

Afterword: An Interview with Naomi Klein

What do you mean by the title of your new book, The Shock Doctrine?

The shock doctrine is a philosophy that has guided decision making at the highest levels of government in the United States and in many other countries. It's a philosophy for people whose political agenda is so unpopular, they can't impose it under normal circumstances. There has to be some sort of shock, or body blow, to a society—a war, a terrorist attack, a natural disaster—that makes people lose their footing, lose their orientation. In the aftermath of that shock, you can push through a political program that you couldn't otherwise. That's the central tenet of the shock doctrine, which I also call “disaster capitalism.”

Milton Friedman, the late free-market economic guru, articulated the shock doctrine better than anybody. He wrote in the early 1980s, “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.” He was talking about his own ideas, the radical free-market ideological campaign based at the University of Chicago's economics department, a campaign that could not advance under normal circumstances. He knew that first-hand: Nixon was very sympathetic to Friedman's ideas but found that if he tried to turn them into policy, he couldn't hold on to power in an electoral democracy. It was after that experience that Friedman came up with crisis as his solution. He was referring to economic crisis, but in the book I look at a wide range of traumas that can serve this “softening up” purpose for imposing free-market policies.

I examine three different kinds of shock: first, major cataclysmic events,

*Originally published as Greg Grandin, “Body Shocks: A 40th Anniversary Conversation with Naomi Klein,” *NACLA Report on the Americas* 40, no. 6.

like wars and terrorist attacks, that throw people into a state of total disorientation. This softens them up for the second shock, also known as shock therapy—the free-market economic policies pushed through all at once, as a sort of extreme country makeover. We saw it in Chile in the 1970s, Bolivia in the 1980s, Russia in the 1990s. The third form of shock is the literal shock of the torture chamber. I argue that torture is strongly linked to economic shock therapy, because it is when people reject free-market “reforms” that states often turn to torturing individuals, and also to terrorizing whole societies. I became interested in how these three shocks reinforce each other when I was in Iraq covering the occupation. First came the “shock and awe” attack. Then, under Paul Bremer, Iraq went from a country strangled by sanctions to just absolute Wild West capitalism. That was the second shock. But Iraqis didn’t respond the way it had been scripted. They started organizing and protesting and resisting. And when the resistance emerged, we saw the third shock, which is the body shock, the torture chamber.

Many readers will know Chile as the first place where the direct relationship between neoliberal economics and torture became evident. But the backstory to Friedman’s involvement with the Pinochet government is less well known.

Years ago, when I heard the phrase “the Chicago boys,” I thought it referred to North Americans who had gone to Chile and worked with Pinochet. And that was true to some extent, because Friedman himself did travel to Chile in 1975 and meet with Pinochet. But the real Chicago boys, as you have written in *Empire’s Workshop*, were the Chileans who had studied at the University of Chicago. To a large extent, that was not just an academic program but the U.S. government’s attempt to change the ideological landscape of Latin America. It started in the 1950s, when a great deal of concern in Washington centered on the so-called pink economists and the notion that Latin America was moving very far to the left.

One strategy, devised by USAID, was to bring large numbers of Chilean students to the University of Chicago, which was then considered a very extreme institution. In the United States, the Chicago economics department was seen as way out there. Friedman was always complaining about how marginal he was, how the Keynesians at Harvard and Yale had a monopoly on political influence. He and his colleagues saw themselves as a band of rebels on the fringes, working with these Latin American students, who were brought into what was practically a cult for extreme capitalism. The students were trained as ideological warriors—their tuition was paid for by the U.S. government and later by the Ford Foundation—and then sent back home to

battle the “pinks.” It started with Chile, but it later expanded to Argentina, Brazil, Mexico.

But it failed. Even though millions of dollars were spent on their education, these ideological warriors flopped. They went back to Chile in the 1960s and they had their little journals and the economics pages of newspapers and they published papers. But the political debate had moved so far to the left that they were irrelevant to it. The idea that the U.S. State Department was somehow going to convert Chile to Friedmanism, to a form of capitalism that was more radical than anything that had been attempted in the United States, was clearly absurd.

This initial failure is important because we’re so often told that capitalism, or this radical form of capitalism, has triumphed around the world because there was a battle of ideas, and the Friedmanites won. When Friedman died last year, we heard an unrelenting celebration of this supposedly peaceful battle that his side won. They won in Latin America, they won in Russia, they won in China—or so we are told. But from the very beginning, from the very first laboratory, the Friedmanites lost badly when it was peaceful.

But then, of course, the Chicago boys came back, after Salvador Allende’s overthrow, this time with tanks. And it was in this brutal, anti-democratic context that they “won.”

How did living in Latin America inform your analysis, that this radical economic doctrine requires an intense amount of violence and coercion to implement?

Living in Argentina for a year, about five years ago, my husband, Avi Lewis, and I were making a film on the economic crisis there. Everybody I talked to in Argentina said thirty thousand people were disappeared in the 1970s so that the economic model could be imposed, after another group of Chicago boys came to power within a military dictatorship. They treated that causality as completely self-evident. Living in Argentina gave me the confidence to actually make those connections and name the names and say, well, if this economic project could be imposed only through violence, then surely the architects of that economic project share the responsibility with the people who pulled the triggers and built the torture chambers. The left has been held accountable for its totalitarian regimes, and the ideology of centralized state Communism has been held accountable when it can be imposed only through massacres. And we accept that. And I think that’s fair. I say that as a leftist. But the right has never been forced to go through that same soul-searching. And it needs to happen. If it doesn’t, the search for the next shock laboratory will continue.

The right is embarrassed about the Latin American laboratory and sort of wants to say, well, it doesn't count. They front-date the free-market crusade from its real start in 1973 to the 1980s, with Reagan and Thatcher, and then argue that the crusade was peaceful and democratic. They try to forget those early years under Pinochet.

Your book winds its way through a remarkable history, from Britain after the Malvinas War, to the United States under Reagan, and post-Cold War Eastern Europe, on to Iraq, South Asia, and New Orleans.

I look at those key junctures that were sold as peaceful and democratic: Britain and Bolivia in the 1980s, Yeltsin in the 1990s, and others. Thatcher's case is particularly interesting. She had tried to push through some very unpopular free-market reforms in 1981 and 1982, making her the least popular prime minister in British history, or certainly in the history of polling. I think she was down to 22 percent in the polls. It was clear that within Britain's democracy, she couldn't achieve her goals as she faced reelection. And then the Argentine junta seized the Malvinas, or the Falkland Islands, an event Thatcher seized upon to save her political career. After winning the Falklands War, her popularity shot up to 59 percent. She parlayed this success into a war at home, and she was very explicit about it. When she sent in the riot police to break the coal miners' strike, she said, "We fought the enemy without, and now we will fight the enemy within." And the enemy within was the unions.

You also sketch out a new form of capital accumulation, in a way, a new economic logic, in which the most dynamic sectors of the global economy are tied to what you call the "disaster capitalism complex."

It's much larger than the military-industrial complex, which we tend to think of as the companies making the missiles and getting the big contracts to rebuild bridges that have been bombed. The disaster capitalism complex is really a privatized security state—both the construction of a security state on the "home front" and the expansion of U.S. empire abroad, in the aftermath of wars and natural disasters. Today we understand how the Bush administration used September 11 to seize power for the executive branch to wage preemptive war. The White House used the shock of September 11 to circumvent debate and, in the name of security, advance a very anti-democratic agenda.

But at the same time they seized powers, they outsourced them. So the security state that they built was hollow, in the sense that it looks like it's

being run by the government, but the whole thing is outsourced to private companies. I've come to think of the War on Terror as playing the same kind of role as a really over-hyped market bubble, much like the dot-coms of the late 1990s. This new economy was announced after September 11. The business prospectus was this: the U.S. government will do whatever it takes to make the country "secure" at home; we will fight a war against evil everywhere, forever.

From a business perspective, this is tremendously reassuring because investors are always looking for predictability and sustainability, and the Bush administration has delivered it. It has created a \$200 billion market in homeland security and declared that the demand will never end. In other words, if you sink your money in this industry, if you supply "security" products to meet the demand they have created, it's a safe bet. The government, while launching this new economy, also acts as its venture capitalist, providing unlimited funding to whoever can come up with the newest gadget to make us safe or to wage war abroad.

The Department of Homeland Security is a great example of this. It is not a governmental agency in the traditional sense, but rather an empty shell that exists only to hand out money to private contractors to produce products that the government then buys.

One reason it's taken so long to recognize this as a new economy and to understand how it is changing our lives is that in the 1990s we got used to our elites bragging about their wealth. Back then, an endless procession of glossy articles told us how rich the captains of the information economy were. But the titans of the disaster capitalism complex don't brag; they know better than that. So this is an economy with the wealth of the dot-coms but the discretion of the CIA. The result is that the public isn't talking about disaster capitalism as a new economy, though its implications are more dramatic than those of Fordism.

You talk about Israel as a laboratory for this new economy, the way that Chile was a laboratory for neoliberalism—a country that constantly wages war but enjoys a vibrant economy.

Israel is a case study of what happens when a country completely loses its economic incentive for peace. It is interesting in terms of the accepted wisdom of the 1990s: "free trade" would promote peace, since countries would be too busy trading to bomb each other. But Israel's economy is one of the most successful in the world, growing 8 percent a year, and a lot of what is driving this growth is war industry. Israel has turned itself into a showroom for

homeland security technologies, like unmanned aerial drones used to surveil and target Palestinian leaders. Their ability to target somebody in their car is held up at international weapons shows, while an Israeli firm has teamed up with Boeing to win a Homeland Security contract worth \$2.5 billion to build so-called virtual fences on the Mexican and Canadian borders. The sales literature of these Israeli companies promotes the fact that these technologies, be they virtual fences, drones, or airport security, were field-tested on Palestinians. So Israel is the ultimate paradox. It shows that rapid growth and endless war can coexist. And that should serve as a warning about what happens when so much of the economy is tied up in the disaster capitalism complex—you have a strong disincentive to building a more peaceful, sustainable world.

Over the twentieth century, natural disasters in Latin America have provided opportunities for groups associated with the left, or with nationalists. The 1944 San Juan earthquake in Argentina signaled the beginning of Peronism; earthquakes in Nicaragua and Guatemala in the 1970s led to increased popular radicalization. What do you think tipped the balance to the right, allowing it to better take advantage of disruption?

When Friedman came up with his theory about exploiting crisis, he was very consciously imitating the left. His strategy was shaped by how well the left responded to the Great Depression, and he thought, though he never said it explicitly, that free marketeers had lost their confidence, that the socialists and the Keynesians were ready with their demands and agendas for when the market crashes. We should think of the whole network of right-wing think tanks that Friedman was instrumental in establishing and sustaining—the Heritage Foundation, the resurgent American Enterprise Institute, the Cato Institute—as intended to keep ideas warm, if you will, to make sure they are ready and waiting when the next crisis hits.

But the think tanks are also adept at creating many of the crises, or the atmosphere of crisis, that they then exploit. Half the papers they churn out have the word crisis in them—“the coming crisis in X”—in pensions, in social security, in health care. They’re crisis-generating machines. Many foreign policy think tanks, often funded by companies tied to the disaster capitalism complex, also play central roles in maintaining fear about terrorism and immigration, which in turn grows the market for security products. They’re devoted to intellectual disaster preparedness. We saw this dramatically after Hurricane Katrina. On September 13, two weeks after the levees broke, an all-night meeting was held at the Heritage Foundation in Wash-

ington, bringing together the key players from many of the other big think tanks, as well as congressional Republicans. They came up with thirty-two free-market solutions for Hurricane Katrina. It's an extraordinary wish list. But the point is, they were ready: roll back labor standards, school vouchers, even Arctic oil drilling. And they acted on almost all of them, including building new oil refineries.

This is why conspiracy theories aren't necessary: we have an increasingly crisis-prone economy and ecology. The crises don't need to be created deliberately in dark conspiracies. All it takes is for the disaster capitalists to be ready when they hit.

The right has been very good at emulating the style and strategy of the left. Better than the left ever did, the right has combined the discipline and crisis provocation of Leninists with a Gramscian patience to work through institutions, fueled by Trotskyist passion.

They also have a lot more money than the left ever does!

What you're describing seems to be second-stage neoliberalism. The first stage generated serial crises; the second is now spawning a whole new economy that profits off those crises.

Which is what makes it terrifying. Because once you add the economic incentive for the crises, the only threats are peace and environmental sustainability. And that is why it is so crucial that we have a public debate about the political consequences of this new economic stage.

I do see some reason for optimism, however, despite all the horrifying examples of cynical campaigns to exploit moments of trauma that I chronicle in the book. The left suffers from a crisis of confidence because too many of us believe the lie that our ideas have been tried and have failed, and that we lost the battle of ideas. And even though the examples in the book are very disturbing, they show that our allies—whether in Chile or Yeltsin's Russia—didn't lose in a fair fight; they were crushed. Or else they were betrayed by leaders who promised one thing during election campaigns and delivered something completely different once in power (Solidarity in Poland, the ANC in South Africa). So I've tried to highlight those social-democratic economic alternatives that were proposed and were voted for over the last thirty-five years, and point out that they did not fail. They were never even attempted, because the shock therapists blasted them out of the way before they got the chance to fail.

You also write about “people’s reconstruction,” everyday responses to the worst predations of neoliberalism, movements that have been very strong in Latin America.

When I was living in Argentina, I read the writings of Rodolfo Walsh, one of Argentina’s most famous journalists. Before he was murdered in 1977, he predicted that the effects of the terror would last between twenty and thirty years. When I read that, twenty-five years had passed, and people were in the streets, rejecting neoliberalism. And everyone was saying, “The dictatorship is over.” I had no idea what they were talking about, because the dictatorship had ended in 1983. But the more I talked to people, the more they explained that it hadn’t ended for them, that they had still been afraid. They had a kind of terror hangover. They were still in shock, but they were finally coming out of it and regaining their confidence. And I think much of the world is still in shock, but it does eventually lift. It started in Latin America and it’s lifting first in Latin America, so that should give us hope.

THE LAST COLONIAL MASSACRE

Latin America in the Cold War · Updated Edition

GREG GRANDIN

*With a New Preface by the Author and
an Interview with* NAOMI KLEIN

THE UNIVERSITY OF CHICAGO PRESS

Chicago and London

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The University of Chicago Press, Chicago 60637
The University of Chicago Press, Ltd., London
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Printed in the United States of America

20 19 18 17 16 15 14 13 12 11 1 2 3 4 5

ISBN-13: 978-0-226-30690-2 (paper)
ISBN-10: 0-226-30690-9 (paper)

The afterword originally appeared as “Body Shocks: A 40th Anniversary Conversation with Naomi Klein” by Greg Grandin, *NACLA Report on the Americas*, vol. 40, no. 6 (May/June 2008). Afterword copyright © 2008 by the North American Congress on Latin America, 38 Greene Street, New York, NY 10013.

Library of Congress Cataloging-in-Publication Data

Grandin, Greg, 1962–

The last colonial massacre : Latin America in the Cold War / Greg Grandin, with a new preface by the author and an interview with Naomi Klein. — Updated ed.

p. cm.

Includes bibliographical references and index.

ISBN-13: 978-0-226-30690-2 (pbk. : alk. paper)

ISBN-10: 0-226-30690-9 (pbk. : alk. paper) 1. Guatemala—History—1945–1985. 2. Guatemala—History—1821–1945. 3. Massacres—Guatemala—Panzós. 4. Indians of Central America—Guatemala—Government relations. 5. Communism—Guatemala—History—20th century. 6. Insurgency—Guatemala—History—20th century. 7. Social conflict—Guatemala—History—20th century. 8. United States—Relations—Latin America. 9. Latin America—Relations—United States. I. Title.

F1466.5.G73 2011

972.81'04—dc22

2010049461

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