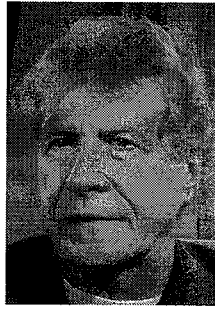


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## **John Perkins** Author, *Confessions of an Economic Hitman*

*Poverty arises when a few people become rich at the expense of the many. This serves the interests of a global "corporatocracy" that operates behind the scenes. We live in an empire, with the US at the center. We are all complicit in the work of the corporatocracy, but we have the power to change. We should not criticize corruption in other countries because it is largely a product of the influence of "economic hitmen" (such as Perkins) who bribed national leaders and threatened them with assassination unless they accepted a bad bargain. This is the hidden face of modern imperialism. Seemingly neutral or benign consulting firms have provided misleading economic forecasts with the intent of persuading poor nations to take on more debt than they can handle by financing projects that do little to promote genuine development. Debt creates dependency, which makes poor nations compliant with the demands of the US and the corporatocracy. The participants in this charade justify the system to themselves, but only by remaining blind to the consequences of their actions. Debt forgiveness is a sham, imposing new conditionalities. The greatest hope lies in the resistance of a new genre of leaders, such as those found in Latin America.*



### **The Condition of Poverty**

To address the issue of poverty, we have to look at who benefits from poverty: wealthy folks. The problem is not so much poverty, as it is

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wealth, when wealth is used as the measure of value. In order for a relatively small percentage of the population to have a lot of wealth, a large percentage of the population has to act as slaves.\* They have to be impoverished. As long as we live in a system that requires what amounts to slavery, we are going to have poverty. It is to the advantage of "the corporatocracy," the people who control our biggest businesses and corporations, to have a mass of poor people around the world. The wealthy can draw on the poor for labor and steal their resources, whether oil or diamonds or coltan.† The poor remain at the mercy of those of us with wealth, and we get to exploit them.

A lot of today's problems stem from the history of taking resources from the poor for the benefit of the rich. When you do that to someone you put them in a desperate situation. You take away their resources so you can have them, so what do they have left? As time goes on, that resource is no longer valuable. Gold? Nobody really cares that much about gold these days, which is what the conquistadors were after. But today, some of those same countries, a lot of them, have oil. Now oil is the big one and we are going to take that, too, or gas, or whatever, or water. You perpetuate this terrible system of poverty, and this system of desperation and anger.

Some people claim that foreign investment helps poor countries climb out of poverty. Nothing could be further from the truth. Investing money in poor countries has made the corporatocracy richer, but it has also increased poverty. Investing more money in development projects or providing more fertilizer or better technology is not the solution. Anybody who tells you that those projects help the poor is deceiving himself or herself,

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\* Ed.: Perkins noted that 19th century slave owners took better care of their slaves than they do of their slave-like employees today. "Most of the plantation owners realized that their slaves were valuable property. They gave them enough food and clothing and shelter at least to keep them alive because slaves were recognized as valuable resources. In sweatshops today, those people are not even seen as resources, they are seen as cogs. They do not get enough money to provide for their families. If they get sick, they are turned out. Workers are treated as an expendable resource, because business owners know they can go out and recruit others."

† Ed.: Coltan is the colloquial African name for columbite-tantalite, a mineral required for capacitors used in computers, DVD players, digital cameras, and many other consumer electronic devices. Mining of coltan by Rwandan forces, Western-owned companies, and various militias operating inside the Democratic Republic of the Congo has sustained warfare in that region since 1998, with war financed by more than \$500 million extracted by illegal mining operations in the Congo. See <http://en.wikipedia.org/wiki/Coltan>

because the facts show the opposite.

The gap between rich and poor is twice as wide as it was back in the 1970s, when I was an economic hit man. Today more than half the world's population lives on less than two dollars a day, which is not enough for anyone to live a decent life. It is a slave wage. We have portrayed the period since 1970 as a time of development, when the developed world invested huge amounts to benefit the developing world, but none of that has happened. We in the developed world are at the heart of an empire that has gotten richer, while the developing world has become poorer. The major cities of developing countries are deceptive because they have incredible skyscrapers. What you do not see is that there are a lot more poor people there than before.

## **The Corporatocracy**

To change the system that creates poverty, we must first understand who foments the system. If we are an empire, where is the emperor? The equivalent to the emperor of the world today is what I call the corporatocracy, which consists of a very few people, primarily men, who run our biggest corporations. They control the world. In the United States, it does not matter whether we have a Republican or Democratic president or which party controls Congress. Those are details that make a difference, but from the standpoint of expanding the empire, it happens under both regimes.

Today the real geopolitics of this planet has little to do with nation-states. It might be better envisioned as huge clouds encircling that globe, and those clouds are the big corporations. They really are the ones that run this planet, and if we want to believe in democracy and transparency, then those institutions, the corporations, must become democratic and transparent, and we the people have to make that happen.

The corporatocracy controls the system, and the rest of us in the US participate in it because it provides us material prosperity. Even the poor in the US benefit compared to the poor in Africa. We all buy into the idea that we want the cheapest clothes, even if they are made in sweat shops. We have accepted sending our economic hit men off to other countries to exploit them and to get cheap resources. If the price of oil or some other raw material starts to go up, we get upset. The corporatocracy feeds that. They want us to be upset. They want us to complain.

So the system of global wealth and poverty is perpetuated, first, by the corporatocracy, the modern equivalent of the emperor, and second, by the subjects. We continue to buy bottled water, even though we know that bot-

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ting water is destructive to the environment and to the areas it comes from. We use more and more oil, knowing what a terrible thing that is. We wear diamonds, knowing that mining diamonds creates slavery.

In the US, corporations have been given the legal status of a person. They have all the rights of an individual, but none of the responsibilities. An individual is expected to be a good citizen. If not, then he is put in jail and punished. But if a corporation is not a good citizen, it gets a little slap on the wrist.

To understand how the corporatocracy work behind the scenes, we have to look at the history of global institutions that serve as the surrogates of economic interests.

### **The Hidden Face of Imperialism**

When we emerged from WWII, we created the World Bank to reconstruct a devastated Europe, the International Monetary Fund (IMF), and the United Nations. The mission statements of these organizations enunciated good principles that would still hold today. But when Western countries saw the new enemy as communism, the new institutions focused on convincing developing countries to align themselves with the capitalist West, not with the Soviet Union. The institutions developed a cozy relationship with big corporations. This tie became stronger during the 1950s and 1960s.

At the same time, we claimed to have an aversion to colonialism, imperialism, and fascism. We began to look back and criticize the conquistadors as well as British and French colonialism. But we were still living in that system. When Mossadegh was elected democratically as president of Iran in the early 1950s and began to nationalize oil companies, we did not like that. We sent in a CIA agent, Kermit Roosevelt, Teddy Roosevelt's grandson, to get rid of him. With a few million dollars, he carried out a silent campaign against Mossadegh without much violence, and without the risk of war with the Soviet Union. He replaced him with a terrible dictator, the Shah.

This sent out a very strong message: this is the new way to build empire—use economic hit men. Kermit Roosevelt was the first economic hit man. He was also a jackal; he was the two combined. But he was a CIA agent, a card-carrying government employee. What if he had been caught? We would have looked pretty bad. So we developed a new class of people, who were like me. We worked for private companies, consulting firms, and we were economic hit men. In essence we worked for the corporatocracy, the government. But we are not paid directly by them; we are paid by consulting firms to serve their interests.

## Consulting Firms as Tools of Corporatocracy

As an economic hit man, I worked in a big consulting firm that gave advice to countries on economic issues. Our job was not to offer unbiased advice. Our job was to produce economic reports that would justify loans for big infrastructure projects. To justify a loan for a power system, for example, we developed hugely inflated forecasts about the resulting economic growth. Modern econometrics and mathematical modeling made it quite easy to do this.

My bosses put tremendous pressure on me to skew forecasts to justify more loans. My predecessor was determined to have integrity in his work and not tweak the forecasts, so he was fired. I knew why he was fired, and I knew that if I wanted to progress within my company, I would have to tweak the forecasts. I later had several dozen very highly skilled economists and financial experts working for me. They all knew that their bonuses and raises depended on going along with this system. When we took these forecasts to the World Bank, the Inter-American Development Bank, or the Asian Development Bank, their specialists were supposed to check our forecasts and be sure we are not tweaking the results. Some had integrity. When I stood before a committee at one of those banks, their junior analysts would pick holes in my forecasts. Some saw through what I was doing. But their bosses also knew exactly what was going on, and they were determined that the loan would be approved. It was all a charade, even though we might have to spend several months justifying, debating, and tweaking some more. But we always won, ultimately.\*

So, we justified huge projects based on claims that they would result in economic growth, although often they did not. Even if the projects resulted in economic growth, they only affected the people wealthy enough to take advantage of the airports, the industrial parks, the electric facilities, and so on. They did not reach the poor people, who are left holding a huge debt that would have to be paid off later.

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\* Another aspect of forecasting is that we usually had a lot more money. There might be one or two experts at the bank, but I could draw on a staff of 30 or 40 people to come up with very complex econometric forecasts and computerized databases. They did not have the funds to compete. The system was rigged in my favor. Since my book has come out, I have talked with people at the World Bank and its sister organizations who tell me that they know how the system works and what is going on. It disgusts them, but they do not know what to do about it.

### Debt-Based Economic Domination

So, how did those loans tie into the system of economic control by the corporatocracy? Start with a developing country that has been identified as having resources, such as oil. With justification provided by a consulting firm, a huge loan to that country is arranged from the World Bank or one of its sister organizations. Many people in the US believe the loan helps poor people. It does not. Most of the money never goes to the country. It pays contractors like Bechtel, Halliburton, other engineering firms, and subcontractors. They make fortunes building infrastructure projects—power plants, industrial parks, ports, and other structures that do not benefit poor people at all. The poor are not connected to the electrical grid. They do not get jobs in the industrial parks.

Borrowing to pay for this infrastructure, the country goes deep into debt. A few of its wealthy people get very rich in the process. They own the big industries that benefit from the ports, the highways, the industrial parks, and the electricity. They make a lot of money and transfer it overseas. If something goes wrong, they just leave the country.

Countries are left holding a huge debt they cannot repay. This process does not occur by accident. When countries are encouraged to incur debt they cannot repay, it is not a mistake. It is a policy designed to control poor countries.

If I lend somebody a lot of money knowing they cannot repay it because I want to get a favor from them later, that is illegal. But when I do it to a country as an economic hit man or as the World Bank, it is not illegal. But it is wrong.

After the debt has grown for awhile, we economic hit men go in and we say, "You cannot pay your debts. You owe us a pound of flesh. You owe us a big favor, so sell your oil real cheap to our oil companies, or vote with us on the next critical United Nations vote, or send troops in support of ours to Iraq." Also, since they are heavily indebted, they cannot afford to pay for public services. So we go back to offer another loan to privatize their education system, or to develop their sanitation system. And the process is repeated and repeated.

We benefit from every step of this process. Our corporations get most of the money we loan to the developing country. Then we use the debt to enslave those countries, to imprison them, to get them to agree to sell off their resources cheap. It is an amazing system.

With this economic and financial subterfuge, we have created an em-

pire, the largest empire in the history of the world. We have done it in secret for the most part, without most citizens knowing that it ever happened. In fact, most citizens believe we have done a great thing by building electrical systems, industrial parks, and so forth. They think we have given some country a huge gift, and the truth of the matter is exactly the opposite of that. We have put that country in a terrible predicament.

Most Americans have no idea that we have created this empire. That is a terrible threat to democracy, which is based on an informed electorate. If the electorate has no idea about this basic aspect of foreign policy, than how can we be a democracy?

### **How Economic Hitmen Promote Corruption**

Corrupt governments and companies in the Third World are often blamed for the system of exploitation. There is a tremendous amount of corruption, but we are the ones doing most of it, particularly in countries with resources our corporations covet. We do not like it when a democratically elected leader, like Chávez in Venezuela or Morales in Bolivia, opposes foreign exploitation of oil or gas in that country. So we try to corrupt people into going back to the old system.

In South America in recent elections, seven countries representing over eighty percent of South American population elected presidents that ran on an anti-corporatocracy platform. These presidents did not run on an anti-American or an anti-European policy. If I as an American go to any one of these countries, I will be embraced with open arms. They love our principles. They love our Declaration of Independence, but they hate having their resources exploited by us. So they ran against the corporatocracy.

Once these presidents are elected, someone who looks like me will walk into that president's office. I had the job at one time. I speak Spanish. That person walks in and says, "Congratulations, Mr. President," or in the case of Chile, "Ms. President." "I just want to remind you that I can make you and your family very, very rich if you play our game, or I can see to it that you are thrown out of office or assassinated if you decide to fulfill your campaign promises." Usually it is said a little more subtly, because the conversation may be recorded. But they get the message, because every one of those presidents knows what happened to Arbenz of Guatemala and Allende of Chile and Roldós of Ecuador and Lumumba of the Congo and Torrijos and so on.

The list is very long of presidents that we have had thrown out or assassinated. They all know this. So we perpetuate the system that way. From

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one pocket we offer a few hundred million dollars—corruption. From another pocket, we threaten them with subversives or jackals, who will go in and overthrow the government or assassinate the president. If I am the president, and even if I am very right-minded, and I really believe in what I have said I will do, what am I going to do? I know they can do this. I am very tempted to accept the corruption, because if I do not, I am going to be taken out. If I am taken out, what is the next guy going to do? He is going to be scared to death. I talked about this on a presidential level, but it happens all the way down through the ranks. It happens at every governmental level, and it happens in the corporations in those countries and it happens throughout the whole system.

In Iran, with Mossadegh, we overthrew a leader, a democratically elected leader, because he wanted more profits from Iranian oil to go to the Iranian people. We did the same thing in Iraq, under Qasim, who was a very popular president of Iraq, and decided that he wanted more of the profits from Iraqi oil to go to Iraqi people rather than foreign companies. So, we decided that he had to go, that he had to be assassinated. We sent in an assassination team in the early sixties. It was headed by a young man who failed and got wounded in the process and had to flee the country. That was Saddam Hussein. He was our hired assassin. He failed, so the CIA went in directly and had Qasim publicly executed on Iraqi television and put Saddam's family in power. We have done this time after time.

If the corporatocracy does not like what is going on in Nigeria or Botswana or Thailand, or any other country, they send people like me in. They send economic hit men in and we try to corrupt the system. We offer the bribe and, at the same time, the threat. If the leader does not buy, then, in fact, we do send in what we call the jackals, and they overthrow the government or assassinate the leader. Usually the economic hit men are successful, so we do not need to send in the jackals. But, on those occasions when we were not successful—I failed with Omar Torrijos in Panama and Jaime Roldós in Ecuador—the jackals were sent in and assassinated these men. In the very few instances when neither the economic hit men nor the jackals are successful, then and only then do we send in the military.

This is what happened in Iraq. The economic hit men were unable to bring Saddam Hussein around. The jackals were unable to take him out. He had very loyal guards, and he had look-alike doubles, so it was difficult to take him out. So we sent in the military. The first time [1991], we could have taken Saddam out, but we did not want to. He was the type of strongman



that the corporatocracy loves. He could keep Iranians in their borders, and keep Kurds under control, and keep pumping oil to us. We figured in 1991, when we took his military out, that we had sufficiently chastised him, that now he would come around, but he did not. When the economic hit men returned in the 1990s, he still refused and the jackals were again unable to take him out. So we sent in the military to take him out.

### **Justifying the System to Ourselves**

How do the people who participate in this system of domination and exploitation justify what they are doing to themselves?

If you are an economist, you cannot get a better job. Working for the World Bank or a consulting firm is a wonderful job, professionally speaking. You are making a lot of money, and you live in the best suburbs of Washington DC. You are on top of the world. So you want to believe that what you are doing is good. You want to keep your job and you want to justify it. The system conspires to perpetuate itself and to make it easy for the people within it to keep up the subterfuge.

People at the World Bank or other agencies convince themselves that they are doing a good thing. But anybody who really pays attention knows what is going on and knows it is wrong. Everyone working for these agencies gets a good salary. They are able to give their kids good educations. So there are two factors working. They are prospering and philosophically they can justify it.

It is easy to feel justified, because graduate schools teach that investing in infrastructure is the way to make development and economic growth happen. But in most countries only a very few people benefit from the formal economy. Everybody else is in the informal economy, living subsistence lives.

The system demands that the people who participate in it do not ask themselves too many questions. My father-in-law was chief architect for Bechtel. He designed the big cities in Saudi Arabia, and Bechtel made a fortune. I had put the deal together, but I did not know that he was doing really bad stuff. He was blinded to this. He would say it was his last job as an architect, and what a wonderful job to have all the money in the world to create cities out of the desert. But they were Westernized cities, a terribly corrupting influence on Saudi Arabia. He never thought about it that way. He is a very liberal guy actually, a very liberal Democrat. He only thought about it from an architect's standpoint and from the perspective of a man whose family was happy.

### **The Illusion of Debt Forgiveness**

Recently there has been a lot of talk about debt forgiveness. Eighteen countries were singled out as ones that were in line to have their debt forgiven. I wish that would happen. I am totally for debt forgiveness, but it has to be unconditional and unfortunately none of this is unconditional.

The round of debt forgiveness that has been proposed is an incredible subterfuge. It is one of the best economic hit man tricks I have heard to date. So each one of these eighteen countries will have to agree to conditionalities that benefit the corporatocracy. A big one is they have to privatize. Another one is that they will not be able to export products that threaten ours (such as agricultural goods); they will have to accept restrictions on what they can sell to the United States and the G-8 countries. It is a very rigged system.

We need to understand that these countries did not take on this debt themselves, ever, in any way. We imposed it on them. We bribed and corrupted some of their officials to accept it. Those officials got very rich in the process. The people in those countries never agreed to that debt, but they are the ones that are stuck with it. It needs to be forgiven, because it is illegal debt anyway.

### **The Deception of Foreign Aid**

It is unfortunate that most people feel that foreign aid is altruistic and helps other countries. It almost never does. There are some exceptions after a tsunami or a great natural disaster. Immediately some foreign aid goes in to put up tents to bring in food and water and so forth. Very soon, that gets corrupted, to build big hotels owned by the big international chains, not helping the mom-and-pop organizations. But we do not hear that. Foreign aid is not altruistic. It is only there to help the corporatocracy.

I would like to see foreign aid really work. We could do some really great things with that. Or even better just leave people alone. As I travel around Latin America, I hear that leaders there are not looking to us for any kind of help at all.

A whole new genre of leaders is emerging who are saying, "Let us use our own resources to pull our people up by their bootstraps. We can do it. Just do not steal our resources any more." I think symptomatic of that is what Evo Morales has done with the gas companies. His actions have created some problems between him and some of his neighbors, like Argentina and Brazil, but he is saying, "The companies used to get eighty percent of

the profits and Bolivians got eighteen percent. I want to reverse that. Let the companies get eighteen percent and let the people who own the land the gas is coming from, the Bolivian people, get eighty percent.” He he has done that and the companies are still there. Eighteen percent is not a bad profit. Morales said (and I think it makes total sense), “If people invest money, they should get a return back, a decent return, not windfall profits.”

Companies and private investors in the stock market, in Europe and the United States, have come to expect windfall profits. They should be happy to get three or four percentage points above inflation. That is pretty good. That is better than what I get from the bank. Why do I demand twenty to forty percent above inflation? That is usury. But we have come into that system. The message is coming through from many leaders, like Morales in Bolivia, “Let us get back to a reasonable approach. Yes, we want help. We want investment. But we want to control where it goes, and we just want to pay a reasonable return, not to be exploited.”

### **Change is Possible**

It is time now to reverse the process of wealth concentration. At the core of our country are some incredible principles of equality and sustainability and stability. In the Declaration of Independence, we talk about a government of the people, by the people, and for the people, and the right to life, liberty and the pursuit of happiness. That value system is very different from the one that created the division between wealth and poverty. The world loves these ideas. The revolutions in South America today reflect that. These countries are saying they want to live by those ideals.

Three things have happened to make change possible. First, we have created a global empire, with the US as the leader, and with allies in Europe and Japan. Even though the empire is not a good thing, in the process of building it, we have created systems of communication, so that we can reach everybody on the planet.

Second, there are now enough resources in the world that nobody needs to starve. At least 24,000 people die every day of hunger and hunger-related diseases, and that does not need to happen. We have plenty of resources, so that should not happen. It happens because of the system we have created. But we now have resources that can stop that.

Third, we realize we live on a very small planet. We are one community. If we did not already know it, 9/11 taught us that. Our cities are vulnerable to people in Afghanistan. We live on a very small planet. I know that my

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daughter who is 24 and her children are not going to have a stable, sustainable and sane world, unless every child born in Ethiopia, in Indonesia, in Bolivia, also has that expectation.

These three elements at play right now could enable us to narrow the gap between rich and poor. We can break the 3,000-year-old pattern of wealth and poverty.

We need to move from imperialistic capitalism, where a few people make all the decisions and most of the money, to democratic capitalism, where everybody gets involved in the decision-making process, and everybody shares in the benefits. We need to go from corporations that are secret, to ones that are transparent. Corporate executives say countries need to be more democratic and transparent, but in fact, corporations are neither of those things.

Certain organizations, such as Rainforest Action Network, Amnesty International, Move On, and the *Pachamama* Alliance, have forced corporations to change their policies in specific areas, such as logging in rainforests. More than that, we need to convince the corporatocracy to change their basic attitude, their basic premise of why corporations exist. Today they are there to make wealthy people wealthier.

The only way we are going to have a sane and stable and sustainable world is by helping developing countries do what they need to do themselves, giving them the power to determine their own future. We need to pull the corporations off them, to stop exploiting them. In fact, we need to turn it around, so that corporations and all of our institutions truly embrace them. If Nike is going to have factories in Indonesia, the workers in those factories need to have a say, and they need to have a share. Their best interests need to be the first thing that Nike or any corporation looks to. Only by our taking a stance that we are not going to buy the products from any company that does not do that, are we going to pull ourselves out of this. That is the real secret to changing this world. We must change course and we must change the whole paradigm by which we look at the world.\*

The corporatocracy is behind the resource grabs and exploitation today, and we must change it. We must have the courage to do that. We must look back to the people who lost their lives fighting tyranny and who made

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\* Ed.: In the interview, Perkins discussed at great length the virtues of ancestors who fought and died in the American Revolution and World War II to create a better world for us. In this final section, he calls on each of us to make a personal sacrifice.

## Heather Remoff

sacrifices for us, and say, "I will stick my head in a noose, because it is that important. I will make sacrifices. I will use less gas. I will pay more for my clothes to ensure that they are not made in sweatshops by slave labor. I am willing to die to make this happen." I do not want to be on my deathbed and to think that my grandchildren are going to look back and say, "Why didn't they do something? Why didn't they take to the streets? Why did they allow these people to destroy the planet? Why did they allow these people to exploit others around the world and make them miserable and desperate? Why did they allow this to happen?"

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