

# Predatory Capitalism and the Rise of the “Global Corporatocracy”. The Lifestyles of an “Economic Hit Man”

An Interview with John Perkins

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Economic hit men (EHMs) are highly paid professionals who cheat countries around the globe out of trillions of dollars. They funnel money from the World Bank, the U.S. Agency for International Development (USAID), and other foreign “aid” organizations into the coffers of huge corporations and the pockets of a few wealthy families who control the planet’s natural resources. Their tools include fraudulent financial reports, rigged elections, payoffs, extortion, sex, and murder. They play a game as old as empire, but one that has taken on new and terrifying dimensions during this time of globalization. I should know; I was an EHM. — John Perkins, *Confessions of an Economic Hit Man* (2004)

*Across several books, John Perkins exposes the lifestyles of the economic hit men. They inhabit a stateless global archipelago of privilege—a collection of private schools, tax havens, and gated residential communities with little or no connection to the outside world. They are people to whom nations are as meaningless as they are to the global corporations and to the international aristocracy they serve.*

*The system of contemporary capitalist globalization operates for the exclusive benefit of a global plutocracy that has no national boundaries or loyalties. Oligarchy, a word that has been applied exclusively to the modern-day capitalist barons of Russia, is no less real in the triad of the United States, Japan, and Europe.*

*The operation of this global system and its current financial architecture is as far as it could possibly be from the fairytale version of “free market” liberal democracy glorified in standard economic textbooks and the mainstream media. That is the reality that John Perkins’s *Confessions of an Economic Hit Man* has driven home for so many readers since it appeared in 2004. I spoke with him in September 2012.*

Ravi Bhandari (RB): As a fellow former EHM, pushing for the privatization of land in Nepal through the World Bank’s market-led land reform of the 1990s, I feel that your work has helped to give me, like countless others around the world, a better understanding of the disastrous consequences of our actions on the vast majority of the people and the planet. Since you wrote the famous opening paragraph, quoted above, in *Confessions of an Economic Hit Man*, many people throughout the world have been shocked to learn about the operations of EHMs and how globalization works in the real world. Were you surprised by the

impact of the book?

John Perkins (JP): The public interest aroused by *Confessions* was not by any means a forgone conclusion. I spent a great deal of time working up the courage to try to publish it. By late 2003, the manuscript had been circulated to many publishers—and I had almost given up on ever seeing the book in print. Despite praising it as “riveting,” “eloquently written,” “an important exposé,” and “a story that must be told,” publisher after publisher—twenty-nine, in fact—rejected it. My literary agent and I concluded that it was just too anti-corporatocracy. [A word introduced to most readers in *Confessions*, “corporatocracy” refers to the powerful group of people who run the world’s biggest corporations, the most powerful governments, and history’s first truly global empire. —Bhandari] The major publishing houses, we concluded, were too intimidated by, or perhaps too beholden to, the corporate elite.

Finally, Berrett-Koehler, a relatively small publishing house, took it on. Almost instantly it hit the bestseller lists. But despite all the success the book had, an important element was still missing. The major U.S. media refused to discuss *Confessions* or the fact that, because of it, terms such as “EHM” and “corporatocracy” were now appearing on college syllabi. It is interesting that a book entitled *Confessions of an Economic Hit Man* earned its author an international peace prize. I was recently awarded the Lennon Ono Grant for Peace—mainly because of that book but also recognizing my work on protecting the rainforests and indigenous peoples in Latin America. Fighting the global corporatocracy has led me most recently to Iceland and Ireland, where I have encouraged the voters to refuse to pay back the debt that the big banks claim they owe.

RB: The degree of monopolization has reached an unprecedented level today. Oligarchy is established not just in Russia but throughout the rich capitalist countries. So is the industry of the EHMs growing and adapting to meet the new needs of global capital?

JP: Absolutely, today there are many more types of EHMs and the role they play is more diverse. Moreover, the game is far more complex, its corruption more pervasive, and its operations more fundamental to the world economy and politics. This makes the future of developing countries even more bleak today than the 1980s. In the *Secret History of the American Empire* (2007), I document how the veneer of responsibility remains a key factor in the dark side of globalization; subterfuges range from money laundering and tax evasion in luxurious office suites to activities that amount to economic war crimes. Real globalization is based on a system of deception, extortion, and rampant violence—from IMF officers slashing education and health care programs to mercenaries defending European oil interests in Nigeria to executives financing warlords in Congo to secure supplies of coltan ore.

One of the earliest robber barons noted in my book was J.P. Morgan. He set a course years ago that has been followed by many of today’s billionaires—of mergers, acquisitions, and consolidations, deals that heap riches on those who mold them but wreak havoc on competitors, workers, and local economies. These transactions empower a few individuals with control of resources and markets; the CEOs who end up at the top of the conglomerates are in positions to exert excessive influence over government officials, the press, and buying trends. Because such deals are made on paper—in board rooms, law offices, and at investment banks—they seldom produce tangible goods or services or create new jobs. These paper transactions have played an ever increasing role in the U.S. economy in recent decades and are a major contributor to the failing of our economy.

RB: Although the global financial crisis started in 2007 in the United States, now the international spotlight is on Europe and its debt crisis, and on Greece in particular. Many things you wrote about in *Hoodwinked*, your follow-up to *Confessions*, have come to pass as you predicted.

JP: Yes, Greece has clearly been struck by EHMs. Set to default on its debts, the Athens government is leading the pack of the seventeen Eurozone states as the first country where the common currency (the euro) is to be declared in “selective default” on its debt. In the process, this nation, where democracy was first defined more than 2,000 years ago, is clearly demonstrating how predatory capitalism works to undo the freedoms of its citizens. The Greek people were not the ones who agreed to accept these debts and for the most part they did not benefit from them; yet they will be burdened for years to come because they were hoodwinked by the international banking community and their own corrupt leaders.

Bailouts serve the creditors; they enslave the debtors. Although protestors swarm the streets of Athens, objecting to the draconian measures being imposed by the European Union and the IMF, the country’s leaders are crumbling; they are accepting the bailouts. It has become evident that bailouts in our own U.S. crisis have only benefited the corporatocracy, with CEOs paying themselves truly outrageous bonuses. This method of borrowing against the well-being of the country’s citizens merely serves to increase the power of the central banks, the IMF, and corporate CEOs.

In my books, I write about how world economics and politics today are controlled by a very few people—the corporatocracy. This is clearly demonstrated by the fact that whenever “debt restructuring” or “debt forgiveness” deals are struck they include privatizing parts of the economy that were previously considered public. Utilities, schools, pensions—even significant parts of the military—are sold to multinational corporations. Those who demand smaller government are, knowingly or not, supporting a new brand of corporate imperialism.

These corporations are usurping the economic engines of growth that historically have been considered as belonging to the public domain. When I was an economic hit man during the 1970s, I was ordered to implement these policies in many “third world” countries. It took me nearly a decade to see beyond the smoke and mirrors of the World Bank/business school models, but eventually I came to understand that this was nothing less than the Big Steal. Now it has struck Iceland, Ireland, and Greece; Spain and Portugal are in the crosshairs. The Big Steal is escalating in the United States, with the current round of budget-cutting anti-government campaigns.

RB: We are confronted daily with so many crises that are global in nature yet appear separate and unrelated. Isn’t the crisis now—including all its political, economic, environmental, and other aspects—a crisis of the global capitalist system itself as opposed to merely a financial crisis or a sum of multiple systemic crises?

JP: What we have seen is that we are going through the throes of a failed global economy. I do not think that the depression or recession that we, and so many countries around the world are experiencing today, is temporary. It reflects a structural problem that we have around the world with the current form of capitalism. And I call this current form of capitalism predatory capitalism. I think it is a mutant viral form of capitalism that really took hold in the 1970s and has been spreading ever since. As expressed by famous economist Milton Friedman, it is based on a single premise, a single goal, and that goal is to maximize

profits, without taking into account social and environmental cost. In essence every U.S. president since Ronald Reagan has bought into this idea, and supported it, Democrat and Republican alike. The big businesses of the world, the multinationals, really have embraced this concept and they hire highly paid lobbyists and others to make sure that laws are written in a way that will support the goal of maximizing profits regardless of the social and environmental costs. They have been able to control politicians and the laws they implement, legally, and they achieve this through campaign financing. The people that run the corporations which I call the corporatocracy control the mainstream press. Specifically they own the media outlets or if they do not, they control its message through media advertising. Thus they have used their tremendous power to create a global economic system that is unstable, unjust, and rather insane. It is a wholly inefficient system in that it doesn't work for anyone except the very wealthy, in which case the system works beautifully. Even in times of recession, due to the power which they wield, all parties that make up this corporatocracy are able to be bailed out of their failed gambles.

RB: Your work emphasizes how the “first world” continues to economically, politically, and militarily colonize the third world—old wine in new bottles—through the games of EHMs in finance, debt, and so-called “development.”

JP: Yes, the new form of imperialism is debt, and it is done through finance. The military is there as a backup but the most used tool is imperialism through economics. The current control and scramble for natural resources throughout the third world coupled with the corporatocracy once again calling for “radical structural reforms,” more deregulation, and more financialization should not come as a surprise. Let me share with you a long-standing effort of mine to fight this imperialism by working with indigenous people to protect the rainforests.

In June, hundreds of indigenous demonstrators began dismantling the Belo Monte Dam in the heart of Brazil's rainforest to protest the destruction it will bring to lands they have loved and honored for centuries. The Brazilian government is determined to promote construction of this massive, \$14 billion dam, which will be the world's third largest when it is completed in 2019. It is being developed by Norte Energia, a consortium of ten of the world's largest construction, engineering, and mining firms set up specifically for the project. Hydroelectric energy is anything but “clean” when measured in terms of the excruciating pain it causes individuals, social institutions, and local ecology. The indigenous people's occupation of the dam garnered international attention, connecting their situation to other events around the globe. Indigenous leaders from these groups have asked the Brazilian government to immediately withdraw the installation license for Belo Monte. They demand a halt to work until the government puts into place “effective programs and measures to address the impacts of the dam on local people.” They point out that a promised monetary program to compensate for the negative impacts of the mega-dam has not yet been presented by local villages.

The indigenous peoples' occupation of the dam garnered international attention, interweaving their situation with other events across the globe—the Arab spring, democratic revolutions in Latin America, the Occupy Movement, and anti-austerity strikes in Spain and other European nations. Brazil's indigenous protestors have essentially joined protestors on every continent who are demanding that rights be restored to the people.

RB: If global corporations are above the nation-state and have no global accountability or global institutions to regulate them, then how do countries not only in the third world, but

the periphery within Europe respond to these debt-dependency burdens?

JP: Iceland is a great case in point. I traveled around that country, met with the President and many top-ranking government officials, and spoke at universities and other public forums. I urged the people not to pay the debts the international banking community said they owed. And they voted overwhelming not to in a national referendum. After refusing to pay the banks for the outrageous debt they didn't deserve, Iceland is now doing very well financially and economically speaking.

But now the banks, including the IMF and the World Bank, say that Ireland owes them. In May 2010, I was in Ireland lobbying against the referendum that would force the Irish people to pay back the enormous debt. After the vote, it appeared that Ireland, unlike Iceland, didn't listen to my advice. Today there is a large rumble in Ireland that the voting for the referendum was rigged and in fact the Irish people voted against the plan to repay the banks. And also and unfortunately in Ireland, there has been a history of the people voting down referendums like this one, and then having their politicians devise a similar referendum to vote on. Even though the people are making their voices heard, their politicians are only happy with a specific type of voice. What this shows, is that in Iceland where the population is around 300,000; democracy was able to work because essentially everyone knows everybody else, people can't get away with much. From a political standpoint, democracy is a very difficult thing to maintain, especially in countries with large and diverse populations, like the United States (e.g. Al Gore's loss that may have been due to election rigging—win the popular vote and lose the Electoral College).

The bigger issue today is that nations are not all that important. We have moved from religious organizations ruling the world to different types of governments (totalitarian, republican) to now multinational corporations that rule the world. Nowhere is this more evident than in the United States where no one is elected into a high-ranking position until they receive large support from these multinationals. Big corporations control the mainstream media as well. Big corporations' control is profound not only in third world countries but here at home in the first world as well. In a sense, what they have been doing and continue to do in the third world for decades they are now doing here: structural adjustment, predatory loans, and austerity which have now become business as usual in Europe and the United States.

RB: From the countryside of Brazil to a rare success story in Iceland, people are beginning to respond to the unfolding and deepening global crisis with success, albeit limited. What lessons can be drawn from the Iceland experience, once the poster child of the 2008 financial crisis?

JP: In 2007 Iceland was considered the third richest country per capita by the World Bank. Suddenly the country collapses and goes into debt. Then it decides to go against this World Bank and not take their advice and is now back on top. It defied the logic of the World Bank, IMF, and business schools everywhere and now the country of Iceland is back on top. Now, for the first time people do not feel shame when they face debt, because they understand they incurred this debt under predatory capitalism.

As another example, we can use the case of big banks in the United States that in essence collapsed and went into debt. They refused to pay anything and were bailed out. Debt is the great enslaver of these times. But unlike actual metal chains around your ankles, you can slip out of debt by refusing to pay it. There are many success stories both on the individual



and country level. All we have to do is come together (e.g. Nigeria, Spain, Ecuador, Greece) and say we are not going to pay our debts in this predatory capitalistic system in which we were forced to live. That is one reason why the Occupy movement is so important, because they preach this consciousness of not paying back debts under a corrupt system.

This is perhaps the most important revolution in human history. We are at a time that is comparable to or more important than the agricultural revolution or industrial revolution or technological revolution. This is a revolution in global consciousness, not merely a change that is necessary for the economic system. People everywhere, as well as nature, are facing the same crises. We are beginning to see how we relate to everything else and what an important role we humans play in protecting this planet. So it is about waking up. We are all waking up to the incredible potential that human beings have.

Aside: 'The Global Corporatocracy and the Global Crisis' by Ravi Bhandari

As Marx predicted over a century and a half ago, the degree of monopolization has grown continuously under capitalism. It has reached an unprecedented level today, giving contemporary global capitalism three distinguishing characteristics.

First, multinational corporations control the world economy as a whole, including the political and cultural spheres, even those sectors that are not directly monopolized. Second, corporations today are globalized due to neoliberal policies that, over the last 30 years, have pushed privatization, deregulation, and "liberalization" of international trade and investment at any cost. Third, the global oligopolies that dominate the world economy today are fully financialized. There is no longer a purely financial sector (banks, insurance companies, etc.) on the one hand, and a "productive" sector on the other.

The global corporatocracy—composed of a few giant industrial-financial oligopolies—makes a striking 75 percent of all profits in the third world today. Giant corporations based in the world's richest countries—the Triad of the United States, Western Europe, and Japan—control the world's technology, natural resources, finance, communications and information, and weapons of mass destruction. These powers now substitute, for the ancient privilege of the exclusive industrialization of the West, in ensuring the worldwide dominion of this super-elite.

This global order is based on imperialism and permanent war in the third world. Predatory global capitalism (or what international Marxian economist Samir Amin refers to as senile and obsolete capitalism) is incompatible with real democracy, and this helps explain the decline of democracy and increasing conflict and violence worldwide.

In the last few years, the world has witnessed the global corporatocracy successfully privatizing gains and socializing losses to the global public. It shifts, for example, ecological damage from the rich who generate it to the vast majority of our planet, the poorest in the third world, who bear its greatest burden.

While many analysts today separate a supposedly artificial and negative financial capitalism from a supposedly good "real" sector where things are actually created and produced, they are actually two sides of the same coin. The same oligopolies own big manufacturing corporations and big financial institutions.

The relative stagnation of the global capitalist economy since the 1970s—the low rates of

profit, investment, and growth that have prevailed in the United States, Europe, and Japan, despite the deep and widespread defeats of the working class—has left the oligopolies with excess cash relative to opportunities for profitable productive investment. It is this imbalance that, together with a Wild West environment of deregulation and derivatives, has fed the rampant financial bubbles of recent years. Speculation, which results in no productive investment or employment, has become the principal means to make profit.

It should not, therefore, be surprising that the 2008 financial collapse is producing not just a recession but a veritable global depression. Even before the financial meltdown, however, the crisis of global capitalism had already surfaced in the public consciousness in various ways. This crisis manifests itself internationally as the energy crisis, food and agriculture crises, climate change and ecological degradation, increasing poverty in different world regions, and the fall of democracy worldwide.

All, in fact, are intimately connected, and facets of the same underlying structural crisis of predatory global capitalism.

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