

# JustComment

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## Disaster Capitalism

### A new birth

A very profitable investment sector is developing from post-Soviet Russia to post-apartheid South Africa, from occupied Iraq to Afghanistan, in Honduras before and after the US-instigated coup, in post-tsunami Sri Lanka and Aceh, Indonesia and post-Hurricane Katrina New Orleans post-Katrina. It is 'disaster capitalism'. It feeds on the misery suffered by people whether in war, terrorism, natural catastrophes, poverty, trade sanctions and market crashes. Disasters are opportunities to generate huge profits and earnings.<sup>1</sup> The concept also applies in countries such as Australia where people who are asylum seekers are detained in centres, and prisoners held in prisons, run by 'for-profit' corporations. This new economy is outlined in Naomi Klein's *The Shock Doctrine: The Rise of Disaster Capitalism*. The scheme always exploits people for profits.

'Disaster capitalism' was conceived by extreme neoliberals at the University of Chicago dedicated to eliminating the public sphere so that business would be free and unfettered; and almost all social spending cease.<sup>2</sup> The economist Milton Friedman articulated the thesis in his book *Capitalism and Freedom* that everything in public hands is socialism and thus blasphemous. Friedman maintains that markets work best when unfettered by rules, regulations, onerous taxes, trade barriers, 'entrenched interests' and human interference, and practically no government. Democracy, social justice, and a caring society interfere with free-wheeling capitalism. His approach to economics is for unrestrained market fundamentalism without regard for human needs and rights. Economic freedom is the be-all-

and-end-all. The market place is master. It stands for free market plunder, regulatory freedom, tax cuts for the rich, exploiting the majority, corporate handouts, and militarised control for enforcement.<sup>3</sup>

Klein explores the myth of free market democracy. She explains how neoliberalism dominates the world as security threats, terror attacks, economic meltdowns, political or economic shifts and natural disasters are exploited. Wars are waged, social services cut, public services privatised, and freedom sacrificed when people are too distracted, cowed or in duress to object.<sup>4</sup>

'Disaster capitalism' is financing a new world economic order.<sup>5</sup> Each new disaster can generate great excitement as reconstruction becomes a big business.<sup>6</sup>

### Who pays?

As the oil, gas and nuclear industry can cause disaster, they also benefit as they are entwined with the disaster economy. The fortunes of defense corporations, heavy construction industry and homeland security improve with every war, terror attack or natural disaster.<sup>7 8</sup>

Haiti after the January 2010 earthquake is a recent example. Corporations, security firms and governments exploited the crisis to profit from it, promote neoliberal policies and extend military and economic control over the people. It only contributed to Haiti's impoverishment. As in New Orleans post-Hurricane Katrina, the solidarity Haitians gave each other in providing relief, rescue of neighbours, friends and loved ones was unacknowledged by a



media that arrived before promised food, water, shelter and rescue equipment. The media focused on alleged looting. This necessitated more security to protect property. So marines were sent in!<sup>9</sup> Seeking to survive by locals was called 'looting' but not if they were foreigners. Haiti's concern that foreign involvement would make matters worse was justified given its recent and not so recent history. Under the guise of outside help, Haitians know they have been fed on dependency and debt.<sup>10, 11</sup>

Former president, Jean-Bertrand Aristide questioned how a profit-driven recovery-plan could reconstruct the country. And Haitians learned that a foreign plan of reconstruction which was profit-driven, exclusionary, conceived and implemented by non-Haitians could not reconstruct Haiti.<sup>12</sup> Refugee evictions, private land grabs and disaster capitalism are integral to its story. Businesses eagerly slurped up the spoils of disaster. Lack of government leadership led to the situation being exploited by businesses and non-government organisations. And many displaced Haitians remained at the mercy of landowners.<sup>13</sup> Those responsible for Haiti's suffering in the past and which lead to the recent crisis were now offering to alleviate it. The root

causes of overpopulation in the capital resulted from intentionally pushing people out of the countryside by aid and trade policies. This helped to create a captive and exploitable labor force in urban areas.<sup>14</sup>

## What kind of help?

Haiti needs grants, not more debt. World leaders and organisations tell us what their soldiers and dollars offer, though Haiti needs doctors not soldiers, grants not loans, a stronger public sector not wholesale privatisation, and critical solidarity with grassroots organisations and people to support the self-determination of the country.<sup>15</sup>

China, after assisting the regime in Sri Lanka to defeat the Tamil Tigers in 2009 with weapons and intelligence, now pursues regional dominance. This push treats kidnappings and extrajudicial killings by the Sri Lankan regime as irrelevant. Reconciliation is missing from public debate as billions of dollars are spent to build ports, roads and other infrastructure neglected after decades of war. After the 2004 tsunami, multinationals flooded the country. They capitalised on the willingness of the government to sell off forests, water and beaches to the highest bidder.<sup>16</sup>

In Australia, detention centres have expanded under the British firm Serco, despite allegations of asylum-seeker abuse in its facilities. A French firm, Veolia, that owns some of Australia's waste management, water treatment and desalination plants is building a light-rail network through occupied Jerusalem and illegal settlements on the West Bank without question. The unquestioning devotion to disaster capitalism and privatisation revolves around a belief in the market's wonders.<sup>17</sup> The question of the rights of Palestinians does not enter the equation.

The same scheme followed Hurricane Mitch in October 1998 when Honduras, Guatemala and Nicaragua were hardest

hit. In Sri Lanka, Washington took the Mitch model to the next level - beyond individuals to corporate control over reconstruction. Business ran everything. Affected people were shut out. Klein called it a new type corporate coup made possible by Mother Nature.<sup>18</sup>

## The winner is...

Powerful business interests constructed a blueprint from housing to hotels to highways and other needed infrastructure. Disaster relief went for development. Victims got nothing and were consigned to permanent shantytowns like the kinds in most Global South cities and Global North inner ones. Aceh and other affected areas adopted the same model. A year after the 2004 Tsunami, Action Aid, a non-government organisation, surveyed the results in five Asian countries. It found the same pattern: residents barred from rebuilding and living in militarised camps and generous incentives given to developers. An old way of life of the residents was lost forever. In New Orleans, unfettered capitalism was given free reign. With US help, Mother Nature gave corporate predators a golden opportunity for plunder. Prevailing wage rates for federally funded or assisted construction projects were suspended.

Though New Orleans had ample warning it was unprepared. It is a city that lies below sea level. It's Gulf coast is vulnerable. The inevitable happened with Hurricane Katrina. The city's least advantaged were most affected. The majority black population was targeted for removal. Mother Nature provided an excuse to do it. As public housing was wiped out and communities erased, developers could build upscale condos and other high-profit projects on choice city land.<sup>19</sup>

In Haiti, the US Government's Obama's top priority was control. Immediately after the earthquake, the Pentagon took over the Port-au-Prince airport, reopened it after its brief closure, and set up a

temporary air traffic control centre. Military personnel decided what could come in or go out; what was delivered, and how fast. Unconfirmed reports suggested that this slowed down the arrival of search and rescue equipment and supplies. The kind of supplies that arrived was often inadequate in type and amount. So, trapped Haitians perished when a concentrated, sustained airlift of heavy earthmoving and other equipment might have saved hundreds or thousands more lives.<sup>20</sup>

During the 1948-49 Berlin airlift western allies delivered in 11 months what amounted to a daily average of 5,500 tons of vital supplies for the city's two million people. Today, the Pentagon has far greater capabilities. Massive amounts of virtually everything could have been expedited, including heavy earthmoving equipment and teams of experts for every imaginable need. The result would have been vast numbers more lives saved, now perished because little was done to help, except for heroic volunteers providing food, water, and medical care, and Haitians who dug out survivors with small implements and their bare hands.<sup>21</sup>

It was reported that the Port-au-Prince 9,000-foot runway escaped serious damage. Food, water, medicine, rescue crews, and other specialists began to arrive from Venezuela, Cuba, Nicaragua, China, and elsewhere, but very little from the United States. Haiti received little of what it needed. What arrived were thousands of Marines and paratroopers, armed soldiers, not humanitarian personnel. The supplies that came were to sustain the troops – not the local population. Reminiscent of the 20 year period 1915-1934 when US Marines occupied and ravaged the country, it seems that a long-term commitment for militarised control is again planned - not humanitarian relief.<sup>22</sup> What is always missing from the negotiation room is a heart and soul.

*Full set of resources and references are on the ERC website [www.erg.org.au](http://www.erg.org.au)*



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