

Economic Meltdown — A Call for Systemic Change

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Whenever I hold my two-year old grandson, Grant, in my arms I wonder what this world will look like six decades from now, when he is my age. I know that if we “stay the course” it will be ugly. The current economic meltdown is a harbinger.

Panama’s chief of government, Omar Torrijos, foresaw this meltdown and understood its implications back in 1978, when I was an economic hit man (EHM). He and I were standing on the deck of a sailing yacht docked at Contadora Island, a safe haven where U.S. politicians and corporate executives enjoyed sex and drugs away from the prying eyes of the international press. Omar told me that he was not about to be corrupted by me. He said that his goal was to set his people free from “Yankee shackles,” to make sure his country controlled the canal, and to help Latin America liberate itself from the very thing I represented and he referred to as “predatory capitalism.”

“You know,” he added, “what I’m suggesting will ultimately benefit your children too.” He explained that the system I was promoting where a few exploited the many was doomed. “The same as the old Spanish Empire — it will implode.” He took a drag off his Cuban cigar and exhaled the smoke slowly, like a man blowing a kiss. “Unless you and I and all our friends fight the predatory capitalists,” he warned, “the global economy will go into shock.” He glanced across the water and then back at me. “No permitas que te engañen,” he said (“Don’t allow yourself to be hoodwinked.”)

Three decades later, Omar is dead, likely assassinated because he refused to succumb to our attempts to bring him around, but his words ring true. For that reason I chose one of them as the title of my latest book, Hoodwinked.

We have been hoodwinked into believing that a mutant form of capitalism espoused by Milton Friedman and promoted by President Reagan and every president since – one that has resulted in a world where less than 5% of us (in the United States) consume more than 25% of the resources and nearly half the rest live in poverty – is acceptable.

In fact, it is an abject failure. The only way China, India, Africa and Latin America can adopt this model is if they find five more planets just like ours, except without people.

Most of us understand what my grandson does not—that his life is threatened by the crises generated during our watch. The question is not about prevention. It is not about retuning to “normal.” Nor is it about getting rid of capitalism.

The solution lies in replacing Milton Friedman’s mantra that “the goal of business is to maximize profits, regardless of the social and environmental costs” with a more viable one: “Make profits only within the context of creating a sustainable, just, and peaceful world,”

and to create an economy based on producing things the world truly needs.

There is nothing radical or new about such a goal. For more than a century after the founding of this country, states granted charters only to companies that proved they were serving the public interest and shut down any that reneged. That changed after an 1886 Supreme Court decision that bestowed on corporations the rights granted to individuals—without the responsibilities required of individuals.

As an EHM, I participated in many of the events that propelled us into this dangerous territory. As a writer and lecturer, I spent the past few years touring the United States and visiting China, Iceland, Bolivia, India, and many other countries, speaking to political and business leaders, students, teachers, laborers, and all manner of people. I read books about Obama's economic plans, current schemes for reforming Wall Street, and other policies. It struck me that most of the discussions dealt with triage and that while we need to stop the hemorrhaging, we must also ferret out the virus that caused these symptoms.

Hoodwinked presents a plan for a long-term cure. During the days following its November 10, 2009 publication, I spoke about this plan at the United Nations, on radio and TV programs, and at a conference attended by 2400 MBA students at Cornell University.

I come away feeling hopeful that we are finally ready to take Omar's warning to heart and to implement the transformation that will be the salvation for my grandson's generation.

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