

# Klein says...

Economic liberalization is unpopular. It requires crisis and violence.

Friedman's quote "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" means he welcomed crises so that his ideas could be put into place.

Governments harness natural disasters, wars, and other crises to liberalize the economy, privatize services, and reduce public spending.

By "the tyranny of the status quo," Friedman means tyranny of voters, and crisis is needed to bypass these voters and subvert democracy.

"Friedman predicted that the speed, suddenness and scope of the economic shifts would provoke psychological reactions in the public that 'facilitate the adjustment.'"

The "pinnacle of the counterrevolution launched by Friedman" was "big business and big government combining their formidable power to regulate and control the citizenry."

Friedman was an "adviser to the Chilean dictator" Augusto Pinochet.

One large motive behind Pinochet's coup was to enact Friedman's free market reforms.

Friedman is to blame for the IMF's actions during the Asian economic crisis of the late 1990s.

Friedman's ideas supported the Sri Lankan government's transfer of fishermen's property to hotel magnates after the 2005 tsunami.

Violent Argentina was a model for implementing Friedman's Chicago school ideas.

The Tiananmen Square protest focused on economic liberalizations.

The shock of Tiananmen Square helped force economic liberalizations on China.

Poland's economic liberalization didn't go far because it did not utilize violence.

Hurricane Katrina allowed politicians to introduce "a fundamentalist version of capitalism" in New Orleans.

The Bush administration used the shock of 9/11 to implement Friedman's ideas by benefiting defense and security industries with new contracts and enormous sums of money.

# The Facts say...

Only four economies on the planet that haven't liberalized since 1980, and the most reforms happen in democracies such as Iceland, Ireland, Estonia, England, and Australia.

Friedman simply meant that people are open to change when current or older ways have failed.

Milton Friedman said, "War is a friend of the state...In time of war, government will take powers and do things that it would not ordinarily do." This is true of both civil and economic liberties. For example, World War I led to Russian communism; economic depressions gave us socialist Nazi Germany and the New Deal in the USA.

"...the tyranny was something entirely different: an iron triangle of politicians, bureaucrats, and special interest groups (businesses, for example) that deceive voters." – scholar Johan Norberg

Friedman advocated public awareness. On tackling inflation, he said that "it should be announced publicly in great detail...The more fully the public is informed, the more will its reactions facilitate the adjustment." That is, informed people will facilitate the inflation adjustment by changing their financial behaviors.

Friedman fought precisely for extricating business *from* government power. He once said: "One of the reasons why I'm in favor of less government, is because when you have more government, industrialists take it over."

Friedman never worked with or was paid by the Chilean regime. He declined honorary degrees from Chilean universities for fear of implicitly endorsing Pinochet's dictatorship.

Friedman only visited Chile two years *after* the coup. In fact, Chilean military officials, both corporatist and paternalist, originally ran the economy. Pinochet opposed the free market.

Friedman thought the IMF should not have even been involved in Asia.

Friedman thought governments should be prohibited from expropriating land to give it to private developers.

Chicago school economists failed in advising Argentina. Argentina barely moved between 1975 and 1985 on a Frasier Institute scale that measures economic liberalization.

Rather, Tiananmen Square protesters demonstrated in favor of democracy, government transparency, and equality before the law, and against bureaucracy and violence.

In the couple of years following Tiananmen Square, China was *less* economically open than before.

Poland went through one of the most drastic and rapid economic liberalizations, from 3.93 to 5.3 on the Fraser Institute's economic freedom index.

The only "liberalization" was introduction of more public charter schools. Yet standard public schools still outnumber charter public schools, 47 to 44.

Friedman "had always emphasized waste in defense spending and the danger to political freedom posed by militarism," says biographer Lanny Ebenstein. Friedman ardently opposed intertwining private business and big government.