

A superficial analysis of global capitalism—Part 2

The Shock Doctrine: The Rise of Disaster Capitalism by Naomi Klein, Allen Lane: 2007

By Nick Beams
28 February 2008

This is the conclusion of a two-part review of Naomi Klein's The Shock Doctrine: The Rise of Disaster Capitalism. Part one was posted on February 27.

Klein continues to insist that the program of Milton Friedman's Chicago School is simply a set of "dangerous ideas". To do otherwise, to establish the connection of this program with objective tendencies of development within the global capitalist economy, would cut across her political agenda of returning to the Keynesian policies of the past.

Powerful ideological and material factors are at work here. The financial crises now sweeping the world economy, and the deepening hostility to the "neo-con" free market agenda of the Bush regime, have undoubtedly created a "market" for a "left" critique of the present order—and a consequent willingness by publishing houses to devote resources to its promotion. But there are limits to this support, of which Klein is well aware.

This is why she is very careful to insist that she is not a "fundamentalist" and to peddle, at the same time, the old canard that there is some kind of ideological convergence between the Marxist movement and the far right.

Elaborating on the Friedman thesis that only a crisis can produce real change, she writes: "The idea that market crashes can act as catalysts for revolutionary change has a long history on the far left, most notably in the Bolshevik theory that hyperinflation, by destroying the value of money, takes the masses one step closer to the destruction of capitalism itself. This theory explains why a certain breed of sectarian leftist is forever calculating the exact conditions under which capitalism will reach 'the crisis', much as evangelical Christians calibrate signs of the coming Rapture. In the mid-eighties, this Communist idea began to experience a powerful revival, picked up by Chicago School economists who argued that just as market crashes could precipitate left-wing revolutions, so too they could be used to spark right-wing counter-revolutions, a theory that became known as 'the crisis hypothesis'" [pp. 140-141].

This amalgam is not the product of ignorance. Klein chooses her words carefully. She wants to make clear to the general public, as well as to the promoters of her writings, that she is not associated with any kind of Marxist agenda aimed at ending the capitalist system.

This is the theme of Klein's conclusion, where she points to a "rise of people's reconstruction" as the effects of the "shocks" administered to the body politic begin to wear off. In Latin America, people are returning to the social democratic project that was so brutally interrupted in the 1970s. The policies are familiar: nationalisation of key sectors of the economy, land reform, investments in education, not revolutionary in nature but based on an "unapologetic vision of a government that helps

reach for equality" [p. 453].

It is possible, Klein maintains, to return to the system of regulated capitalism of the past, if not at a national level, then on a continental scale. "Surrounded by turbulent financial waters, Latin America is creating a zone of relative economic calm and predictability, a feat presumed impossible in the globalization era" [p. 456].

Rejecting Marxism as another form of "fundamentalism", Klein emerges at the end of more than 400 pages as little more than a promoter of various Latin American leaders—Kirchner in Argentina, Morales in Bolivia, the Lula government in Brazil and, of course, the government of Venezuela where, despite the "cult of personality surrounding Hugo Chavez, and his moves to centralize power" there is a system of decentralised progressive networks.

Such networks, in Klein's view, are the model for the future. They do not have a program to end the profit system. Rather, they are "inherently improvisational making do with whatever is left behind and whatever rusty tools have not been swept away, broken or stolen. Unlike the fantasy of the Rapture, the apocalyptic erasure that allows the ethereal escape of true believers [by this she means the Marxists and all those who fight for the socialist reconstruction of society], local people's renewal movements begin from the premise that there is no escape from the substantial messes we have created and that there has already been enough erasure—of history, of culture, of memory. These are movements that do not seek to start from scratch but rather from scrap, from the rubble that is all around. As the corporatist crusade continues its violent decline, turning up the shock dial to blast through the mounting resistance it encounters, these projects point a way forward between fundamentalisms" [p. 466].

In other words, such initiatives represent a third way that is necessary lest "orthodoxy and revolution" are left to fight it out.

What a bankrupt alternative! Hostile to the political struggle waged by the Marxist movement to mobilise the working class—the overwhelming mass of humanity—to take conscious control of the vast productive forces, science and technology, which it has created, and to utilise them for the advancement of civilisation, Klein's perspective resembles the conclusion of a science fiction global disaster movie, in which the remaining inhabitants, battered and bewildered, try to make do with what remains of the wreckage.

Klein's superficial method in her approach to economics is replicated in the sphere of politics. To her credit, given the widespread promotion of Nelson Mandela, she does point to the impact of the neo-liberal program of the African National Congress (ANC) government in South Africa. But her refusal to make any kind of political analysis means that no one is any the wiser for her criticisms.

According to Klein, the South African economy has remained under the domination of global finance capital—with disastrous consequences for the mass of the population—because the ANC was blindsided in its discussions with the apartheid rulers that led to the transfer of power. The leader of the ruling National Party, F. W. de Klerk, had a plan to maintain economic power in the hands of global capital, even as apartheid rule ended, and to ensure that the ANC's Freedom Charter remained essentially a dead letter.

“This plan was successfully executed under the noses of ANC leaders, who were naturally preoccupied with winning the battle to control Parliament. In the process, the ANC failed to protect itself against a far more insidious strategy—in essence, an elaborate insurance plan against the economic clauses in the Freedom Charter ever becoming law in South Africa. ‘The people shall govern!’ would soon become a reality, but the sphere over which they would govern was shrinking fast.”

Thus, according to Klein, the ANC leaders were simply hoodwinked and “outmaneuvered on a series of issues that seemed less crucial at the time—but turned out to hold South Africa's lasting liberation in the balance.” In the end the ANC negotiators really had no idea of what they were bargaining away. [pp. 200-202]

In fact, had Klein chosen to penetrate a little more deeply, it would have become apparent that the agreements reached by the ANC were in line with the essential planks of the Freedom Charter and the political perspectives of the South African Communist Party that drafted it.

As long ago as 1956, Mandela had made clear that the ANC's aim was not to overthrow capitalism in South Africa, but to open the way for the emergence of an African bourgeoisie by breaking the hold of some of the major corporations. “The breaking up and democratisation of these monopolies,” he wrote, “will open up fresh fields for the development of a prosperous non-European bourgeois class. For the first time in the history of this country, the non-European bourgeoisie will have the right to own in their own name and right mills and factories and trade and private enterprise will boom and flourish as never before” (see Anne Talbot, “Biography falls short of penetrating myth surrounding ANC leader”).

To develop a real understanding of the politics of the transfer of power and the neo-liberal program implemented by the ANC would require examining the role of the South African Communist Party and its program of two-stage revolution. Under this program, power had to be first transferred to the hands of the African bourgeoisie, leaving the carrying out of socialist measures to the distant future.

Klein is well aware of these issues. She chooses not to discuss them, because that would involve explaining the role and doctrines of Stalinism, thereby running the risk that her work could be tarred with the fundamentalist brush. Much better, therefore, to maintain that the ANC leaders did not really know what was going on.

There is a wider issue here. The theme of Klein's book is that the neo-liberal economic agenda has been able to be imposed because of a series of shocks delivered to the body politic. But the so-called shock doctrine is discussed completely outside the role of parties and political tendencies.

The Chilean coup of September 1973, which saw the overthrow of the Socialist Party President Salvador Allende by armed forces led by General Augusto Pinochet, is characterised by Klein as the “bloody birth of the counter-revolution.”

But the coup came as no surprise. It had been anticipated for months, leading to demands that Allende arm his supporters. Klein does not explain why he did not, because such an explanation would require analysing the role of those political tendencies that operated in the Chilean workers' movement—the Communist Party, the Socialist Party and the radical groups such as MIR (Revolutionary Left Movement)—and would upset her essential thesis that the imposition of the neo-liberal

agenda was simply the outcome of a successful “shock and awe” campaign.

In a series of interviews to promote the book, Klein has made even clearer the political arguments that lie at its heart. Losing no opportunity to make an amalgam between the right-wing proponents of the “shock doctrine” and Marxist “fundamentalism”, she has insisted that the “mixed economy” of Keynes and the New Deal represents a real alternative.

In a discussion with Greg Grandin of the North American Congress on Latin America (NACLA) in which he declared: “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 the Leninists with the Gramscian patience to work through institutions, fueled by Trotskyist passion”, Klein replied: “They also have a lot more money than [the] left ever does!”

In an interview with Kenneth Whyte of the Canadian current affairs magazine *Maclean's*, she attributed common characteristics to “religious fundamentalists” and “Marxist fundamentalists”.

Asked whether she was a Keynesian advocate of a mixed economy, Klein replied: “I think I'm a realist.” But her claim to realism is not based on any historical or economic analysis. Rather it is motivated by what she thinks is acceptable within the current political climate—a certain move to the left, but not too far.

Klein's assertion, during the course of one interview, that social democratic alternatives did not fail because they were not even tried, is false. The Keynesian measures of the New Deal failed to bring America out of the Depression—the downturn of 1938 was as severe as anything that had gone before. Only with the increase in war expenditure did the American economy begin to revive, and it was only able to sustain that expansion because of the post-war reconstruction of the world capitalist economy, which the military victory of the US had made possible.

If Keynesian measures were a viable third way, then they should have been able to sustain the post-war boom. In fact, they had the opposite effect.

And even if such a program were to be adopted, how would it be implemented? As Klein acknowledges, Keynesianism was only embraced in the United States because of the “militant demands of trade unionists and socialists whose growing strength turned a more radical solution into a credible threat, which in turn made the New Deal look like an acceptable compromise” [p. 252].

Roosevelt implemented the New Deal as a means of heading off social revolution in the United States. It was necessary, he insisted, to save capitalism from itself. In the final analysis, the political success of the New Deal lay not in the manoeuvres of Roosevelt—and there is no doubt he was a brilliant capitalist politician—but in the fact that America was still a rising power. As the period following World War II demonstrated, it had the strength to reconstruct the world capitalist order, and was able to make the necessary economic concessions to achieve this goal.

Today the situation has changed dramatically. American capitalism, for the first time in its history, is undergoing a decline. It is being challenged by old powers and fast rising new ones. To imagine that in this situation a twenty-first century equivalent of Roosevelt will emerge to chart a “third way” is the most unrealistic perspective of all.

What then is the role and significance of Klein's book? Whether or not she cares to recognise it, she is the ideological representative of a section of the ruling elites that recognises a shift to the left in broad layers of the population, and that it must be diverted before it assumes more threatening forms. Above all, the changed situation requires the cultivation of “leftist” writers, who can be utilised to try to promote an alternative to a genuine socialist and Marxist perspective.

Concluded

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