

The Klein Doctrine *The Rise of Disaster Polemics*

by Johan Norberg

No. 102

May 14, 2008

Executive Summary

Naomi Klein's *The Shock Doctrine* purports to be an exposé of the ruthless nature of free-market capitalism and its chief recent exponent, Milton Friedman. Klein argues that capitalism goes hand in hand with dictatorship and brutality and that dictators and other unscrupulous political figures take advantage of “shocks”—catastrophes real or manufactured—to consolidate their power and implement unpopular market reforms. Klein cites Chile under General Augusto Pinochet, Britain under Margaret Thatcher, China during the Tiananmen Square crisis, and the ongoing war in Iraq as examples of this process.

Klein's analysis is hopelessly flawed at virtually every level. Friedman's own words reveal him to be an advocate of peace, democracy, and individual rights. He argued that gradual economic reforms were often preferable to swift ones and that the public should be fully informed about

them, the better to prepare themselves in advance. Further, Friedman condemned the Pinochet regime and opposed the war in Iraq.

Klein's historical examples also fall apart under scrutiny. For example, Klein alleges that the Tiananmen Square crackdown was intended to crush opposition to pro-market reforms, when in fact it caused liberalization to stall for years. She also argues that Thatcher used the Falklands War as cover for her unpopular economic policies, when actually those economic policies and their results enjoyed strong public support.

Klein's broader empirical claims fare no better. Surveys of political and economic freedom reveal that the less politically free regimes tend to resist market liberalization, while those states with greater political freedom tend to pursue economic freedom as well.

Johan Norberg is a senior fellow at the Cato Institute and the author of, among other books, In Defense of Global Capitalism.

Klein's thesis is that economic liberalization is unpopular and, therefore, can only win by deceiving or coercing voters.

Introduction

Since its publication last fall, Canadian author Naomi Klein's book *The Shock Doctrine: The Rise of Disaster Capitalism* has already become a bible for young anti-capitalist activists. Established reviewers have praised it as well. As philosopher John Gray explains in *The Guardian*: "There are very few books that really help us understand the present. *The Shock Doctrine* is one of those books."¹ In the *New York Times*, Nobel laureate Joseph Stiglitz writes that it is "a rich description of the political machinations required to force unsavory economic policies on resisting countries."² According to Amazon.com's editors, it is one of the 10 best nonfiction books of 2007.

Klein's thesis is that economic liberalization is unpopular and, therefore, can only win by deceiving or coercing voters. In particular, free-market ideas rely on crises. In a time of a natural disaster, war, or military coup, people are disoriented and confused and fight for their own immediate survival or wellbeing, setting the stage for corporations, politicians, and economists to push through trade liberalization, privatization, and lower public spending without facing any opposition. According to Klein, "neoliberal" economists welcomed Hurricane Katrina, the 2004 Indonesian tsunami, the Iraq War, and the South American military coups of the 1970s as opportunities to erase past policies and introduce radical free-market models. If wars and disasters aren't enough to shock the citizens, neoliberals are purportedly happy to see the opponents of reform being attacked and tortured into submission. The chief villain in Klein's story is Milton Friedman, the Chicago economist who did more than anyone in the 20th century to popularize free-market economics.

To make her case, Klein exaggerates the free-market reforms that take place in times of crisis, often by ignoring central events and rewriting chronologies. She uses loose metaphors and wild distortions to claim that free markets are a form of violence. She confuses libertarianism with corporatism and neoconservatism and

blames Milton Friedman for encouraging reform by stealth. To do so, she engages in one of the most malevolent distortions of a thinker that has been done in a major work in recent years. Klein tries to portray the mild-mannered and freedom-loving Dr. Friedman as a cold-hearted, war-mongering Mr. Hyde.

Dr. Friedman and Mr. Hyde

According to Klein, Milton Friedman welcomed crisis as a way of making people disoriented and confused. With the public thus preoccupied, the economy could be drastically liberalized without any concern for the human costs. Klein's Exhibit A against Friedman is a quote from "one of his most influential essays":

Only a crisis—actual or perceived—produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable.³

This is "the shock doctrine," according to Klein, the very source of inspiration for all those reformers who apparently welcome conflicts, disasters, and war. In the not very subtle short film that accompanies the book, Klein shows this quote over images of prisoners being tortured and given electrical shocks, to give the impression that this is the kind of crisis Friedman would welcome.⁴

But the quote is not from one of Friedman's most influential essays. It's from the very brief introduction to the 1982 edition of *Capitalism and Freedom* (which was originally published in 1962).⁵ And it's not about welcoming disasters, it's about pointing out the relatively uncontroversial fact that people change their ways when it seems like the old ways fail—something Klein does not contradict. In fact, from the example that Friedman

provided (that interest in free markets grew as communism failed in China and the Soviet Union, and the United States and United Kingdom suffered from stagflation), it is obvious that Friedman was not advocating shocks and crises to force anyone to abandon the old ways that they cling to, but merely observing people themselves demanded change when old systems failed. But in the rest of the book, Klein pretends that she has proved that Friedman was in favor of deliberately provoking crises.

Klein also provides supporting quotes to strengthen this interpretation, and they are taken out of context in the same manner. She pretends that Friedman's concept of the "tyranny of the status quo" means the tyranny of voters, and that a crisis was needed for politicians to bypass the democratic process.⁶ For Friedman, the tyranny of the status quo was something entirely different—an iron triangle of politicians, bureaucrats, and special interest groups (businesses, for example) who advance their own welfare at the voters' expense.⁷

When Klein talks about Friedman's suggestions to reduce inflation, she writes, "Friedman predicted that the speed, suddenness and scope of the economic shifts would provoke psychological reactions in the public that 'facilitate the adjustment.'"⁸

Klein gives the impression that Friedman was brutal and wanted to inflict pain to disorient people and push his reforms through. The use of the words "psychological reactions" is also important, because Klein tries to associate liberal reforms with psychological torture and electrical shocks. But the quote in its entirety shows that Friedman had something very different in mind. He actually wrote that if a government chooses to attack inflation in this way: "I believe that it should be announced publicly in great detail . . . The more fully the public is informed, the more will its reactions *facilitate the adjustment*."⁹

In other words, if the people are *not* ignorant, and *not* disoriented, but fully informed of the reform steps, they would facilitate the adjustment by changing their behavior when it comes to negotiations, saving, consuming,

and so on. Friedman's view was the complete opposite of what Klein pretends it is.¹⁰

In the same manner, Klein conveys the image of the "Chicago school" of economics as a home for dogmatists and fundamentalists, brainwashing their students and plotting their global power grab. The reality is that the Chicago school became eminent not just for its quality but for its openness. All ideas were welcome as long as you could argue well. Friedman himself listed "tolerance for diversity" as one of the reasons for the Chicago School's success.¹¹ After having talked to Friedman's former colleagues and students, his biographer Lanny Ebenstein writes that he encouraged students to learn from other approaches than his own and he didn't try to convert them to his positions. His method was the rigorous testing of hypotheses with empirical data, and he was quick to admit mistakes when someone else found them in his work.¹²

Six Days in Chile

Klein cites the influence of Milton Friedman's economic views on Augusto Pinochet's military dictatorship in Chile in the 1970s as evidence that free markets rely on tyranny and torture. She writes that Friedman acted as "adviser to the Chilean dictator."¹³ This is wrong. Friedman never worked as an adviser and never accepted a penny from the Chilean regime. He even turned down two honorary degrees from Chilean universities that received government funding because he thought it could be interpreted as a support for the regime.

However, he was in Chile for six days in March 1975 to give public lectures, invited by a private foundation. When he was there he also met once with Pinochet for around 45 minutes, and wrote him one letter afterwards, arguing for a plan to end hyperinflation and liberalize the economy. That was the same kind of advice Friedman gave to communist dictatorships like the Soviet Union, China, and Yugoslavia, yet nobody would claim he was a communist.

Friedman never worked as an adviser to Pinochet and never accepted a penny from the Chilean regime.

**Friedman
thought that
richer people in a
growing economy
would begin to
demand political
rights.**

According to Klein, Friedman did not care about the social cost of ending hyperinflation—again, that is untrue. She never mentions that he suggested reforms that would lower the temporary unemployment or that one of his recommendations was to create a relief program for Chileans who suffered unemployment and distress.¹⁴

Klein writes that the Chilean coup in 1973 was a neoliberal coup, executed so that Chilean liberal economists (“the Chicago Boys”) could reform the economy. She has to do that to give the impression that neoliberals have blood on their hands, because the most violent period was shortly after the coup. To do that she has to invent a new chronology and claim that the liberalization began on the first day the junta took power.¹⁵ This creates a big problem for her. If liberalization began on day one, then it is impossible for her to claim that Friedman’s visit was of such a tremendous importance and started the real transformation, because that visit didn’t take place until late March 1975. Yet she tries to have her cake and eat it too.

The reality was that military officials were in charge of the economy at first. They were often corporatist and paternalist and opposed the Chicago Boys’ ideas about radical reforms. For example, the air force blocked pro-market reforms in social policy until 1979.¹⁶ It wasn’t until this way of governing the economy led to runaway inflation at the time of Friedman’s visit that Pinochet threw his weight behind liberalization and gave civilians ministerial positions. Their success in the fight against inflation impressed Pinochet, so they were given a larger role.¹⁷ Klein could have used the real chronology to blame Friedman for going to a dictatorship that tortured its opponents—the traditional criticism—but that is not enough for her. To find support for her thesis that economic liberalism needs violence, she has to make it look like torture and violence were part of Friedman’s plan.

Several chapters after she has given the reader the impression that Friedman supported Pinochet and was an adviser to him, Klein admits with a brief quote that Friedman did not support the authoritarian policies of

Pinochet.¹⁸ That is a rather weak description of his disagreement with a regime he called “terrible” and “despicable.”¹⁹

Klein claims that Friedman’s definition of freedom meant that “political freedoms were incidental, even unnecessary, compared with the freedom of unrestricted commerce.”²⁰ That was not Friedman’s view. He thought that they really *are* related, and that it would be easy for dictators to rule impoverished people fighting for their survival, whereas richer people in a growing economy would begin to demand political rights. As late as in his last interview, Milton Friedman warned that he was much more pessimistic about China than India, because of China’s authoritarian political system. According to him, China “is heading for a clash, because economic freedom and political collectivism are not compatible.”²¹ From Friedman’s perspective, one of the main reasons to try to get both communists and military regimes to accept liberal economic policies was that it would increase the chance that they would become democratic. As he wrote in 1975:

I approve of none of these authoritarian regimes—neither the Communist regimes of Russia and Yugoslavia nor the military juntas of Chile and Brazil. . . . I do not regard visiting any of them as an endorsement. . . . I do not regard giving advice on economic policy as immoral if the conditions seem to me to be such that economic improvement would contribute both to the well-being of the ordinary people and to the chance of movement toward a politically free society.²²

Friedman’s hopes that economic liberalization would lead to political liberalization might not always have been realized (even though they were in Chile’s case), but it is not honest to pretend that he didn’t have these hopes—that he didn’t care about democracy. When Friedman came to Chile, inflation was 340 percent. If Friedman really thought that crises were good, he would have let the

Chilean (and Russian, and Yugoslav) economy collapse under the weight of the old policies. He didn't, because he thought that it was better for people's well-being and their countries' freedom in the long run that they had functioning economies. Friedman's actual views thus amounted to an anti-shock doctrine. The Chilean example shows the opposite of what Klein thinks it does.

Cut and Paste

As seen above, one of Klein's preferred methods to make Friedman the villain is to take quotes out of context. But sometimes his words are too far from what Klein claims about him, and then she just stays silent about Friedman's real views. The most obvious example is that she holds Milton Friedman responsible for the Iraq War, to which she devotes the longest part of her work.

She claims that Friedman was a "neoconservative"²³ and thus in favor of an aggressive American foreign policy, and she argues that Iraq was invaded so that Chicago-style policies could be implemented there. Klein even goes so far as to suggest that Bush administration officials disbanded the Iraqi army and de-Baathified the government because they are neoliberals who dislike the public sector,²⁴ but nowhere does she mention Friedman's actual views about the war. Friedman himself said: "I was opposed to going into Iraq from the beginning. I think it was a mistake, for the simple reason that I do not believe the United States of America ought to be involved in aggression."²⁵ And this was not just one war that he happened to oppose. In 1995, he described his foreign policy position as "anti-interventionist." Speaking of the Gulf War, he said it was "more nearly justified than other recent foreign interventions," but concluded that the arguments for it were "fallacious."²⁶

In other words, the person whom Klein accuses of welcoming wars and coups could not even bring himself to support a war to stop the direct aggression of Iraq against Kuwait, much less other American interven-

tions. She also never mentions that he considered ending the draft his biggest political achievement.²⁷

This misrepresentation is hardly unique. Klein also blames Friedman and Chicago economics for the actions of the International Monetary Fund during the Asian financial crisis and the Sri Lankan government's confiscation of the land of fishing families to build luxury hotels after the tsunami. Yet the fact is that Friedman thought that the IMF shouldn't be involved in Asia, and he held that governments should be forbidden from expropriating property to give it to private developers. Of course, Klein could argue that Friedman was in some sense a source of inspiration for those policies, even though he was opposed to them. But she doesn't do that. She pretends that he agreed with them, and that that is what he and other Chicago economists wanted all along.

One wonders if Klein has missed what Friedman thought about these things. That seems unlikely, however, because she actually quotes from interviews where he opposes the Iraq War and the IMF's actions in Asia, but then pretends that those specific sentences aren't there. So perhaps she is trying to deceive the reader. Or perhaps someone is deceiving her?

Here is a hypothesis: This book was never really about Friedman. It started as a book on the Iraq War, but Klein soon realized that it could be expanded into a book on crisis and capitalism generally. But even in her first article on "disaster capitalism" in *The Nation* in May 2005 there is no mention of Friedman,²⁸ and her work never reveals any sort of familiarity with him or his work—she seems to think that the neoclassical Chicago school and the Austrian school of economics are basically the same thing,²⁹ and as previously noted, she thinks that Milton Friedman is a neoconservative. But sometime during her research, perhaps when Friedman died and every paper and magazine wrote stories about him, she realized that she could get the world's free-market guru into her story.

According to Klein's credits, and if we exclude all the field researchers she used, 12

One of Klein's preferred methods to make Friedman the villain is to take quotes out of context.

There is a very strong correlation between economic freedom on the one hand and political rights and civil liberties on the other.

researchers worked with her on the book. Could it be that some of those researchers were given the order to skim through Friedman's books, articles, and interviews for words and sentences that relate to shocks and crises? The enthusiastic researchers collected quotes and gave them to Klein who made a collage of them to fit her story. That could explain why she takes Friedman's words to mean the opposite of what the contexts reveal, and why she is silent any time his words contradict her interpretation, even when the contradictions appear in the same interviews and articles that she quotes from.

This is just a hypothesis. But it's a more attractive explanation than the alternative, which is that she is consciously deceiving the readers even though simple checks of her sources expose the distortions.

Shock and Awe

Even though Klein is wrong about Friedman, she could be right about her broader thesis that it is easier to liberalize in times of crisis, and that there is a close connection between economic liberalization and violence and dictatorships. She gives examples of dictatorships that have liberalized the economy, like Chile and China, but she also makes a metaphorical case about the relationship between "shock therapy" in economics and electrical shocks as a means of torture. The connection is that they are both used to erase the past and create something new—torture is "a metaphor of the shock doctrine's underlying logic."³⁰ And she makes a lot of the case that electrical shocks have sometimes been used in countries that have attempted economic reform—like in Pinochet's Chile or in Iraq by the American forces.

It's not subtle. She begins with Ewen Cameron, the psychiatrist who used electrical shocks and other mind-altering techniques on unsuspecting patients as part of a Central Intelligence Agency project. The next chapter, on Milton Friedman and his attempts to promote free trade and free markets, is called

"The Other Doctor Shock." And of course, later in the book electrical shocks and shock therapy are connected to the U.S. military strategy of "shock and awe" in the invasion of Iraq. Shock-Shock-Shock. Get it?

Hidden in Klein's word games is a real argument—the fact that several dictatorships have liberalized their economies in recent years and that some of these have also tortured their opponents. But how strong is this connection? If we look at the Fraser Institute's Economic Freedom of the World statistics (EFW), we find only four economies about which we have data that haven't liberalized at all since 1980.³¹ All the others have. Obviously this also means that we will see economic liberalization even in brutal dictatorships, just as in peaceful democracies.

Klein relies on her personal interpretation of anecdotes and examples and never tries to supply broad, statistical evidence for her case. It's an understandable omission, because the data don't support her argument. There is a very strong correlation between economic freedom on the one hand and political rights and civil liberties on the other. The quarter of countries with the most economic freedom score 1.8 on average in Freedom House's measure of political rights (1 = most free, 7 = least); the second freest quarter gets 2.0; the third; 3.4, and the least economically free quarter of countries gets 4.4. On average, the economically freest quarter is more democratic than Taiwan, and the least economically free quarter is less democratic than Nigeria.³²

Making Liberalism Violent

A 2007 survey from the Pew Research Center shows that there is a plurality in 41 of 46 polled countries who think that most people are better off in a free-market economy. In most countries, an overwhelming majority thinks so. Klein never provides us with any countervailing surveys to prove her point that free markets are unpopular.³³ Nor does she talk about rapidly liberalizing democracies like Iceland, Ireland, Estonia, Australia,

or the United States during the 1980s, where reforms were given renewed support in several elections. These countries are just not sufficiently undemocratic and brutal.

However, she does deal with Britain under Margaret Thatcher, and argues that she also relied on shocks and violence to reform. Thatcher won the election in 1983 because of the boost she got from the Falklands War—which does nothing to prove “disaster capitalism” as a deliberate strategy, because it was a war she did not start. Klein never mentions that another reason for Thatcher’s growing popularity was that the British economy improved rapidly at the same time, which would not fit the argument that liberalization hurts people. (One study even looked in detail at the timing of events and the voters’ perception of them and made the case that the Tories only gained three percentage points from the war, and the rest from improved economic prospects.³⁴)

Klein further tries to tie Thatcher to violence by noting that she closed down the state-owned coal mines despite the strikes of 1984–85, an action that did lead to police violence. “Thatcher unleashed the full force of the state on the strikers,” according to Klein,³⁵ and she mentions specifically the attack on strikers by 8,000 riot police in Orgreave in June 1984.³⁶ Klein does not go into any detail, and she tries to make it sound like Thatcher sent the police to attack strikers because they were on strike. But the violence started because the strikers tried to block more mines and stop the miners who wanted to work, and they did it by trying to break the police lines and throwing stones until the police retaliated. Obviously there was police brutality, but it began as a way to protect peaceful mines, miners, and policemen, not as a way to impose an ideology by force.

More damaging for Klein’s case, Thatcher was not implementing *unpopular* reforms. On the contrary, surveys during the strike showed that the public systematically opposed the strikers, and that opposition grew during the strike. In December 1984, 26 percent had the most sympathy for the miners, and 51 percent

for the employers. Only 7 percent approved of the strikers’ methods, and 88 percent disapproved.³⁷ Klein has it backwards. It was not primarily Thatcher who used violence to implement unpopular ideas, it was the strikers who used violence to block popular Thatcherite ideas.

Making Violence Liberal

The essence of Klein’s argument is that free-market reforms coexist comfortably with the most brutal dictatorships—and not just coexist. In Klein’s world, the brutality and the torture in authoritarian regimes are a way for the ruling class to force through liberal economic reforms. It is important for her that Chile is not an exception, because if it was, then Friedman might have been right when he said that the surprising thing was not that the market worked, but that the generals allowed it to work. Indeed, it is tempting to see Chile as an example that could be used to support Friedman’s argument that a successful economy could moderate a brutal regime and in the end restore democracy. Therefore Klein must make the case that several other brutal dictatorships were liberal reformers as well. To avoid talking only about Chile, she also includes the Argentinean military dictatorship of 1976–83. With these two examples, she can claim that the Southern part of Latin America is where “contemporary capitalism was born.”³⁸ She even calls the two countries’ governments “Chicago School juntas.”³⁹

There were indeed advisers from the University of Chicago in Argentina. There is strong demand for Chicago economists everywhere, so they have been in many places, and this fact supplies ample material for Klein’s conspiracy theory. But free-market reforms were barely noticeable in Argentina. In the EFW index of economic freedom from 1 (least free) to 10 (most free), Argentina moved from 3.25 in 1975 to 3.86 in 1985. It is interesting to compare these scores with the economic freedom in countries that Klein mentions as good alternatives to the brutal “neoliberal” models. Such

Klein never mentions that another reason for Thatcher’s growing popularity was that the British economy improved rapidly at the same time.

Klein frequently exaggerates the free-market elements in anything that she can associate with a crisis.

a comparison shows that Argentina lagged behind the gains in freedom made by nonviolent Sweden, which went from 5.62 to 6.63 between 1975 and 1985. Sweden is a country Klein praises for practicing “democratic socialism.”⁴⁰ Or consider Malaysia, which went from 6.43 to 7.13 and is another one of the “mixed, managed economies” Klein prefers.⁴¹ But Argentina tortured, so in Klein’s world, it has to be on the fast track to liberalism.

According to Klein, Latin America’s Southern cone was “the first place where the contemporary religion of unfettered free markets escaped from the basement workshops of the University of Chicago and was applied in the real world.”⁴² In fact, after the military dictatorship supposedly applied those ideas with religious zeal, Argentina’s economy was *less* free than all Eastern European communist economies tracked by EFW, including Poland, Hungary, and Romania.⁴³

How does Klein manage to turn an economy that was less liberal than the planned economies of Eastern Europe in 1985 into a Chicago laboratory? Once again, she relies on imaginative metaphors. For example, some Argentinean prisoners were dehumanized by being forced to choose between more torture for themselves and more torture for a fellow prisoner. Because Klein thinks that the free market is a zero-sum game, she interprets this abuse as a way of forcing the prisoners into becoming individualists. According to Klein, “they had succumbed to the cutthroat ethos at the heart of *laissez-faire* capitalism.”⁴⁴

And on the next page, she presents a graphic connection: A posh shopping mall in Buenos Aires has been built where there was once a torture center. Klein’s conclusion: “The Chicago School Project in Latin America was quite literally built on the secret torture camps.”⁴⁵ So if they had built a Social Security office there instead, would it have been a graphic proof of the close connection between the welfare state and torture?

It doesn’t often get as far-fetched as this, but Klein frequently exaggerates the free-market elements in anything that she can associate with a crisis. For example, she writes that

U.S. politicians used Hurricane Katrina to introduce “a fundamentalist version of capitalism” in New Orleans.⁴⁶ This is her description of the introduction of more charter schools—publicly funded and controlled schools run most often by nonprofit groups, which Klein confuses with Friedman’s proposal to introduce a school voucher system. She exaggerates not just the nature of the change, but also its extent. She writes that the school board used to run 123 public schools, but after the hurricane it only ran 4, whereas the number of charter schools increased from 7 to 31. She doesn’t mention that this was right after the hurricane and the result of the school board’s being much slower in reopening its schools. As of September 2007, the board ran 47 schools and there were 44 charter schools.⁴⁷

In another instance she misrepresents the ideas of the economist John Williamson, who coined the term “Washington Consensus,” by inserting an “all” before his recommendation that “state enterprises should be privatized.” In fact, however, Williamson has opposed general privatization. Instead, he has recommended that governments hold on to enterprises when it is difficult to create competition (he mentions public transport) or when there are externalities (for example, water supply).⁴⁸

But it is important for Klein to portray Williamson as a radical for two reasons. The first reason is that this helps to make the institutions of the Washington Consensus (the U.S. government, the IMF, the World Bank) seem like radical Friedmanite organizations and part of a global Chicago crusade. The second reason is that Williamson is the only economist from whom she has actually found a quote asking whether it might be good to provoke a smaller crisis (inflation) to get acceptance for reforms. Granted, it was just a question at a conference in 1993 to provoke a discussion, but that alone was enough for Klein to write on the next page that this was now “part of a global strategy” and through the rest of the book write as if it was what all liberal economists now believed.⁴⁹

Rewriting Tiananmen Square

Klein sees China as another example of a country where the leaders have adopted Friedman's ideas and enforced market reform in a violent manner. To make her case, she rewrites the history of the Tiananmen Square massacre of 1989 and claims that the protesters were primarily opposed to economic liberalization. According to Klein, the Communist Party, led by Deng Xiaoping, attacked the students in order to save its free-market program and move on with the most sweeping reforms yet, while people were still in shock.

As Klein does in many instances, she starts cautiously by citing a Chinese leftist intellectual and protester and saying that this is one interpretation. But soon, without providing any new evidence for this position, she switches to treating it as her own interpretation and stating confidently that the protesters opposed "the specific Friedmanite nature of the reforms" and that the "shock of the massacre . . . made shock therapy possible."⁵⁰ And in the rest of the book she includes this as another example of how markets and violence go hand in hand.

But if the students were protesting against economic reform, they seldom expressed that grievance. Instead, they demonstrated in favor of democracy, government transparency, and equality before the law, and against bureaucracy and violence.⁵¹ The real story is thus very different from the one Klein tells. The protesters at first gathered to mourn the former secretary general Hu Yaobang, one of the country's most important reformers. Those students and intellectuals wanted democratic reforms, specifically free speech. The protests grew and included everybody who wanted democratic reform, both those who wanted more economic reform and those who wanted less (the element that Klein equates with the whole protest).

There are no indications that the majority of party elders decided to end the demon-

strations by force because they wanted to save the free-market project as Klein claims. They wanted to save the party's power, and the majority was made up of economic conservatives who were skeptical towards liberalization. Some even refused to visit the free-trade zones on principle.⁵² And the reforms did not accelerate after the massacre, as Klein writes. For the first time since their inception, they stalled.

Consider the most consistent free-marketeter in the leadership. Gen. Secretary Zhao Ziyang. Zhao was purged because he supported the protesters, and he spent the rest of his life under house arrest. Friedman had met him in Beijing in 1988 and wrote him a letter of advice—another meeting with a tyrant that Klein blames him for. Zhao's rivals, including Premier Li Peng, who was pushing for a violent crackdown on the protesters, now tried to roll back the market reforms and reintroduce controls over the economy. The conservatives blamed the unrest on the openness, and Deng's position in the party was weakened. Far from being the start of shock therapy, Tiananmen Square was almost the end of economic liberalization in China. Klein writes that "Tiananmen paved the way for a radical transformation free from fear of rebellion."⁵³ But according to EFW, China was actually less economically open in 1990 than it was in 1985, moving from 5.11 to 4.91 on a scale of 1 to 10.

Klein fakes the chronology, and she knows it, because she writes that Deng opened the Chinese economy "in the three years immediately following the bloodbath."⁵⁴ She has to change the meaning of "immediate" into "three years," because for three years after Tiananmen Square, the reform movement was faltering. Deng was forced to try to jumpstart liberalization in a public way in the spring of 1992, even though he was 87 years old and had formally retired. His "southern tour" was a trip filled with speeches and networking to save the reform program. The trip was not reported in the national media at first, because that was controlled by Deng's rivals. Deng even had to write articles sup-

Far from being the start of shock therapy, Tiananmen Square was almost the end of economic liberalization in China. Klein fakes the chronology, and she knows it.

Politicians and government officials often use crises as an opportunity to increase their budgets and powers.

porting his agenda under a pen name to get access. But he was successful in winning local support and building alliances with provincial governors who were in favor of liberalization. Only when this happened did the reluctant president Jiang Zemin decide to support Deng. After the tour was over, the media started to report about the trip and the reforms started again.

To show that radical economic reforms can happen only in dictatorships, Klein summarizes by comparing China and democratic Poland during the late 1980s and early 1990s:

In China, where the state used the gloves-off method of terror, torture and assassination, the result was, from a market perspective, an unqualified success. In Poland, where only the shock of economic crisis and rapid change was harnessed—and there was no overt violence—the effects of the shock eventually wore off, and the results were far more ambiguous.⁵⁵

Once again, Klein simply states conclusions without any statistics to back them up. If we take a look at the EFW data, we see that here again Klein misreports the facts in her effort to draw a connection between violence and economic liberalism. China is nowhere near Poland in economic freedom, and it improved much more slowly. In 1985, Poland's economy was much less open, with 3.93 versus China's 5.11. In 1995, Poland had caught up and both scored 5.3. In 2005, democratic Poland was way ahead with 6.83, while China scored 5.9.⁵⁶

Big Government Conservatism

Klein's suggestion that crises benefit free markets and limited government is controversial to say the least. In fact, politicians and government officials often use crises as an opportunity to increase their budgets and powers. World War I led to communism in

Russia, and hyperinflation and depression led to National Socialism in Germany. War and disasters are rarely friends of freedom. Economic historian Robert Higgs showed in his now classic work *Crisis and Leviathan* that the growth of the American government took place during crises like the Depression and the world wars.⁵⁷ When the crisis is over, the government does not return to its previous state, instead keeping some of the power and money it grabbed to meet the crisis. The state, not the market, grows on crises.

“War is a friend of the state. . . . In time of war, government will take powers and do things that it would not ordinarily do,” said a famous economist explaining why he opposed the Iraq War. That economist was Milton Friedman—the person Klein claims longed for war and disasters to ram through *laissez-faire*.⁵⁸ Friedman was right when it came to the Iraq War. The Bush administration used the war to expand the federal government's powers dramatically, and Bush has increased federal spending more than any other president since Lyndon Johnson (another war president), even excluding spending on the military and national security.⁵⁹ And this is not just the impression of disappointed libertarians. A poll in 15 key districts just before the mid-term elections in 2006 showed that more than 55 percent of American voters said that the Republicans were a Big Government party.⁶⁰

One would think that Klein should find it difficult to explain this major exception to her thesis. But she doesn't. Instead she uses the United States after 9/11 as a major example *for* her thesis. She claims that the terrorist attacks gave the Bush administration the opportunity to implement Friedman's ideas, by benefiting friends in the defense and security industries with new contracts and unprecedented sums of money. Klein never clearly explains why this is Friedmanite. In the real world, Friedman “had always emphasized waste in defense spending and the danger to political freedom posed by militarism,” in the words of his biographer, Lanny Ebenstein.⁶¹ It is possible for Klein to make

this connection for one reason only—that Klein never clearly defines what Friedman’s ideas are and what they aren’t, and she gives no indication that she understands them. So she confuses Friedman’s limited-government liberalism with both neoconservatism and outright corporatism—the granting of special privileges to corporations beyond what they could earn without government help.

As Klein sees it, in Bush’s America “you have corporatism: big business and big government combining their formidable power to regulate and control the citizenry.”⁶² This sounds, improbably enough, like a healthy libertarian critique of the administration. The only problem is that Klein thinks that this is the “pinnacle of the counterrevolution launched by Friedman”⁶³ and that the Bush team that implemented it is “Friedmanite to the core.”⁶⁴

Even when the federal government breaks all the rules in Milton Friedman’s book, Klein blames Friedman for it. At one point Klein writes about the lack of openness in the Iraqi economy:

All the . . . U.S. corporations that were in Iraq to take advantage of the reconstruction were part of a vast protectionist racket whereby the U.S. government had created their markets with war, barred their competitors from even entering the race, then paid them to do the work, while guaranteeing them a profit to boot—all at taxpayer expense.⁶⁵

Again, this would be an excellent Friedmanite critique of how governments enrich their friends at the cost of open competition and taxpayers, if it weren’t for the fact that Klein finishes the paragraph in this way: “The Chicago School crusade . . . had finally reached its zenith in this corporate New Deal.”⁶⁶

Klein repeatedly identifies libertarianism (or “neoliberalism”) with neoconservatism. She seems to think that they are the same, and she even calls the Cato Institute a neo-

conservative think tank, twice.⁶⁷ She writes about “the neocon movement—Friedmanite to its core.”⁶⁸ So every time Bush expands the government to promote conservative goals, and every time something is being done by the United States in Iraq as a result of the occupation, Klein holds Milton Friedman and other libertarians such as the Cato Institute responsible for it, even though each opposed both the government expansion and the Iraq War.

It is obvious that Klein does not know what neoconservatism is and has not bothered to find out. She writes in passing that Friedman was neoconservative and suggests that neoconservatives long for “the elimination of the public sphere, total liberation for corporations and skeletal social spending.”⁶⁹ The founder of American neoconservatism, Irving Kristol, defines the movement’s ideas quite differently. Back in 1979, he explained: “Neoconservatives are not libertarian in any sense. A conservative welfare state is perfectly consistent with the neoconservative perspective.” He reiterated that viewpoint in a recent manifesto: “Neo-cons do not feel that kind of alarm or anxiety about the growth of the state in the past century, seeing it as natural, indeed inevitable.”⁷⁰ And if neoconservatives and libertarians have important differences on domestic policy, their differences on foreign policy are even starker. That Friedmanite core must be massive indeed to contain such widely divergent views!

A Suicidal Impulse

Klein also confuses libertarianism with corporatism, arguing that tax-funded corporate welfare is the zenith of Chicago’s free-market revolution. Klein accepts that corporate welfare is not what the Chicago liberals originally promoted: “But it’s not an aberration; it is where the entire Chicago School crusade—with its triple obsession—privatization, deregulation and union-busting—has been leading.”⁷¹ But she doesn’t explain why this separation of government and the economy

Klein never clearly defines what Friedman’s ideas are and what they aren’t, and she gives no indication that she understands them.

Libertarians have always been accused by their opponents of wanting to enrich corporations.

would lead to more cronyism and corporate welfare. Her only argument begs the question—it has happened in countries that have been led by people she considers Friedmanite, and we know they are Friedmanite because they enrich companies when they have a chance.

The idea seems to be that Friedman and other libertarians like corporations, so if governments give corporations contracts, subsidies, protection and privileges, that must be Friedmanite—to the core. At times it seems like she thinks that any policy is neoliberal if private companies are involved—if a private company produced the eavesdropping devices, for example. If her misunderstanding of neoconservatism is the result of ignorance, this confusion is the result of her being seduced by classical leftist rhetoric. Libertarians have always been accused by their opponents of wanting to enrich corporations, so if something enriches corporations, it must be libertarian.

Here is Klein's interpretation of Friedman's viewpoint:

What he understood was that in normal circumstances, economic decisions are made based on the push and pull of competing interests—workers want jobs and raises, owners want low taxes and relaxed regulation, and politicians have to strike a balance between these competing forces.⁷²

This is why Friedmanites need crises, because they suspend “normal circumstances” and make it possible to benefit owners and implement their agenda when people are busy thinking about other things. Klein's words sound like a summary of something Friedman said, but she never explains where he “understood” this. There is no footnote. The reason is that this is not Friedman's point of view. On the contrary, he argued that “jobs and raises” were the long-term results of “low taxes and relaxed regulation.” But he also thought that corporate lobbying interests frequently tried to destroy those beneficial effects.

One would probably have a hard time finding any economist who was more persistent than Friedman in warning about how corporations and capitalists conspire against the public to get special privileges, subsidies, and protection. As Friedman pointed out:

Business corporations in general are not defenders of free enterprise. On the contrary, they are one of the chief sources of danger. . . . Every businessman is in favor of freedom for everybody else, but when it comes to himself that's a different question. We have to have that tariff to protect us against competition from abroad. We have to have that special provision in the tax code. We have to have that subsidy.⁷³

Friedman called this search for favors “the suicidal impulse of the business community,” which was the title of a lecture he gave several times. It was a constant theme in Friedman's works. In the first episode of his classic TV series *Free to Choose*, it is almost as if Friedman takes aim at Klein's depiction of Friedman himself:

I do not believe it's proper to put the situation in terms of industrialist versus government. On the contrary, one of the reasons why I am in favor of less government is because when you have more government industrialists take over, the two together form a coalition against the ordinary worker and the ordinary consumer. I think business is a wonderful institution provided it has to face competition in the marketplace and it can't get away with something except by producing a better product at a lower cost; and that's why I don't want government to step in and help the business community.⁷⁴

Friedman's description of how the system works is very close to Klein's: “Big Government joins forces with Big Business to redistribute funds upward.”⁷⁵ The difference, of

course, is that Klein accuses Friedman of being in favor of this state of affairs. But far from being a defender of corporate welfare, Friedman was one of its most consistent opponents: “Private enterprise is entitled to receive the rewards of success only if it also bears the penalties of failure. . . . No obstacles, no subsidies should be the rule.”⁷⁶

Instead of accusing Friedman of saying the opposite of what he actually did say, Klein could have made the case that corporate welfare is the unintended consequence of an open economy and a limited government. But she doesn’t supply us with arguments for this correlation, and her examples support the opposite view. She writes about Russian oligarchs, the United States post-9/11, and privatization in Latin America. But the oligarchs and many of the Latin American deals were the result of excluding outsiders and foreigners from the process, which Klein admits but doesn’t see the implications of.⁷⁷ Meanwhile, the corporate welfare in the United States and Iraq is a result of a massive increase in public spending and—according to Klein herself—barring competitors from deals. Anti-Friedmanite to the core.

Attitudes toward Democracy

If we strip away obvious misunderstandings and distortions, there is not much left of Klein’s arguments against libertarianism and Milton Friedman in *The Shock Doctrine*. Is her case against a movement really that its guru economist used crises to get people to buy his ideas and flattered fascist and communist dictators to get their support? That one of the economist’s famous followers has only nice things to say about dictators, political murderers, and terrorists as long as they have the right ideas about the market? That those ideas coexist comfortably with political oppression?

If that is the case, Klein has a problem. Because the economic guru is her own favorite, the British economist John Maynard Keynes, who rose to prominence because of the Great Depression and the Second World

War, who talked about the Soviet Union as “impressive,” and who explained that his ideas were well adapted to a totalitarian system in the introduction to the German translation of his *General Theory* in 1936.⁷⁸ And the follower who says nice things about dictators is Naomi Klein herself, who has nothing but praise for Cuba,⁷⁹ Che Guevara,⁸⁰ and Hezbollah⁸¹ when she mentions them in her book, and who defended the Iraqi radical leader Muqtada al-Sadr as representing the mainstream of Iraq and as fighting only in self-defense.⁸² And the leaders who implement the “economic nationalism” Klein asks for are people like Vladimir Putin, Hugo Chávez, and Mahmoud Ahmedinejad, who do it while dismantling independent and democratic institutions. In other words, Klein does not seem to mind dictators, fascists, and murderers, as long as they don’t lower taxes and trade barriers.⁸³

Klein’s interpretation of Russia in the 1990s reveals her attitude toward democracy. She blames Russian president Boris Yeltsin for destroying democracy in the fall of 1993, when he ignored the anti-Yeltsin majority in parliament. When legislators occupied the building and called for his resignation, Yeltsin dissolved the legislature by force and called for new elections. She admits that there were “proto-fascist” groups in the parliamentary camp, but doesn’t seem to mind—when you are fighting for democracy you can’t be too choosy about your friends, apparently. Yet Fred Kaplan, one of the reporters who visited the communist and ultranationalist occupiers, calls this description “ludicrous”:

I was one of many reporters who spent an eerie afternoon in the parliament building, talking with its armed, black-booted, and stinking-drunk occupiers. Believe me—and Klein should, since she quotes one of my *Globe* reports in describing the soldiers shelling the building the next morning—there were no democrats among that lot.⁸⁴

Once again, Klein has had to change the chronology to make it fit her case. She claims

Klein does not seem to mind dictators, fascists, and murderers, as long as they don’t lower taxes and trade barriers.

Whoever happens to fight against free markets, even if they try to remove a democratically elected president, is a fighter for “democracy” in Klein’s world.

that Yeltsin dissolved parliament violently to implement shock therapy. But the only shock therapy in Russia—the lifting of price and currency controls—took place more than a year and a half earlier. Since then, Yeltsin had replaced the liberal prime minister Yegor Gaidar with the technocrat Viktor Chernomyrdin and had used almost \$7 billion to bail out state-owned factories. But that is not the point here. Something else is more interesting.

A parliamentary majority accuses the president of undemocratic and unconstitutional acts and wants him removed. The president ignores this opposition, and the parliament accepts the help of authoritarians to fight for what they claim is democracy. Doesn’t this resemble another episode in modern political history? That is what happened in Chile in August 1973, when the majority in parliament called on the military’s help to remove Salvador Allende, whom they accused of turning the country into a dictatorship.⁸⁵ However, Klein considers Allende “a fierce democrat,”⁸⁶ whereas she calls Yeltsin, without intentional irony, “a Russian Pinochet.”⁸⁷

I am not arguing in favor of anything that happened in either of these episodes. What I am doing is drawing attention to the fact that Klein calls one president’s fight against parliament an attack on democracy, and another president’s similar fight a struggle for democracy. But the difference isn’t that one of them was more democratic than the other. At least not in a way that favors Klein—for all its faults, Yeltsin’s administration was arguably the most democratic in his country’s history, whereas the same could hardly be said of Allende’s turbulent reign. No, the critical difference between Chile’s Allende and Russia’s Yeltsin is that one of these presidents was broadly in favor of free markets and the other opposed them. Apparently, whoever happens to fight against free markets, even if they try to remove a democratically elected president, is a fighter for “democracy” in Klein’s world. So this book is not about democracy.

And neither is it about shocks and crises.

Nothing in *The Shock Doctrine* suggests that Klein thinks that there is something wrong with using crises to promote your ideas. This tactic, it seems, is only wrong if it advances the wrong ideas. Klein herself has never hesitated to suggest her own solutions to the problems after Katrina or the Iraq War, and she would never dream of considering it as a cynical way to take advantage of suffering people—she would say that it was a way of helping others. Her only reason for thinking it cynical and evil when libertarians do exactly the same thing is that she thinks that those ideas are evil and produce horrible consequences. But that is a claim that she doesn’t provide any arguments for. One must take all this for granted to see anything of value in Klein’s criticism of “disaster capitalism.”

Life under Savage Capitalism

Astonishingly, in a book of more than 500 pages, Klein offers almost no argument to the person who isn’t already convinced that free markets are bad. She does give a few examples of how poverty and unemployment have increased soon after a planned economy has collapsed, or soon after hyperinflation has been brought down. But that is not strange, and often it is precisely what economists would predict. However, they would also say that this is the only way to reduce poverty and unemployment in the long run. And that is precisely why Klein never provides the reader with any data over a longer period. She says that the reforms turned the Chilean working class into “the disposable poor,” but never once admits that Chile is the social and economic success story of Latin America and has virtually abolished extreme poverty. She writes that reforms have increased income gaps between cities and rural areas in China, but she never mentions that those developments also led to the biggest poverty reduction in history.

In two instances, Klein does briefly mention the broad picture and the long run. They are variations on the same claim—that between 25

and 60 percent of the population is discarded or becomes a permanent underclass in countries that liberalize their economies.⁸⁸ She doesn't explain what she means by those figures, and she doesn't say where they come from. There is no footnote and no source.

A look at the EFW data shows that Klein has it backwards. Poverty and unemployment are lowest in countries with the most economic freedom. In the freest fifth of countries, poverty according to the United Nations is 15.7 percent, and in the rest of the world it is 29.8 percent. Unemployment in the freest quintile is 5.2 percent, which is less than half of what it is in the rest of the world. In the least economically free quintile, filled with the kinds of restrictions on private property, businesses, and trade that Klein claims are ways of helping the people against the powerful, poverty is 37.4 percent and unemployment is 13 percent.⁸⁹

Klein writes that global capitalism has lapsed into "its most savage form" since 1990.⁹⁰ If she is right about the connection between free markets and deprivation, poverty should have increased at a dramatic speed since then. The opposite has happened. Between 1990 and 2004, extreme poverty in developing countries was reduced from 29 to 18 percent, according to the World Bank. This means that extreme poverty has been reduced by 54,000 people every day under "savage" capitalism.⁹¹ And the proportion of people in slums, which is another result of liberalization according to Klein, has been reduced from 47 to 37 percent during the same time.⁹² Averages don't tell the whole story, so it's important to point out that the biggest improvements took place in the parts of the world that liberalized the most, whereas there have been setbacks in less liberalized countries.

If Klein is right about the connection between free markets and political violence, we should also have seen more war and dictatorships in the era of "savage" capitalism. Klein insists that "the world is becoming less peaceful" without documenting it.⁹³ She is wrong. According to the Human Security Centre at the University of British Columbia, the num-

ber of military conflicts involving at least one state declined from almost 50 in 1990 to 31 in 2005. The number of war deaths in 2005 was the lowest in half a century. In 1990 there were nine ongoing genocides around the world. In 2005, there was only one, in Darfur. Despite a few conspicuous exceptions, the world is becoming more peaceful in the era of "savage" capitalism.⁹⁴

The world has also become more democratic, contrary to the implications of Klein's thesis. In fact, while markets have been opened, the world has simultaneously undergone a democratic revolution. Between 1990 and 2007 the number of electoral democracies increased from 76 to 121. In 1990 there were more countries defined as "not free" by Freedom House than were ranked as "free." In 2007 there were twice as many "free" countries as there were "not free" countries.⁹⁵

So in the absence of serious arguments against the consequences of free markets, we are left with Klein's reasonable critique of torture, dictatorships, government corruption, and corporate welfare. In the final analysis, *The Shock Doctrine* boils down to the curious claim that Milton Friedman and free markets are bad because governments are incompetent, corrupt, and cruel. It is probably not a coincidence that there are blurbs from four fiction writers on the back of the book.

Notes

1. John Gray, "The End of the World as We Know It," review of *The Shock Doctrine*, by Naomi Klein, *The Guardian*, September 15, 2007, <http://books.guardian.co.uk/review/story/0,,2169201,00.html>.

2. Joseph Stiglitz, "Bleakonomics," review of *The Shock Doctrine* by Naomi Klein, *New York Times*, September 30, 2007, <http://www.nytimes.com/2007/09/30/books/review/Stiglitz-t.html>.

3. Quoted in Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism* (London: Allen Lane, 2007), p. 6.

4. See <http://www.naomiklein.org/shock-doctrine/short-film>.

5. Milton Friedman, *Capitalism and Freedom* (Chi-

It is probably not a coincidence that there are blurbs from four fiction writers on the back of the book.

- cago: University of Chicago Press, 1982), p. ix.
6. Klein, *The Shock Doctrine*, p. 6.
 7. Milton and Rose Friedman, *The Tyranny of the Status Quo* (San Diego: Harcourt Brace Jovanovich, 1982).
 8. Klein, *The Shock Doctrine*, p. 7.
 9. Milton and Rose Friedman, *Two Lucky People* (Chicago: University of Chicago Press, 1999), p. 592. (Emphasis added.)
 10. In her short film *The Shock Doctrine*, Naomi Klein takes this distortion of Friedman one step further: "He advised politicians that immediately after a crisis, they should push through all the painful policies at once, before people could regain new footing." <http://www.naomiklein.org/shock-doctrine/short-film>.
 11. Lanny Ebenstein, *Milton Friedman: A Biography* (New York: Palgrave, 2007), p. 61.
 12. *Ibid.*, chap. 10.
 13. Klein, *The Shock Doctrine*, p. 7.
 14. The letter is published in Friedman and Friedman, *Two Lucky People*, p. 591.
 15. Klein, *The Shock Doctrine*, p. 117.
 16. Rossana Castiglioni, "The Politics of Retrenchment: The Quandaries of Social Protection under Military Rule in Chile, 1973–1990," *Latin American Politics and Society* (Winter 2001).
 17. *Ibid.*
 18. Klein, *The Shock Doctrine*, p. 117.
 19. Milton Friedman, "Economic Freedom, Human Freedom, Political Freedom," address at the Smith Center, California State University, Hayward, California, November 1, 1991, <http://www.sbe.csuhayward.edu/~sbesc/frlect.html>; "Response," October 3, 1975, in Friedman and Friedman, *Two Lucky People*, p. 595.
 20. Klein, *The Shock Doctrine*, p. 185.
 21. Milton Friedman, "Milton Friedman @ Rest," interview by Tunku Varadarajan, *Wall Street Journal*, January 22, 2007.
 22. "Response" in Friedman and Friedman, *Two Lucky People*, p. 595.
 23. Klein, *The Shock Doctrine*, pp. 56, 444.
 24. Klein, *The Shock Doctrine*, p. 351.
 25. Milton Friedman, "The Romance of Economics," interview by Tunku Varadarajan, *Wall Street Journal*, July 22, 2006.
 26. Milton Friedman, "Best of Both Worlds," interview with Brian Doherty, *Reason*, June 1995.
 27. *Ibid.*
 28. Naomi Klein, "The Rise of Disaster Capitalism," *The Nation*, May 2, 2005.
 29. Klein, *The Shock Doctrine*, pp. 17, 53.
 30. *Ibid.*, p. 15.
 31. James Gwartney and Robert Lawson, *Economic Freedom of the World, 2007* (Vancouver: Fraser Institute, 2007).
 32. Gwartney and Lawson, 2007, p. 27.
 33. "Pew Global Attitudes Project: Spring 2007 Survey," Pew Research Center, 2007.
 34. David Sanders, Hugh Ward, and David Marsh, "Government Popularity and the Falklands War: A Reassessment," *British Journal of Political Science* 3, 1987.
 35. Klein, p. 138.
 36. Accounts of the events at Orgreave vary considerably, but even left-leaning publications admit that the strikers provoked the police. See Tristram Hunt, "The Charge of the Heavy Brigade," *The Guardian*, September 4, 2006, <http://www.guardian.co.uk/theguardian/2006/sep/04/features5>.
 37. *British Political Opinion 1937–2000: The Gallup Polls*, ed. Anthony King (London: Politico's, 2001).
 38. Klein, *The Shock Doctrine*, p. 97.
 39. *Ibid.*, p. 90.
 40. *Ibid.*, p. 450.
 41. *Ibid.*, p. 267.
 42. *Ibid.*, p. 102.
 43. Gwartney and Lawson, 2007.
 44. Klein, *The Shock Doctrine*, p. 113.
 45. *Ibid.*, p. 114f.
 46. *Ibid.*, p. 6.

47. Jan Arild Snoen, "Skolene i New Orleans trengte sjokkterapi," *Dagbladet*, September 28, 2007. Klein mentions that "many African-American parents" in New Orleans oppose more choice in education because they see it as "a way of reversing the gains of the civil rights movement." She doesn't mention that African Americans are the group most sympathetic to school vouchers nationally. A survey last year showed that 45 percent of the general population and 68 percent of African Americans were in favor of vouchers. William G. Howell, Martin R. West, and Paul E. Peterson, "What Americans Think about Their Schools," *Education Next* 7, no 4, (2007).
48. John Williamson, "What Washington Means by Policy Reform," in *Latin American Adjustment: How Much has Happened?* ed. John Williamson (Washington: Peterson Institute for International Economics, April 1990).
49. Klein, *The Shock Doctrine*, p. 256f.
50. *Ibid.*, pp. 187, 190.
51. See for instance Liu Xiaobo et al., "June 2 Declaration of a Hunger Strike," in *China's Search for Democracy: The Student and Mass Movement of 1989*, ed. Suzanne Ogden et al. (Armonk, NY: M. E. Sharpe, 1992).
52. Jonathan Fenby, "The Tiananmen Square Peg," *Comment Is Free*, September 10, 2007, http://commentisfree.guardian.co.uk/jonathan_fenby/2007/09/the_tiananmen_square_peg.html.
53. Klein, p. 189.
54. *Ibid.*, p. 190.
55. *Ibid.*, p. 191.
56. Gwartney and Lawson, 2007.
57. Robert Higgs, *Crisis and Leviathan* (New York: Oxford University Press, 1987).
58. Milton Friedman, "Friedman's Heresy Hits Mainstream," interview with Carolyn Lockhead, *San Francisco Chronicle*, June 5, 2005.
59. Stephen Slivinski, *Buck Wild: How Republicans Broke the Bank and Became the Party of Big Government* (Nashville: Nelson Current, 2006), p. 149.
60. See http://www.clubforgrowth.org/2006/11/new_poll_people_want_limited_g.php. Klein writes as if Friedman were in favor of Republican power, even though he has consistently spoken out in favor of divided government as the best way to control the government.
61. Ebenstein, p. 232.
62. Klein, *The Shock Doctrine*, p. 307.
63. *Ibid.*, p. 299.
64. *Ibid.*, p. 298.
65. *Ibid.*, p. 355.
66. *Ibid.*, p. 355.
67. *Ibid.*, pp. 15, 322.
68. *Ibid.*, p. 322.
69. *Ibid.*, p. 15.
70. Irving Kristol, *Reflections of a Neoconservative* (New York: Basic Books, 1983), p. 77; Irving Kristol, "The Neoconservative Persuasion," *Weekly Standard*, August 25, 2003.
71. Klein, *The Shock Doctrine*, p. 316.
72. *Ibid.*, p. 140.
73. Milton Friedman, "Which Way for Capitalism?" *Reason*, May 1978.
74. Milton Friedman, *Free to Choose 1: The Power of the Market*, 1980.
75. Klein, *The Shock Doctrine*, p. 286.
76. Friedman and Friedman, *Two Lucky People*, p. 593.
77. Klein, *The Shock Doctrine*, pp. 15, 231.
78. John Maynard Keynes, "Foreword to the German Edition," *General Theory*, <http://tmh.floonet.net/articles/foregt.html>. For Klein's own appreciation of Keynes, see Klein, pp. 53–57.
79. Klein, *The Shock Doctrine*, p. 456.
80. *Ibid.*, pp. 104, 443.
81. *Ibid.*, p. 461.
82. Naomi Klein, "Bring Najaf to New York," *The Nation*, September 13, 2004. To criticize Klein with her own methods one could also make a big fuss about the fact that her European anti-globalization friends are called ATTAC.
83. In passing, she explains that genuine democracy presupposes "fair rules preventing corporations from buying elections" (*The Shock Doctrine*, p. 134), which seems to suggest that it takes some

- limits on free speech and voluntary association to build her kind of democracy.
84. Fred Kaplan, "Blame Yeltsin," *Slate*, October 2, 2007.
85. The Chamber of Deputies Resolution of August 22, 1973, http://www.josepinera.com/pag/pag_tex_quiebredemoc_en.htm.
86. Klein, *The Shock Doctrine*, p. 64.
87. *Ibid.*, p. 220.
88. *Ibid.*, pp. 405, 442.
89. James Gwartney and Robert Lawson, *Economic Freedom of the World 2005* (Vancouver: Fraser Institute, 2005).
90. Klein, *The Shock Doctrine*, p. 252.
91. Shaohua Chen and Martin Ravallion, "Absolute poverty measures for the developing world, 1981–2004," World Bank, March 2007. These figures might have to be revised down after the World Bank's recent change in measures of purchasing power of different currencies.
92. United Nations, *The Millennium Development Goals Report 2007*, p. 26.
93. Klein, *The Shock Doctrine*, p. 424. Her source only documents that military spending has increased.

OTHER STUDIES IN THE BRIEFING PAPERS SERIES

101. **WHO's Fooling Who? The World Health Organization's Problematic Ranking of Health Care Systems** by Glen Whitman (February 28, 2008)
100. **Is the Gold Standard Still the Gold Standard among Monetary Systems?** by Lawrence H. White (February 8, 2008)
99. **Sinking SCHIP: A First Step toward Stopping the Growth of Government Health Programs** by Michael F. Cannon (September 13, 2007)
98. **Doublespeak and the War on Terrorism** by Timothy Lynch (September 6, 2006)
97. **No Miracle in Massachusetts: Why Governor Romney's Health Care Reform Won't Work** by Michael Tanner (June 6, 2006)
96. **Free Speech and the 527 Prohibition** by Stephen M. Hoersting (April 3, 2006)
95. **Dispelling the Myths: The Truth about TABOR and Referendum C** by Michael J. New and Stephen Slivinski (October 24, 2005)
94. **The Security Pretext: An Examination of the Growth of Federal Police Agencies** by Melanie Scarborough (June 29, 2005)
93. **Keep the Cap: Why a Tax Increase Will Not Save Social Security** by Michael Tanner (June 8, 2005)
92. **A Better Deal at Half the Cost: SSA Scoring of the Cato Social Security Reform Plan** by Michael Tanner (April 26, 2005)
91. **Medicare Prescription Drugs: Medical Necessity Meets Fiscal Insanity** by Joseph Antos and Jagadeesh Gokhale (February 9, 2005)
90. **Hydrogen's Empty Environmental Promise** by Donald Anthrop (December 7, 2004)
89. **Caught Stealing: Debunking the Economic Case for D.C. Baseball** by Dennis Coates and Brad R. Humphreys (October 27, 2004)
88. **Show Me the Money! Dividend Payouts after the Bush Tax Cut** by Stephen Moore and Phil Kerpen (October 11, 2004)
87. **The Republican Spending Explosion** by Veronique de Rugy (March 3, 2004)
86. **School Choice in the District of Columbia: Saving Taxpayers Money, Increasing Opportunities for Children** by Casey J. Lartigue Jr. (September 19, 2003)

85. **Smallpox and Bioterrorism: Why the Plan to Protect the Nation Is Stalled and What to Do** by William J. Bicknell, M.D., and Kenneth D. Bloem (September 5, 2003)
84. **The Benefits of Campaign Spending** by John J. Coleman (September 4, 2003)
83. **Proposition 13 and State Budget Limitations: Past Successes and Future Options** by Michael J. New (June 19, 2003)
82. **Failing by a Wide Margin: Methods and Findings in the 2003 Social Security Trustees Report** by Andrew G. Biggs (April 22, 2003)
81. **Lessons from Florida: School Choice Gives Increased Opportunities to Children with Special Needs** by David F. Salisbury (March 20, 2003)
80. **States Face Fiscal Crunch after 1990s Spending Surge** by Chris Edwards, Stephen Moore, and Phil Kerpen (February 12, 2003)
79. **Is America Exporting Misguided Telecommunications Policy? The U.S.-Japan Telecom Trade Negotiations and Beyond** by Motohiro Tuschiya and Adam Thierer (January 7, 2003)
78. **This Is Reform? Predicting the Impact of the New Campaign Financing Regulations** by Patrick Basham (November 20, 2002)
77. **Corporate Accounting: Congress and FASB Ignore Business Realities** by T. J. Rodgers (October 25, 2002)
76. **Fat Cats and Thin Kittens: Are People Who Make Large Campaign Contributions Different?** by John McAdams and John C. Green (September 25, 2002)
75. **10 Reasons to Oppose Virginia Sales Tax Increases** by Chris Edwards and Peter Ferrara (September 18, 2002)
74. **Personal Accounts in a Down Market: How Recent Stock Market Declines Affect the Social Security Reform Debate** by Andrew Biggs (September 10, 2002)
73. **Campaign Finance Regulation: Lessons from Washington State** by Michael J. New (September 5, 2002)
72. **Did Enron Pillage California?** by Jerry Taylor and Peter VanDoren (August 22, 2002)
71. **Caught in the Seamless Web: Does the Internet's Global Reach Justify Less Freedom of Speech?** by Robert Corn-Revere (July 24, 2002)

Published by the Cato Institute, Cato Briefing Papers is a regular series evaluating government policies and offering proposals for reform. Nothing in Cato Briefing Papers should be construed as necessarily reflecting the views of the Cato Institute or as an attempt to aid or hinder the passage of any bill before Congress.



Contact the Cato Institute for reprint permission. Additional copies of Cato Briefing Papers are \$2.00 each (\$1.00 in bulk). To order, or for a complete listing of available studies, write the Cato Institute, 1000 Massachusetts Avenue, N.W., Washington, D.C. 20001. (202) 842-0200 FAX (202) 842-3490.