Naomi Klein. The Shock Doctrine: The Rise of Disaster Capitalism. New York: Henry Holt and Metropolitan Books. 2007. 500 pages. Hardcover. US$18.11.

Naomi Klein is an award-winning journalist, and his book The Shock Doctrine: The Rise of Disaster Capitalism is a bestseller. Klein argues that free market philosophy professed by the Nobel laureate Milton Friedman and may others and adopted by the international financial institutions faced a hard time while being put to practice. Accordingly, crises were engineered in some countries to provide an environment in which unpopular reforms could be carried through. In some countries natural disasters were used as an occasion to push through the free market reform agenda. Klein's basic thesis is that unpopular market reforms have typically been carried out at a time when the shock-stricken people were too disoriented to take even a clear stand on the reforms, much less to put up a stiff resistance to these. Policy changes that followed the Falklands war of 1982, the Tiananmen square event of 1989, the collapse of the Soviet Union in 1991, the Asian Financial Crisis of 1997, and of course the more recent Global Financial Crisis are all examples of pushing through the liberal reform agenda after the man-made crises had disoriented the public at large or had softened their stand on the free market.

Klein contends in the introductory part that the practitioners of free market philosophy tend to seek a blank slate on which to create the free market economy. This typically calls for a violent destruction of the existing economic order. The author suggests that shock therapy is employed to secure the much-needed blank slate. To introduce the concept of shock therapy, Klein draws upon the work of Ewen Cameron, a psychologist who pioneered the use of electric shock therapy, in the 1950s. The intent was to clear all past influences on the patient's personality so that desired behaviour could be programmed in. Crises, man-made or natural, are used to influence the minds of the public at large and thus create an environment conducive to the liberal reform agenda and its acceptance. This approach, argues Klein, is akin to the shock therapy applied by psychiatrists to their patients. Here, one should note that Cameron was never able rebuild the brainwashed people. The author points out that Chile, in 1970, became the first laboratory for the so-called shock therapy—a large-scale privatisation programme was laid down and was imposed on Chile as a condition of aid and loans by the international financial institutions.

To support his thesis of reforms being carried out when people are disoriented with shock, Klein discusses various cases at length. For example, the destruction caused by Hurricane Katrina displaced the city's poor black residents from New Orleans and this allowed the city's authorities to replace numerous public schools with private schools. Similarly, the dictatorships in Chile and Argentina were used to suppress resistance to the move towards free market, and instability in the Soviet area, after the break-up of the country, was used to push through the unpopular reforms. Bolivia's hyperinflation provided a similar opportunity in 1980s. The author goes on to argue that the tsunami gave an opportunity for the Sri Lankan government to push the poor fisherman off the beachfront which was later on sold to the wealthy hotel developers. Similarly, the East Asian crisis of 1997 provided an opportunity to the IMF to carry its free market agenda in the region and as a consequence many state-owned enterprises were sold to multinationals and western banks.

Klein traces a parallel path between the rise of the free market capitalism and the rise and fall of various governments throughout the world. She contends that radical changes have been introduced in the economic policies of the countries while they were passing through a shock so that resistance to the change remained low. This opportunistic behaviour has led to the rise of the unchecked growth of the multinationals. She devotes full chapters to discuss at length the implicit policy of destroying economies to rebuild them in the muld of free-market capitalism and, in the process, allowing the politically connected firms to accumulate wealth. Examples discussed include Pinochet’s Chile, Bolivia’s hyperinflation of the 1980s, Poland, Russia, Argentina, South Africa, and of course the rebuilding of Iraq. She also shows how the rebuilders have profited from natural disasters like Hurricane Katrina and the tsunami in the Indian Ocean. The passage of law that allowed Shell and BP to claim the vast oil reserves of Iraq and outsourcing the war on terror to Blackwater are examples of the shock doctrine—exploiting the disoriented and shock-stricken people to suit the vested interest of a few rent-seekers.

Klein travelled around the world to find evidence for what she states in the book. For example, to find out what happened in Iraq during and after the war, in Sri Lanka after the tsunami, and in South Africa after the African National Congress (ANC) came to power. She contends that the ANC was too busy fighting apartheid to have understood and thoroughly worked out their economic policy. They accepted the readily available economic advice of the international financial institutions, began signing the typical mantra of the world bodies, and embarked upon a policy of privatisation, containing fiscal deficit, and so on.

Towards the end of the book, Klein talks about the gulf that the shock doctrine has created between the haves and the have-nots. She contends that while the doctrine has allowed a small group of elites to move into gated communities, teeming millions face rising unemployment, declining incomes, and decaying public infrastructure. She also argues that signs of a backlash against the shock doctrine and its propagators—the World Bank and IMF—are visible. She hopes in the end that the non-governmental organisations which are trying to make a difference will in fact make a difference.

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