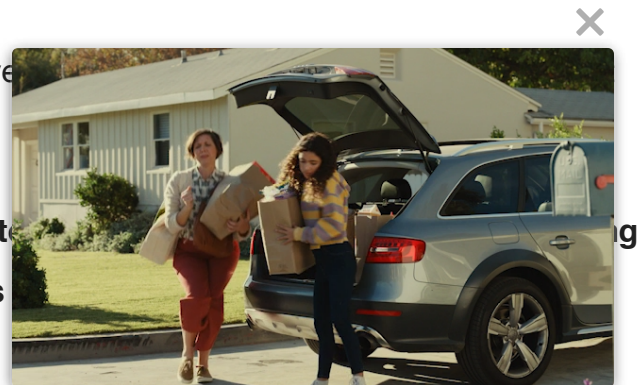
The 1990s was a time of pride for free marketeers, and that's what was so important about the so-called anti-globalization movement. Now the war on terror acts as a shield and the ideology advances a far more ambitious scheme -- it has entered the core of what we think of as essential state functions.

What is the current state of the anti-globalization movement?

The institutions that were advancing this ideology of shock therapy are in crisis because the anti-capitalist critique of markets is so mainstream now. The **WTO** talks have been derailed for four years. In Quebec in 2001, every leader in the Americas, except for Fidel, signed to pledge a free-trade zone from Alaska to Tierra del Fuego; no politician in his right mind would suggest such a thing now. The IMF and World Bank are both in a state of profound crisis.

There is more of a mood than a movement. Unless the progressive will be taken over by the right.

Many critics of your work say, look at India or China or Chile to with a free-market system. Do you see any long-term benefits

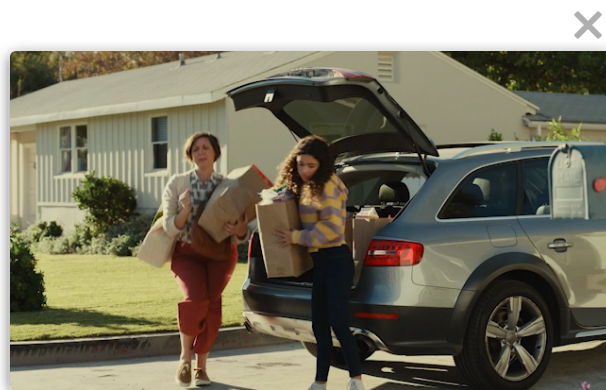


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It's interesting that these are the cases that are consistently held up as success stories, because there are clear and dramatic examples of state repression used to impose free-market policies in all three countries: the terror of the Tiananmen Square massacre in China, Pinochet's torture regime in Chile, violent crackdowns on resistance movements in India. Not one of these three countries is actually an example of the kind of unfettered capitalism advocated by Chicago School economists.

In terms of the long-term benefits of shock therapy, I never argue that no one benefits. The mark of the neoliberal state is a society of clear winners and losers, and an increasingly wide gap between the two. According to the United Nations, which tracks inequality in 116 countries, Chile is the eighth-most-unequal society on the list. In China and India the chasm between the country and the city, the slum and the call center, is so vast that it threatens national stability. We hear little about it in the Western press, but in China, India and Chile, fierce battles are fought every day over the legacy of shock therapy. For instance, there were 87,000 protests and labor disruptions in China in 2005, according to the government, and the number has gone up every year since. The Communist Party of China has identified income inequality as the most pressing issue facing the country. Chile, meanwhile, has seen a wave of strikes, unprecedented in recent decades, against the policies that were imposed in the shock therapy period, led by students and mineworkers.

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You make a connection between torture and economic shock therapy. Can you explain the link?

I look at torture in two ways in the book. The first is as an enforcement tool used by states that are trying to push through an economic transformation of a country that is so wildly unpopular that terror -- including torture -- must be used to control the population. Chile, Argentina, Brazil and Uruguay in the 1970s are classic examples of places where very real shocks to bodies were used to spread terror, making it possible to impose economic shocks. China is another example. And I argue that the use of torture by U.S. forces in Iraq was related to the huge social unrest sparked by Paul Bremer's attempt at an extreme country makeover. Many analysts agree that his decision to dissolve the army, to fire huge numbers of public sector workers, to push through investment rules that decimated Iraqi industry, and to cancel local elections all contributed to the rise of the armed resistance. And it was at that point that the war moved into the jails and torture spread.

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The other way that I look at torture is as a metaphor for disaster capitalism. Disaster capitalism is an attempt to push through policies in the chaos and disorientation that follow a disaster. The move to condos after Katrina is a classic example. So is the current campaign for law in Iraq, even as the country spirals into civil war.



What I argue is that this attempt to take advantage of the window of opportunity is an uncomfortable similarity to the techniques for psychological torture laid out in declassified CIA interrogation

manuals, which I quote in the book. For instance, the infamous 1963 Kubark manual talks about how to put a prisoner in a state of shock, using various regression techniques like sensory deprivation and sensory overload. Then it states that "there is an interval -- which may be extremely brief -- of suspended animation, a kind of psychological shock or paralysis. It is caused by a traumatic or sub-traumatic experience which explodes, as it were, the world that is familiar to the subject as well as his image of himself within that world. Experienced interrogators recognize this effect when it appears and know that at this moment the source is far more open to suggestion, far likelier to comply, than he was just before he experienced the shock."

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The first time I read that, it reminded me of the shock of Sept. 11, which, for millions of people, exploded "the world that is familiar" and opened up a period of deep disorientation and regression that the Bush administration expertly exploited. I want to stress that I am not in any way suggesting that a crisis like that was deliberately created in order to induce the state of shock, but I do argue that once the shock occurred it was deliberately deepened. And more to the point, the impulse to exploit a moment of disorientation opened up by mass trauma is, I believe, deeply immoral, in the same way that torture is immoral, because it is about exploiting an extreme power imbalance.



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Lenora Todaro is a writer in New York.

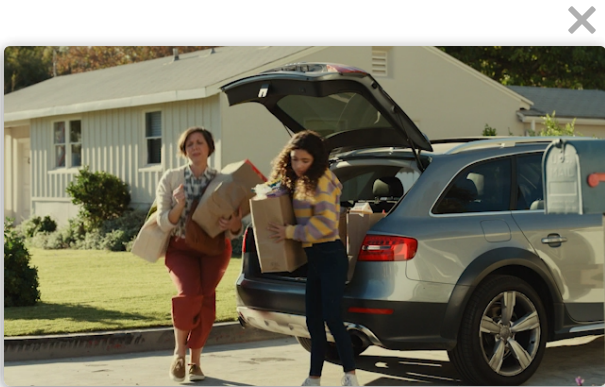
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