REVIEW ESSAY

The Shock of the New? Disaster and Dystopia

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On the road the sun is sinkin’ low
There’s bodies hangin’ in the trees
This is what will be
This is what will be

—Bruce Springsteen, “Magic” (2007)

A T-shirt that is selling well in the USA at present contains the slogan “Where are we going? And why are we in this hand basket?” It is not surprising that visions of death and decay, even of descents into hell, should haunt the U.S. imagination right now—from the killing fields of Iraq to the unraveling debt crisis, the country can be easily interpreted as being on a downward spiral. And Bruce Springsteen touches on this mood in his new album, conjuring up images of death and betrayal, of torture and grief, culminating in a dystopian vision of dark roads and lynched bodies. Naomi Klein plugs into some of this same sense of arrived or impending crisis, projecting it outwards from the USA to the world as a whole.

A striking atmosphere of shock and displacement pervades the short film that director Alfonso Cuarón has made to accompany Klein’s book. Cuarón was the director of the bleak, futuristic fantasy, *Children of Men* (2006), described by Klein herself as “very close to the present I was seeing in disaster zones.” The bleak present/future envisaged here is not one of ecological meltdown as such, though it does involve environmental damage, as ecological concerns (among others) are increasingly sacrificed to the profit motive. In this regard, Klein concurs with James O’Connor’s vision of the damage being done to the natural world by the erosion of social restraints on production, trade and finance. But she does not share O’Connor’s anticipation of a necessary contradiction arising from capitalism’s confrontation with the inherent limits of the natural world. Instead, she sees modern “disaster capitalism” exploiting these very confrontations for profit as environmental damage and displacement generate new business opportunities in pollution control (up to a point), prison, police and security services. Her vision is thus dystopian rather than apocalyptic in that disaster capitalism is seen as capable of regenerating and sustaining itself even as it brutalizes both nature and large swathes of the population.

The aftermath of Hurricane Katrina is paradigmatic of Klein’s thesis. Bodies were not deliberately hung from the trees of Louisiana, but the disdainful incompetence of the Kenyon company, which is part of an enormous funeral corporation that is also a major donor to U.S. President George W. Bush’s political campaigns, sent the same message. Kenyon got the exclusive contract to retrieve dead bodies in the wake of Katrina but proved fairly bad at its job: bodies were left lying in the sun for days, bodies were still being found in attics a year after the disaster, and bodies were improperly labeled. Though these outrages
were well known, rescue workers and local morticians who wanted to volunteer their support were prevented from helping out—because Kenyon was getting $12,500 per body retrieved and it did not want its commercial toes trod upon. This story is emblematic of what Klein calls disaster capitalism—a system characterized by the transfer of wealth from public to private hands, by corruption, incompetence, and the infliction of enormous human suffering as well as environmental damage.

Missing from disaster capitalism are “free” markets. Markets are instead routinely rigged to ensure insiders enjoy exclusive access and bloated profits. In country after country, “a powerful ruling alliance between a few very large corporations and a class of mostly wealthy politicians” ensures that the state directs money into the hands of well connected cronies. Certain state controls, such as environmental and labor regulations, that are irksome to corporations are dispensed with. Klein describes this new incarnation of capitalism as a corporatist model, and according to the central argument of her book, it works best when a shock—natural or man-made—causes confusion and chaos in people’s minds. A shock such as Katrina thus serves a double function—it creates new profit opportunities in the first place (body retrieval, for example), and it also disorients large sections of the public, causing many of them to avert their gaze away from what would otherwise be seen as outrageous corporate abuses.

A Short History of Disaster Capitalism

Klein places and dates the origins of disaster capitalism in the Southern Cone of Latin America in the 1970s. Specifically, Chile from 1973 onwards is cited as the first country to undergo economic “shock treatment” (a phrase coined by right-wing economics guru, Milton Friedman). The shock that ushered in this particular program was the coup that overthrew Chile’s democratically elected, leftist President Salvador Allende. Economic policy under the dictatorship of Augustus Pinochet was designed and implemented by the “Chicago Boys”—Friedman and his disciples—who saw the opportunity to put into practice their theories about market liberalization, privatization and state retrenchment. These policies can be summarized under the broad heading of “neoliberalism.”

Klein emphasizes the necessity of dictatorship and repression for the project to be implemented. From the 1950 onwards, hundreds of Chilean economists were trained in Chicago with the intention of turning them into the leaders of Chilean economic debates. Yet the neoliberal stance they imbibed and prescribed remained an utterly marginal force in Chilean politics, as evidenced by the fact that the three major political parties all called for nationalization of the copper mines during the 1970 elections:

The Chile Project, in other words, was an expensive bust. As ideological warriors waging a peaceful battle of ideas with their left-wing foes, the Chicago Boys had failed in their mission. Not only was the economic debate continuing to shift leftward, but the Chicago Boys were so marginal that they did not even register on the Chilean electoral spectrum.

The policies they recommended could only be implemented at the point of a gun. This becomes one of the central themes of the book—the disjunction between democracy and neoliberalism, with the latter only ever gaining influence by subverting or ignoring people’s expressed democratic preferences. This became the pattern throughout Latin
America in the 1970s: military rule (including systematic murder and torture) and neoliberal “shock therapy” running side by side. Klein is penetrating in her critique of the limitations of contemporaneous and subsequent human rights investigations in Latin America, which condemned the abuses but de-contextualized them, making little or no reference to the economic programs they were designed to further.

In the U.K., she again pinpoints the centrality of a “shock” in paving the way for economic transformation. Former British Prime Minister Margaret Thatcher, Klein argues, could not have implemented her own (much milder) version of shock therapy on the British economy had not the 1982 Falklands War boosted her political capital, which she then exploited to crush organized labor (most notably in the Miners’ strike of 1984) and kick-start massive privatization. But this is quite different to the type of shock undergone by the population of, say, Chile. A leader (Thatcher) exploiting the political capital arising from the prosecution of an external war (with relatively few British casualties) is not the same as a leader (Pinochet) waging war against his own society. Here Klein is bundling together quite different phenomena. Former U.S. President Ronald Reagan’s 1981 decision to sack striking air traffic controllers served as a similar statement of purpose, through no war or natural disaster was apparently required to set the process in motion in the U.S. The feasibility of inducing neoliberal reform without a prior “shock” suggests a further possible problem with Klein’s thesis.

Chile demonstrated the classic merger of dictatorship and neoliberal reform. But by the 1980s, it was becoming clear that such reform could also be associated with a certain—albeit extremely limited—form of democracy. After elections in 1985, the new Bolivian government implemented far-reaching economic “shock therapy”—food subsidies were eliminated, public sector wages frozen, government spending slashed, trade barriers dismantled, and state companies readied for privatization. But this had not been part of any election manifesto; it was the product of a backroom deal between a small circle of ministers, U.S. economic advisor Jeffrey Sachs, and other external agents (including the U.S. ambassador) and was foisted on the country in the form of an executive decree. For Sachs, as quoted by Klein, Bolivia provided the first “combination of democratic reform combined with economic institutional change.” But the government implementing the program had no electoral mandate for it, and implementation was accompanied by curfews, travel restrictions, police raids, the banning of meetings and marches, and the detention of trade union leaders.

As Klein puts it, “the corporatist crusade could advance by these baldly authoritarian means and still be applauded as democratic because elections had taken place, regardless of how completely civil liberties were suppressed in the aftermath or how fully democratic wishes were ignored.” Poland (again partly under the tutelage of Sachs) would later undergo essentially the same adjustment process despite the fact that the Solidarity movement, which won the election, had campaigned against such policies: “shock therapy… directly conflicted with the wishes of the overwhelming majority of voters who cast their ballots for Solidarity.”

Emboldened by the success in Bolivia, economists in particular would now begin to devote significant attention to what they called “the political economy of policy reform”—“that favorite economists’ pastime of strategizing how to get reluctant politicians to embrace policies that are unpopular with voters.” The 1980s gave institutions such as the
International Monetary Fund and World Bank considerable leverage to push through such policies because of the massive debt burden most “Third World” countries were laboring under, and their consequent need for emergency balance of payments support and other cash inflows. One-size-fits-all “structural adjustment”—standardized packages of neoliberal economic reform—were imposed throughout Africa, Asia, and Latin America. “Shocks” (such as collapsing commodity prices and spiraling debt) were, as Klein interprets it, still providing the means through which unpopular economic policies could be forced through, though again, she broadens the concept of “shock” to such an extent that it is at risk of losing any specific meaning.

By the time a potentially radical government such as the African National Congress (ANC) in South Africa assumed political control, “the sphere over which they would govern was shrinking fast.” The neoliberal program—deregulation, state retrenchment, trade liberalization, etc.—used mechanisms like binding trade agreements and making Central Banks independent of party political influence to move government so far from democracy that political leaders could no longer even get their hands on the levers of economic policymaking. “[N]ew governments are, in effect, given the keys to the house but not the combination of the safe.”

The profoundly anti-democratic nature of this agenda would stand out even more starkly in Russia. In 1992, President Yeltsin could only push through unwanted neoliberal policies after bombing and then violently dissolving a democratically elected parliament. Once again, Jeffrey Sachs played a key role, and Klein points out that, as in Bolivia, Sachs never referred to the illegal state violence that was necessary to see his policies implemented. The results of the program in Russia are now well known: mass poverty for many and massive profits for a few (some Westerners and the emergent Russian “oligarchs”). At one stage, profits were being spirited out of the country at a rate of $2 billion a day.

And so the neoliberal bandwagon rolled on throughout the world. As financial crises swept Asia at the end of the 1990s, these financial shocks became opportunities to privatize those economies as well as to open them up to foreign investment and imports. Again, while the privatizing asset-strippers made a killing, the results were catastrophic for the countries concerned. As the disastrous impacts of these policies spread, the potential for “blowback” became very evident: “The forces of multinational capital got their way in Asia, but they provoked new levels of public rage, with the rage eventually directed squarely at the institutions advancing the ideology of unfettered capitalism.” The decline of the IMF as a global force can be most directly attributed to its brazen behavior at this time.

At this point, Klein’s book takes a rather curious turn. Part 5 is entitled “Shocking Times: the Rise of the Disaster Capitalism Complex,” which rather begs the question—what else has the book been discussing up to this point? It is a question we will come back to later, as it flags some problems of conceptualization and periodization that partially detract from the book’s impact. If “9/11 launched the disaster capitalism bubble,” what then had gone before?

The story she now begins telling is essentially that of the George W. Bush presidencies and the “war on terror.” The starting point is Donald Rumsfeld’s overhaul of the Department of Defense—a textbook corporatist crusade for privatization, as military
and related tasks were increasingly “out-sourced” to private corporations, such as Dick Cheney’s Halliburton; Cheney refused to even pretend to fully divest himself of Halliburton shares when he assumed the vice-presidency. Likewise, Rumsfeld refused to completely dispose of his interests in a drug company that would make extraordinary profits from his government’s decisions to patent certain drugs. As Klein graphically points out, what was striking about the Bush regime was the scale and directness of the project:

Bush’s New Deal would be exclusively with corporate America, a straight-up transfer of hundreds of billions of public dollars a year into private hands. It would take the form of contracts, many offered secretly, with no competition and scarcely any oversight, to a sprawling network of industries: technology, media, communications, incarceration, engineering, education, health care.

In the Bush administration, the war profiteers aren’t just clamoring to get access to government, they are the government; there is no distinction between the two… The innovation of the Bush years lies not in how quickly politicians move from one world to the other but in how many feel entitled to occupy both worlds simultaneously.

Iraq represented the ultimate expression of the project—a war fought largely to maximize corporate profit. Occupied Iraq witnessed an orgy of privatization as almost every task was contracted out to a private company (usually one with close ties to the Bush camp). The promised reconstruction has not been delivered, but the bottom lines of the favored insiders have been suitably boosted. The mercenary outfit Blackwater was but one of the private companies that rose to prominence (and stupendous profit) at this time. Others to gain include the private health care companies reaping windfall profits from the treatment of war trauma. “[W]hile the reconstruction of Iraq was certainly a failure for Iraqis and for U.S. taxpayers, it has been anything but for the disaster capitalism complex.”

And while the 2004 Asian tsunami was equally a disaster for the people who lived there, the “reconstruction” would turn into another gilt-edged opportunity for the profiteers. In the wake of the shock of the disaster, economic reforms were driven through that maximized corporate profits. For example, “All the tsunami-struck countries imposed “buffer zones” preventing villagers from rebuilding on the coasts, freeing up the land for increased development,” often tourist developments to cater for wealthy foreigners. And the model would come home to the U.S. in the aftermath of Hurricane Katrina: Halliburton, Blackwater, and the other usual suspects got the standard non-competitive contracts to carry out “reconstruction,” often very badly indeed (as Kenyon’s experience with body retrieval demonstrated). Previously existing public housing and other public services (including education) were not rebuilt but were instead to be replaced by private sector initiatives supplied for profit.

When Did Disaster Capitalism Begin?

In necessarily truncated form, the above account represents the rise, as Klein sees it, of disaster capitalism as a system. But, as noted above, there is a degree of confusion in the book about when exactly it really began: 1973 or 2001? There are, in fact, good grounds for arguing that the system she documents has roots that go back well before 1973. At one point, she compares those cashing in on the sale of an airline in Argentina, or oil fields in Russia, or factories in Poland, to “corporate conquistadors,” and she references the work of
David Harvey in this regard. But Harvey’s stress on “accumulation through dispossession”—the effective privatization of publicly owned assets, or assets not previously subject to market relations—has a long, historical pedigree stretching back to colonial disposessions and the “enclosure movements” in the U.K. Klein talks of today’s states putting price tags on life forms (genes and seeds) that were previously not considered commercial commodities, but that was also what the state did with the common lands of Scottish farmers in the 19th century. Capitalism’s permanently recurring crises of over-accumulation and declining profits have always created pressure for the opening up of new avenues for investment. Rosa Luxemburg defined imperialism itself as “the political expression of the accumulation of capital in its competitive struggle for what remains still open of the non-capitalist environment.” What, if anything, is it then that makes the current era unique?

One of the claimed distinguishing characteristics lies in the parallel Klein draws between neoliberal economic reform (economic shock treatment) and torture (including electro-shock treatment). She documents the appalling CIA-funded experiments in Canadian mental hospitals from the 1950s onwards when patients were “de-patterned” through shocks, isolation, disorientation, and other techniques, which would later be deployed by torturers in Latin America, Iraq and elsewhere. She suggests that this “shock doctrine” also works for politics and economics—people are “de-patterned” through war (Iraq), massive state violence (Tiananmen Square), or a natural disaster (Katrina), and then their economies and societies are reconstructed on new (corporatist) lines. This is a powerful metaphor, and Klein sustains it eloquently throughout the book.

But, again, is this project new? The conquistadors themselves deployed deliberately extreme violence to cow their victims into acceptance of the new order they were creating. The classical political economists of the 17th to 19th centuries “understood that market society required strong measures in order to coerce large numbers of people to join the market revolution.” The extraordinary death and destruction inflicted by the British on India in the aftermath of the Indian mutiny in 1857 was partly intended to shock Indian society into permanent submission. “Shock and awe”—softening up subject peoples to facilitate thoroughgoing societal transformation—was not invented by the Pentagon’s most recent generation of war planners. Furthermore, transformation along neoliberal lines can be achieved without shocks as such: witness, for example, the institutionalization of a neoliberal model in the European Union, and Reagan’s earlier discussed attack on the air traffic controllers. Indeed, Balakrishnan argues that important transformations in recent decades—structural adjustment across the globe, mass privatization, and the geographical expansion of capitalism—have been achieved with relatively little “polito-military coercion” by comparison with previous eras.

If we take Klein’s second suggested start date for the new era—2001 rather than 1973—then perhaps its claim to novelty might lie in the blurring of public and private power represented by the likes of Rumsfeld and Cheney. And yet, the lines between corporate power and state power have never been clear-cut. The East India Company’s relationship with the British state in the exploitation of India—state resources essentially subordinated to the acquisitive goals of a private corporation—might be regarded as the prototype for a model the U.S. would later try to impose on Iraq. Jawaharlal Nehru wrote of the East India Company that “The corruption, venality, nepotism, violence and greed of money… is
something which passes comprehension,” though it would not pass the comprehension of an Iraqi viewing the (state-backed) activities of Halliburton or Blackwater in that country today.

The closest Klein comes to a fully convincing establishment of the novelty of her model is when she discusses the instrumentality of war and other such shocks: “As proto-disaster capitalists, the architects of the War on Terror are part of a different breed of corporate-politicians from their predecessors, one for whom wars and other disasters are indeed ends in themselves” rather than simply means to ends. In essence, the argument here is that the Bush regime’s corporate base has such a stake in destruction and cataclysm that it will willingly breed permanent panic and chaos to ensure the profits keep rolling in—for “homeland security” intelligence companies (closely tied into the overall technology sector), for weapons manufacturers, and others. There is something in this line of reasoning, and it leads on to several important questions: Is this new model exclusive to Bush and his political-corporate cohorts, or does it represent a wider transformation of capitalist accumulation strategies? Is the rise of the “disaster capitalism” complex attributable to the voluntarist opportunism of particular actors, or does it reflect a structural shift in the logic and incentive structures underpinning capitalist accumulation? And, in view of its volatility, can the model prove sustainable even on its own terms?

Is Disaster Capitalism a Self-Reinforcing System?

Klein fears that the companies concerned (who, crucially, do not constitute the entirety of the corporate world) will respond to this impending downturn by ever more aggressive attempts to corner existing markets and enter new ones. Thus, business lobbyists are urging that non-profit groups be legally locked out of disaster relief so as not to “distort” market responses, while mercenaries tout themselves as prospective peacekeepers in Darfur and elsewhere. The surveillance companies inflate threats and manipulate fears to justify ever more comprehensive and intrusive public monitoring (for profit). The arms companies desperately lobby for new wars so that they can re-stock their order books. Meanwhile, as some of the richest U.S. citizens set up new towns and cities for themselves, these gated enclaves will rely entirely on the private sector for service provision, including security, while those without the means will continue to suffer from eroded, if any, public service provision.

It’s easy to imagine a future in which growing numbers of cities have their frail and long-neglected infrastructures knocked out by disasters and then are left to rot, their core services never repaired or rehabilitated. The well-off, meanwhile, will withdraw into gated communities, their needs met by privatized providers.

It is here that Klein most obviously adopts some of the dystopian imagery with which this review opened. The scenario she charts is indeed easy to imagine, but it is not inevitable. Nonetheless, Klein is right to emphasize that the interests at stake are far from insignificant:
Today global instability does not just benefit a small group of arms dealers; it generates huge profits for the high-tech security sector, for heavy construction, for private health care companies treating wounded soldiers, for the oil and gas sectors—and of course for defense contractors.

Klein sees here a potentially self-reinforcing dynamic, akin (though she does not formalize the concept as such) to a new logic of capital accumulation. The growth of the system requires “disasters”—and these disasters are called forth not just through conspiratorial lobbying efforts but also through the very structure of the “new” economy itself. The argument is essentially three-fold. First, growth based on the exploitation of scarce resources necessarily depletes those resources and makes control of those remaining ever more vital, thus rendering conflict over their control ever more probable. Those who respond to foreign attempts to seize their resources are labeled “terrorists,” and further violence—of resistance and repression—is set in train. Second, economic growth also contributes to global warming and climate change, and thus increases the frequency and intensity of “natural” disasters—which serve the double-function of “de-patterning” the population and creating new profit opportunities for the disaster capitalists. Third, the liberalization of the financial sector has massively boosted the occurrence and scale of financial crises.

However, each of these three dimensions of the argument is problematic. In the case of the first two dimensions—resource extraction and climate change—does disaster capitalism necessarily deplete more resources or contribute more to global warming than the “normal” capitalism of earlier eras that is still practiced in much of the world? China's rapid economic growth, for example, is a major stimulus to resource use and climate change, but to what extent can China be described as a model of disaster capitalism? Of course, as Klein documents, the Tiananmen Square massacre in 1989 (a quintessential “shock,” in her view) helped quell opposition to neoliberal economic reform. But Chinese development since then has been of a very “old-fashioned,” industrial type—it has not been founded on the opportunistic exploitation of disasters. Thus, we cannot conclude that current capitalist development models are necessarily dependent on disasters for their ability to sustain and reproduce themselves. (This is not to say that they are ecologically sustainable in the long term, as they clearly are not, but that is not the main theme of Klein’s book).

On the specific issue of resources and conflict, there are some indications that the rise of China—especially its hunger for raw materials—is fuelling conflict in other parts of the world, including Africa. But the relationship between resource extraction and conflict is not straightforward—resource-rich societies are not necessarily more prone to conflict than resource-poor ones, nor does intensified resource extraction inevitably initiate or exacerbate conflict. Likewise, the often assumed relationship between climate change and conflict is debatable and, to date, largely unsupported by evidence. Despite widespread perception to the contrary, the incidence of armed conflict has been in fairly steady decline for many years now: in 1991 and 1992, the number of such conflicts peaked at 52, but for 2006 (and for each of the preceding two years) the number was down to 23, and no new conflicts broke out in either 2005 or 2006. Insofar as there may be something new and distinct about the current period (questionable in itself), it does not appear to be associated with an overall increase in armed conflict.
On the third dimension of the argument—the frequency of financial crises—the empirical support is stronger. Even an ardent advocate of market liberalization like Martin Wolf is prepared to concede that “The age of financial liberalization has been... an age of financial crises” by comparison with earlier periods of more managed financial markets. But there is nothing inevitable or irreversible about this trend—it arose from the deliberate policy actions of governments, and threats of impending financial crises (perhaps of a breadth and depth not previously witnessed) could easily spark a return to tighter financial governance and control.

Klein writes that “The only prospect that threatens the booming disaster economy on which so much wealth depends—from weapons to oil to engineering to surveillance to patented drugs—is the possibility of achieving some measure of climatic stability and geopolitical peace.” This is precisely why some corporations devote so much attention to issues such as climate change denial and to the fostering of yet further violent conflict, but it does not mean that the interests of this booming disaster economy are synonymous with those of capitalism as a whole, nor of all different capitalist fractions across the globe. And while capitalism may well be running ever closer to the constraints imposed by the natural world, one cannot conclude that disaster capitalism is necessarily more destructive of the environment than other (previous and current) models of accumulation.

In her conclusion Klein analyzes the forces arrayed against the disaster capitalism complex. The rise of the radical-populist politics now characterizing much of Latin America is one such force. The popular hostility within the E.U. to the increasingly neoliberal character of European economic governance is another, as is the (selective) anti-oligarch stance of Russian President Vladimir Putin. As already mentioned, the IMF is in deep crisis as countries pay off their debts and take themselves out of its sphere of influence. The ANC is losing mass support in South Africa, and even in China, 2005 alone saw 4 million workers and peasants involved in large-scale protests. In Lebanon, Hezbollah fought off the Israeli army in 2006 and then delivered fast, efficient reconstruction to the south of the country—a locally rooted success story that stood in stark contrast to the lumbering and oppressive inefficiency of the international “disaster relief” sector. Direct action initiatives for local reconstruction cropped up from Thailand to New Orleans.

Klein sees the future as depending on which side triumphs—disaster capitalism or popular resistance—and she fears that “As the corporatist crusade continues its violent decline, turning up the shock dial to blast through the mounting resistance it encounters” will become ever more the order of the day. This may be so, but it probably overestimates the stability and coherence of the disaster capitalist complex. Quite apart from resistance, it is also confronted with a mass of contradictions and threats arising from the logic of its own actions (as well as the changing structure of the global economy). These, in part, stem from a shift in the way in which global capitalism is governed—from a relatively stable model to one that is much more aggressive and potentially implosive.

The Crisis of Multilateral Governance and the End of U.S. Hegemony

Multilateral governance of the global economy is in crisis. For example, the World Trade Organization is increasingly seen not as serving the interests of the global economy as a whole, or even of global capitalism as a whole, but of narrow, sectional, capitalist interests
based in the North. In response, a strong developing-country bloc that is unwilling to be
strong-armed by the E.U. and the U.S. has formed. In June 2007, for example, Brazil and
India rejected a compromise agreement to restart the Doha WTO round of negotiations,
because, they claimed, the U.S. and E.U. were not offering fast or deep enough cuts in
agricultural subsidies.

If developing countries are, in part, seeking to subvert the pro-Western bias of the
WTO, the attitude of many towards the IMF is even more radical: they are actively
disengaging from it. Recent years have seen an extraordinarily wide-ranging and deep-rooted
attempt on the part of developing countries to lessen IMF influence over their economies.
Brazil, Thailand, Argentina, Bolivia, Indonesia, Uruguay, and Ecuador are among those who
have paid off debts to the IMF, with President Correa of Ecuador declaring “We don’t want
to hear anything more from that international bureaucracy.” Chavez in Venezuela is pushing
plans for a “Bank of the South,” an alternative source of balance of payments support for
poor countries unwilling to accept IMF support. The rapid build-up of foreign exchange
reserves in East Asia in recent years is intended, among other things, to defray IMF
influence, which, as Klein documents, was disastrous for East Asian economies in the wake
of the late 1990s financial crises in the region. China and Russia have also voiced strong
criticism of (and have ignored) IMF advice.

The U.S., under the neoconservative leadership associated with George W. Bush’s
presidency, always harbored a certain skepticism towards multilateral governance (even
before the governments of poorer countries began systematically challenging the idea
themselves). Thus, disaster capitalism, if it is to be dated to roughly 2001, can be understood
within a broader context of shifting U.S. strategies to maintain its global dominance.
Inspired by delusional ideas about the reassertion of U.S. hegemony, an aggressive U.S.
foreign policy rejected or de-prioritized alliances and multilateral obligations that were seen
to constrain U.S. power. Economic factors were part of the calculus: a “technodollar-
mergerdollor” coalition with a pressing need for the liberalization and smooth governing of
the global economy underpinned the Clinton presidency, while a “weapondollar-petrodollor”
coalition with a predilection towards warfare (for profit) and the control of oil supplies has
largely driven the Bush II presidency. One of Klein’s most important contributions is to
show how the initial corporate coalition underpinning the Bush regime has broadened to
include, for example, technology companies with a stake in the surveillance economy.

The appointment of leading neoconservative Paul Wolfowitz as president of the
World Bank was part of this U.S. strategy—multilateral governance was to be made to serve
essentially U.S. interests in a much more clear-cut and unambiguous manner. Among the
measures that made him profoundly unpopular with the representatives of other countries at
the Bank, Wolfowitz attempted to push through a policy of Bank support to Iraq, a blatant
attempt to subordinate an instrument of global governance to the imperatives of U.S.
unilateralism. Wolfowitz’s ultimate ejection for reasons of personal corruption might have
been averted had he not already made so many enemies by rejecting the principles of
multilateral management of global capitalism.

Thus, multilateral governance finds itself under attack from different sides, including
Southern resistance in the forms of disengagement (IMF) and critical engagement (WTO)
and a Northern (especially U.S. neoconservative) preference for unilateral action (partially
evident in the approach to the World Bank). The key point here is that the phenomena Klein describes are discontinuous. Of course she recognizes this, identifying key “hinge” moments as either 1973 or 2001. But she also tends to see an essential continuity between the strategies adopted in different eras: economies were “shocked” open to exploitation by IMF conditionalities in the 1980s; they are being similarly opened by military action today as well as through opportunistically capitalizing on “natural” disasters. But these represent fundamentally different modes of regulation—the one multilateral, the other essentially unilateral (often opportunistic) and much less stable.

Disaster capitalism, at least as constituted during this decade, may represent less a viable, long-term strategy for capitalist accumulation and more a last, desperate throw of the dice by a U.S. regime frightened of losing its global pre-eminence. Desperate gambles are often born of fear. Thus, the use of shocks to facilitate accumulation may be read as a sign of weakness rather than strength, since there would be no need for shocks if the system was strong enough to impose its will without them. As Alexander Cockburn has noted: “A capitalism that thrives best on the abnormal, on disasters, is by definition in decline.” Further evidence that the bet may be a losing one is that some of the architects and practitioners of the model in different parts of the world—such as the now deceased Kenneth Lay of Enron and media mogul Conrad Black—are, as Klein points out, being disgraced and in some cases jailed. Even the flagship of the model—the quest for Iraqi oil—may be running aground in the face of national resistance to the attempted rip-off of the country’s most commercially valuable resource.

As the U.S. drifts towards its own financial crash, as the dollar loses its status as the world’s main reserve currency, and as Asia in particular emerges as an alternative leadership pole, the probability of U.S. decline increases, and with it, the disaster capitalism complex that a section of the U.S. ruling elite has pioneered and promoted. The E.U. is not the force for good its cheerleaders claim it is, but its strengths still lie largely in “soft” power rather than military adventurism. China is not averse to supporting violent regimes, but its main interests lie in security of access to resources and growing markets for its industrial exports, neither of which is served by mass violence and instability. A regionalized, partially regionally competing, global order may not constitute auspicious terrain for the extension or maintenance of disaster capitalism.

Conclusion

Klein’s book does not fully work on four main levels. The first is its over-use of the “shock” concept to denote a wide array of disparate phenomena—war, coups, natural disasters, financial crises, debt, falling commodity prices, and others. She is right that each may be exploited in similar ways, but this is simply too diverse a list to sustain the idea of a single “shock doctrine.” The second is the neglect of the extent to which neoliberalism has been put in place (in the E.U. for example) without recourse to anything that could properly be classified as a “shock” at all; successful capitalist restructuring can still be carried out through means that are not directly coercive. The third is the claim to discovery of a new form of capitalist accumulation. Every era is, of course, to some extent distinctive, but disaster capitalism is essentially a continuation of a long, historical tradition of “accumulation through dispossession,” deploying means (including the blurring of public-private boundaries and torture) that would have been depressingly familiar to previous generations.
There is a certain lack of a sense of history, both of capitalism and of ideas about capitalism; Klein’s book is not very well situated within the history of economic thought. The fourth is the claim that disaster capitalism represents a probable future for the global, capitalist system—it is certainly one possible future, but the forces favoring it (both geographical and sectoral) may be less powerful than Klein believes. There is a danger here that what is actually a specifically U.S. phenomenon is being interpreted as a dystopian future for the world as a whole.

But the book does work wonderfully well in a number of ways. One is its stress on “rigged” markets—the use of the organs of the state to directly funnel wealth into private hands or to ensure that closely corralled market forces perform that task. This is an important corrective to mythologized accounts of the workings of “free” markets. The deep unpopularity of neoliberal policies is also established with great force—it is salutary to be reminded of how such policies were forced upon populaces through coups, torture, and sham elections. Equally, it is instructive to have documented in such convincing detail how neoliberal regimes can only be kept in place by insulating much economic policy-making from democratic influence. It is because of the strength of people’s attachment to ideas of solidarity and public control that neoliberalism exists in such an antithetical relationship to democracy. Or as Klein puts it, “It is precisely because the dream of economic equality is so popular, and so difficult to defeat in a fair fight, that the shock doctrine was embraced in the first place.”

And while the exploitation of disasters may not represent the future engine of growth for the global economy, it is not likely to go away either. Commentators and activists would do well to learn from this book how such events will—given half a chance—be turned into opportunities for profit-grabbing and the corporate restructuring of societies, and be prepared to highlight and combat such activities. In the same way as her earlier book, No Logo, worked well as a manual for activism, the current volume performs a similar vital service.

Finally, the book is stylishly and engagingly written. There is a lucidity and eloquence at work here that carries the reader along even when the arguments themselves fail to fully convince. The humor is welcome and well-judged also; for example, who among us has not been in the company of “a certain breed of sectarian leftist [who] is forever calculating the exact conditions under which capitalism will reach “the crisis,” much as evangelical Christians calibrate signs of the coming Rapture”? For this type of humor, for the weight of compelling detail assembled on how the world works, and for the invaluable guide it offers to informed activism, Klein’s book is hugely important and highly recommended.