

“Capitalism and Freedom” Unmasked

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An era ended November 16, 2006 when economist Milton Friedman died. A torrent of eulogies followed. The Wall Street Journal mourned his loss with the same tribute he credulously used when Ronald Reagan died saying “few people in human history have contributed more to the achievement of human freedom.” Economist and former Treasury Secretary Lawrence Summers called him a hero and “The Great Liberator” in a New York Times op-ed; the UK Financial Times called him “the last of the great economists;” Terence Corcoran, editor of Canada’s National Post, mourned the “free markets” loss of “their last lion;” and Business Week magazine noted the “Death of a Giant” and praised his doctrine that “the best thing government can do is supply the economy with the money it needs and stand aside.”

Rarely had so much praise been given anyone so undeserving in light of the human wreckage his legacy left strewn everywhere. He believed government’s sole function is “to protect our freedom both from (outside) enemies....and from our fellow-citizens.” It’s to “preserve law and order (as well as) enforce private contracts, (safeguard private property and) foster competitive markets.” Everything else in public hands is socialism that for free-wheeling market fundamentalists like Friedman is blasphemy. He said markets work best unfettered of rules, regulations, onerous taxes, trade barriers, “entrenched interests” and human interference, and the best government is practically none at all as anything it can do private business does better. Democracy and a government of, by and for the people? Forget it.

He preached public wealth should be in private hands, accumulation of profits unrestrained, corporate taxes abolished, and social services curtailed or ended. He believed “economic freedom is an end to itself....and an indispensable means toward (achieving) political freedom.” He thought state laws requiring certain occupations be licensed (like doctors) a restriction of freedom. He opposed foreign aid, subsidies, import quotas and tariffs as well as drug laws he called a subsidy to organized crime (which it is as well as to CIA and money laundering international banks earning billions from it) and added “we have no right to use force....to prevent (someone) from committing suicide....drinking alcohol or taking drugs,” while saying nothing about major banks and CIA partnering for profit with drug lords.

He favored a constitutional amendment requiring Congress balance the budget because deficits “encourage political irresponsibility.” He claimed taxes were onerous and was “in favor of cutting (them) under any circumstances and for any excuse, for any reason, whenever possible....” and make corporations entirely exempt from them. He opposed the minimum wage, supported a flat tax favoring the rich, and believed everyone should have to buy his or her own medical insurance like any other product or service. Can’t afford it? Too bad. Get sick? Let the market heal you.

He opposed public education, supported school vouchers for privately-run ones, and believed marketplace competition improves performance even though voucher amounts are inadequate and mostly go to schools emphasizing religious education or training. Further, evidence shows teaching quality suffers in for-profit schools except in elitist ones. Most others stress cost-cutting and fewer services for bigger returns on investment.

He ignored the fact that Christian fundamentalist schools harm democracy and violate the constitutional separation of church and state. They also threaten public education's future that's been the bedrock of primary and secondary schooling throughout our history until Friedman first proposed vouchers in the 1980s as one of his core free choice objectives.

He was a vocal opponent of trade unions, claimed they were "of little importance (historically in advancing) worker (rights and gains) in the United States," and ignored clear evidence to the contrary in spite of corrupted union officials who could and should have done more for their rank and file and still don't. He also claimed "the gains that strong unions win for their members are primarily at the expense of other workers (and believing otherwise) is a fundamental source of misunderstanding." It all came down to supply and demand for him - "the higher the price of anything, the less....people will....buy."

Sounds reasonable up to the examples he gave: "Make labor of any kind more expensive and the number of jobs of that kind will be fewer. Make carpenters more expensive, and fewer houses....will be built (and the ones that are will) use materials and methods requiring less carpentry. Raise the wages of airline pilots (and) there will be fewer jobs for them (because) air travel will (cost more and) fewer people will fly."

Bottom line for Friedman - high union wages harm everyone, including union members. They make consumer products and services more expensive, he believed, notwithstanding the fundamental law of pricing every marketing executive knows but Friedman ignored. It's to charge what the market will bear, no more or less so, costs aside, prices reflect what buyers will pay, no more.

Friedman also opposed government-run Social Security that he called "The Biggest Ponzi Scheme on Earth" in an article with that title. He described the current system as "an unholy combination of two items: a flat-rate tax on earnings up to a maximum with no exemption and a benefit program that awards subsidies that have....no relation to need (forgetting it's our most successful poverty-reducing program) but are based on (criteria like) marital status, longevity and recent earnings."

He wanted it privatized, abhorred the "tyranny of the status quo," and agreed with Barry Goldwater that it be voluntary which, of course, would kill it. He added it's "hard to justify requiring 100% of the people to adopt a government-prescribed straitjacket to avoid encouraging a few (many millions, in fact) 'lower-income individuals to make no provision for their old age deliberately (even though most cannot), knowing they would receive the means-tested amount.' " Addressing only eligible retirees, he ignored millions of others getting Social Security benefits. They include disabled workers and spouses and children of deceased, retired or disabled workers. They comprise around 37% of all recipients, are left out of Friedman's calculation, and would get nothing under a privatized system.

For Friedman, we're on our own, "free to choose," but unequally matched against corporate giants and the privileged with their advantages. The rest of us are unequally endowed and governed by the principle, "To each according to what he and the instruments he owns

produces,” in a savage world where economic freedom trumps all other kinds. This was right from Friedman’s 1962 laissez-faire manifesto, “Capitalism and Freedom,” that’s long on free market triumphalism and void on its effects on real people.

He opposed social or any market-interfering democracy, an egalitarian society, government providing essential services, workers free from bosses, citizens from dictatorship and countries from colonialism. Instead, he perversely promoted economic freedom as a be-all-and-end-all, limited government, and profit-making as the essence of democracy. He supported unfettered free markets with political debate confined to minor issues unrelated to the distribution of goods and services he wanted left to the free-wheeling marketplace.

This was Friedman’s best of all possible worlds with people in it no different than disposable commodities and government not obligated to fulfill its minimum constitutionally-mandated function as stated in the Preamble and Article I, Section 8. It’s that “The Congress shall have power to....provide....for (the) general welfare of the United States” – the so-called welfare clause Friedman believed conflicted with “capitalism and freedom” and our “freedom to choose” that ranked above the law of the land for him.

The School of Thought in the University of Chicago’s Economics Department

Friedman grew up in New York, got his BA at Rutgers, an MA at the University of Chicago, and his doctorate at Columbia. Surprisingly, he was a Keynesian early on, but Friedrich Hayek’s teachings changed him into a free market fundamentalist who’d become what the Economist called “the most influential economist of the second half of the 20th century (and) possibly all of it.” He returned to the University of Chicago Economics Department in 1946 and became its charismatic leader on a mission to revolutionize his profession and the world.

The doctrine was simple at its core – unfettered free market pure capitalism works best, and Friedman and his colleagues set out to prove it scientifically in a set of mathematical equations and computer models they developed. They promised that left on their own, markets are magical. They produce the right amount of products and services, at the right prices, by the right number of workers earning the right amount of wages to buy what’s produced. In short, a win-win for everyone....paradise. There was only one problem. It’s voodoo science, sounds good mathematically and doesn’t work. Friedman and his “Chicago Boys, however, believed it did but needed a real life “Chicago School state” to prove it.

He got many, called them models of free market magic, and justified repression believing ends justify means and free choice offered “more room for individual initiative....a private sphere of life (and a greater) chance (authoritarian regimes he supported would in the end make it possible) to return to a democratic society.” He countered his critics claiming “economic freedom is an essential requisite for political freedom” and that transitional pain was worth it for the free market paradise he promised would emerge. He and his mentor, Friedrich Hayek, called social democracy, collectivism, socialism and welfare state economics the “road to serfdom” producing “bondage and misery” and “coercion rather than freedom.”

It was pure baloney, but who could argue in the face of huge corporate backing, heavy funding and the dominant media in tow calling market fundamentalism the new orthodoxy and repression freedom. On the ground, it was different. The record of Chicago School

fundamentalism is in the human wreckage it left everywhere.

The Human Toll of Chicago School Fundamentalism

Every nation Friedman's ideology touched took pain, but it wasn't the well-off who suffered, just ordinary working people targeted for profit in pursuit of "economic freedom." Early on, his dogma was considered quirky, on the margins of mainstream economics, and out of step with the Keynesian post-war golden age of capitalism. It lasted until the 1970s when recession, stagflation and high unemployment changed everything. Keynesian economics was unfairly blamed, and Friedman got his chance to prove government intervention is the problem and unfettered free markets the solution. It was pure nonsense and about as scientific as alchemy, but long ago people thought that worked until they finally understood they couldn't make gold out of lesser metals.

The First Test Case in Chile

Chile under Augusto Pinochet became Friedman's first test case to prove what we now know is flimflam. The results were disastrous and Chileans to this day haven't recovered from the September 11, 1973 coup d'état and aftermath that ended the most vibrant democracy in the Americas and ushered in Friedman's magic.

The playbook promised paradise but delivered the junta's "Caravan of Death," hyperinflation, the economy contracting 15%, wages cut, unemployment at 20%, labor unionism destroyed, social services gutted, severe poverty, ghostly factories and rotting infrastructure, out-of-control corruption and cronyism, a massive transfer of public resources to private hands, and a repressive military and secret police targeting dissenters with detention, torture and death. It was hell for Chileans but nirvana for the privileged and foreign investors reaping big profits from the masses they took it from. It was just the beginning with Friedman-style "shock treatment" on to the next target.

One of many was Bolivia with predictable results and Friedman unrepentant. Food subsidies were ended, social services gutted, price controls lifted, wages frozen, oil prices hiked 300%, deep government spending cuts imposed, unrestricted imports allowed, and state-owned companies downsized costing hundreds of thousands of jobs before privatizing them.

There was more. Real wages dropped 40%, poverty soared, but a privileged elite got rich. Public anger grew with repression the antidote. Tanks rolled in the streets against striking workers, and police targeted dissenters in union halls, a university and factories. "Freedom" for Friedman was hell for Bolivians. It would soon get worse.

The Tragedy of Post-Communist Russia

The Berlin Wall's fall should have been a triumph but instead was tragic for Russia's people. Mikhail Gorbachev came to power in March, 1985 with political and social change in mind but wasn't around long enough to lead it. He liberalized the country, introduced elections, and favored a Scandinavian-style social democracy combining free market capitalism with strong social safety net protections. He envisioned "a socialist beacon for all mankind," an egalitarian society, but never got the chance to build it.

When the Soviet Union dissolved, he was out, Boris Yeltsin became Russia's president, he supported a corporatist state and adopted Chicago School fundamentalist "shock therapy" masquerading as "reform." Its former apparatchiks cashed in big along with a new class of

“nouveaux milliardaires” (called “the oligarchs”) who strip-mined the country’s wealth and shipped it to offshore tax havens. For the Russian people, it was another story. They didn’t know what hit them in what was one of the greatest ever crimes by a government against its own people who still today are crushed by it. The toll was devastating and pandemic:

- 80% of Russian farmers bankrupt;
- about 70,000 state factories closed causing an epidemic of unemployment;
- 74 million Russians (half the population) impoverished; for 37 million of them conditions were desperate, and the country’s underclass remains permanent;
- alcohol, painkilling and hard drug used soared, and HIV/AIDS threatens to become epidemic with a 20-fold increase in infections since 1995; suicides also rose and violent crime as well more than fourfold; and
- Russia’s population is declining by around 700,000 a year; unfettered capitalism has already killed off 10% of it; it’s a startling condemnation of Chicago School orthodoxy and the man who triumphantly spread it in the name of freedom that’s fake, ferocious and fatal.

The Curse of Predatory Capitalism in South Africa

As in Russia, opportunity for progressive change became tragedy under neoliberal Washington Consensus policies far worse than apartheid repression. Nelson Mandela pledged to support black economic empowerment and seemed poised to lead it when ANC candidates swept the 1994 elections and he became president. Instead, political power came at the expense of economic surrender. The former white supremacist government and industrialists secured their wealth and privilege by keeping unfettered capitalism unchanged under harsh shock medicine rules.

It was unforgivable from a man like Mandela with charisma and political capital enough to have prevented it. Instead, he chose not to and brushed off later criticism saying “...for this country, privatization is the fundamental policy.” The toll on his people was horrific:

- double the number of people living in desperate poverty on less than \$1 a day from two to four million;
- the unemployment rate doubling to 48% from 1991 - 2002;
- two million South Africans losing their homes while the government built only 1.8 million others;
- nearly one million South Africans evicted from farms in the first decade of ANC rule; as a result, shack dweller population grew by 50%, and in 2006, 25% of South Africans lived in them with no running water or electricity;
- the HIV/AIDS infection rate at about 20%, and the ANC government denies its severity and does little to alleviate it; it’s a major reason why average life expectancy in the country declined 13 years since 1990;
- 40% of schools with no electricity;

- 25% of people with no access to clean water and most with it can't afford the cost;
- 60% of people with inadequate sanitation, and 40% no telephones.

Freedom for black South Africans came at a high price with political empowerment traded for economic apartheid and no relief in sight for the millions affected. It's more evidence of Chicago School economics failure and the human wreckage it leaves everywhere.

Free Market Repression in Haiti

Haitians enjoyed a brief interregnum of freedom in the 1990s up to 2004 under Jean-Bertrand Aristide and Rene Preval in his first term. Haitians were only once earlier free when the first ever independent black republic was established January 1, 1804, but it didn't last.

Freedom again was lost for one of the longest ever oppressed people anywhere. It ended February 29, 2004 when US Marines abducted Aristide, in a shocking middle of the night coup d'état, and flew him against his will to the Central African Republic. Haiti is small, around three times the size of Los Angeles, with a population around eight million. It has some oil, natural gas and other mineral wealth, but it's main value is its human resource that corporate giants want as an offshore cheap labor paradise for Wal-Mart's "Always Low Prices."

Under President Aristide and Preval in his first term in office, impressive social gains were achieved, but they're are now lost in the wake of the 2004 coup. Haiti is once again a free market paradise with freedom sacrificed (despite an elected president) and real reforms gutted for the poorest people in the hemisphere:

- thousands of public sector workers were fired;
- many more thousands killed, jailed, disappeared or forced into hiding;
- many thousands of small businesses burned and destroyed as well as homes for large numbers of the poor;
- unemployment and underemployment rampant with up to two-thirds of workers without reliable jobs; destruction of the country's rural economy an enormous problem with displaced poor people migrating to urban areas but finding no work;
- the lowest public sector employment in the region at less than .7%;
- education and health care greatly deteriorated and mostly provided by NGOs, including church-based ones;
- life expectancy at only 53 years; the death and infant mortality rates the highest in the western hemisphere;
- the World Bank places the country in its bottom rankings with its deficient sanitation systems, poor nutrition, high malnutrition, and inadequate health services;
- the country is the poorest in the hemisphere with 80% of its population living below the poverty line; it's also the least developed with lack of infrastructure, severe deforestation and heavy soil erosion;

- half its population is “food insecure” and half of all children undersized from malnutrition;
- less than half the population with access to clean drinking water;
- the country ranks last in the hemisphere in health care spending with only 25 doctors and 11 nurses per 100,000 population and most rural areas having no access to health care;
- the highest HIV/AIDS incidence outside Africa;
- the World Bank estimates Haiti’s per capita income at under \$450; the prevailing sweatshop wage is around 11 - 12 cents an hour; the official minimum wage is about \$1.70 a day (with most Haitians getting less) with no benefits and inadequate help from weak unions;
- restructuring and privatizations, like what’s intended for the state-owned telecommunication company, Teleco, cost thousands of jobs from downsizings;
- human rights repression is severe under a UN paramilitary MINUSTAH occupation masquerading as peacekeepers; they were illegally sent for the first time ever to support and enforce a coup d’etat against a democratically elected president; political killings, kidnappings, disappearances, torture and unlawful arrests and incarcerations are common forms of repression so real Haitian democracy can’t emerge under its elected president, Rene Preval, in his second term; he’s impotent against the power of US-orchestrated plunder under Chicago School fundamentalist rules. Another Friedman legacy of failure, this one close to home.

Free Market Fundamentalist Destruction in Afghanistan

September 11 erased the familiar world, created mass disorientation and regression, and made anything possible under collective shock that didn’t take long to unfold. The “war on terror” was launched in a climate of fear with Afghanistan first targeted. It inaugurated a brave new post-9/11 world. Its horror continues. War rages, its ferocity intense, and no end is in sight for a people and nation journalist John Pilger describes as having been “abused and suffered more (with less help than any other) in living memory.”

War and conquest were planned well in advance with 9/11 the pretext to launch it. It was part of a grand strategic plan to control Central Asia’s vast oil and gas reserves, then on to the grand prize in the Middle East with Iraq its epicenter. It began October 7, 2001, continues, and has now intensified at an enormous cost to the Afghan people who’ve been torn by endless war and internal turmoil for over two decades. The toll is horrific and rising:

- half the population unemployed with no improvement in sight nor is any planned under fundamentalist market rules;
- half the population earning around \$200 a year with those in the booming opium trade doing marginally better;
- poverty soared post-invasion, one-fourth or more of the population needs food aid, and regional famine risks remain;
- life expectancy is one of the lowest in the world at 44.5 years;

- the infant mortality is the highest in the world at 161 per 1000 births;
- one-fifth of children die before age five;
- an Afghan woman dies in childbirth every 30 minutes;
- an estimated 500,000 homeless are in Kabul alone including people living in collapsed and unsafe buildings;
- only one-fourth of the population has access to safe drinking water and adequate sanitation;
- only one doctor is available per 6000 people and one nurse per 2500 people;
- 100 or more people are killed or wounded by unexploded ordnance each month and rising violence kills many more;
- children are kidnapped, sold into slavery or murdered for their organs bringing high prices in the “free market” where everything is for sale including body parts;
- less than 6% of Afghans have electricity only available sporadically;
- women’s literacy rate is about 19%, conditions for them are very harsh, they’re forced to beg on the streets or turn to prostitution to survive; many must remain veiled;
- schools are burned and teachers beheaded in front of their students;
- basic services don’t exist and essential ones like schools, health clinics and hospitals are in deplorable condition with no aid provided to improve them as all of it goes for profit;
- as in Iraq, occupying forces operate outside the law with impunity that includes the use of indiscriminate force, arbitrary arrests, indefinite detentions and free use of the harshest types of torture unreported in the mainstream;
- under military occupation, democracy in the country is pure fantasy; the puppet president is a caricature of a man and willing US stooge with no support or mandate outside Kabul;
- lawlessness is rampant, war raging, violence increasing, the drug harvest and trafficking uncontrolled, corruption massive, Sharia law reinstated, and life overall intolerable in this free market fundamentalist paradise.

The Epicenter of the “War on Terror” in Iraq for Market Fundamentalist “Freedom”

Iraq has the misfortune of lying at the heart of the oil rich Middle East where two-thirds of proved reserves are located and the greatest potential amount of them untapped for lack of development. Its potential remained frozen in time the result of intervening wars since 1980, economic sanctions until 2003, and now occupation and conflict for the most sought after real estate on earth and a no-brainer why it was targeted.

At its core, the plan was simple – a bold new experiment to erase a nation and create a new one by invasion, occupation and reconstruction for pillage. It would transform the nation into a fully privatized free market paradise with blank check public funds for profit but none for Iraqis for essential needs, a sustainable economy or critical local infrastructure.

The record of unfettered capitalism is consistent. It leaves mass human wreckage everywhere. In Iraq, it turned a bold new experiment into a horrific disaster:

- an inferno of uncontrolled violence throughout the country with new British O.R.B. independent polling data estimating over 1.2 million Iraqi deaths since March, 2003 on top of about 1.5 million deaths from the Gulf war and economic sanctions in place until the current war; the true toll may be even higher with huge uncounted numbers of daily violent and non-violent deaths that one estimate by Gideon Polya places at 3.9 million from 1990 to the present; no one knows for sure;

- the International Rescue Committee and UNHCR estimating four million displaced Iraqis, including those internally displaced, with 40,000 additional Iraqis fleeing their homes each month; these figures may be conservative with true numbers much higher;

- a near-total breakdown of essential services like electricity, drinking water, sanitation, medical care, education, security and food for many;

- mass unemployment and extreme poverty in what was once “the cradle of civilization” now erased for profit;

- an overall humanitarian disaster of epic proportions that continues to worsen with a July Oxfam International and NCCI network of aid organizations report of other grim findings:

- eight million Iraqis needing emergency aid - one-third of the population;

- four million without enough food;

- 70% of Iraqis with no adequate water supply;

- 80% lack adequate sanitation;

- 28% of children malnourished;

- underweight baby births tripled;

- 92% of Iraqi children with learning problems due to fear; and

- a mass exodus of around 80% of doctors, nurses, teaching staff at schools and hospitals and other vitally needed professionals.

In addition, local Iraqi industry collapsed, kidnapping for ransom is a growth industry, the country is a wasteland, its nation creation project bankrupt, and Iraq today more closely resembles hell than “the cradle of civilization.”

Iraq above all other nations today is a ghoulish testimony to the myth of free market magic, but it's even worse than that. It proves Friedmanomics a crime against humanity and the man who led it a Nobel prize-winning fraud whose legacy is failure. His real time record is so horrific, it's unrevealed in the mainstream to suppress it.

It's endless foreign wars, mass killing and destruction, detentions and torture, contempt for international law, and total disregard for human rights and social justice everywhere. At home, it's just as bad short of open warfare:

- democracy is a fantasy in a corporatist state placing profits over people;
- the prison-industrial complex is a growth industry;
- social decay is increasing as well as real human need;
- social justice, civil liberties and human rights are non-starters;
- an unprecedented wealth disparity exists in a rigid class society with growing poverty in the richest country in the world that's also the least caring;
- government is the most secret, intrusive and repressive in our history;
- the rule of law is null and void;
- a cesspool of uncontrolled corruption prevails with no accountability;
- a de facto one party state exists with no checks and balances or separation of powers and a president claiming "unitary executive" powers to do as he pleases and does with impunity;
- suppression of all dissenting ideas and thoughts;
- an out-of-control military-industrial complex bent on world dominance; and
- a mainstream media serving as national thought control police gatekeepers glorifying wars, defiling democracy and supporting imperial conquest and repression.

This is the legacy of the man The Economist called "the most influential economist of the second half of the 20th century (and) possibly all of it." Once anointed, well funded and nurtured, he could never admit he was wrong or apologize to millions of victims who proved his ideology was hokum. Never have so many suffered so much to reveal the flimflam of one man and the movement he led until his death. That's the dark side of "capitalism and freedom" unmasked that his torrent of eulogies left out.

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