

Confessions of an Economic Hit Man, by John Perkins. Plume, 2004.

A review by Suzanne Hanchett, PAC Partner

September 2007

Perkins has done the world a great service in telling the story of how and why so many developing countries are crippled by overwhelming debt that did not produce the social or economic improvements that were supposed to result from them. Indeed, he confesses, their countries' huge loans generally left the general public worse off than they were before. He describes the world of self-promoting corporations hiring "economic hit men" such as himself to persuade political leaders to borrow large sums. It was clear that their national economies would never be strong enough to allow them to repay the loans. In re-negotiating loan terms, the force he calls "the corporatocracy" managed to secure the political support of these countries for the U.S. or other neo-imperialist countries. Economic benefits throughout this process have accrued primarily to political elites of the developing countries and the large corporations implementing expensive infrastructure projects in the name of international "development."

The book is well written, a pleasure to read. It does confirm one's worst fears, that there has been a conspiracy striving to get the world highly dependent on large corporations which are operating to maximize profits no matter what the social costs (one might also add, environmental costs.)

He has been so immersed in this "corporatocratic" imperialist project, that Perkins doesn't see nuances and variations in the total picture. Perhaps the huge amounts of money spent on large infrastructure projects etc. that he condemns -- one wonders whether this high volume doesn't give an inflated sense of the so-called "empire's" strength and extent. The book describes some spectacular successes of the ruthless project, but this evil is balanced to some extent by other forces and developments ignored in the book. Perkins emphasizes the World Bank and IMF, convincingly portraying their work as largely benefitting rich families and local elites but not at all (or not much) producing widespread human social/health improvements. The large infrastructure projects benefitting large corporations have certainly consumed the great majority of the world's "development" funds. The world order isn't the monolith he describes. Are all large corporations bad? Is all foreign aid serving evil goals?

The world of international development or foreign aid has more than one type of agent. Other types of activities, conducted by many U.N. agencies and bilateral aid donors, do produce human benefits at relatively small costs compared to the types of projects Perkins describes. Reading this book, one would be inclined to lump these with the imperialistic, big-infrastructure types of activities. This would be a mistake.

Reading this book from an international development perspective, I have come to recognize an important distinction: the big money-makers working entirely for their own benefit vs. the more or less well-meaning development efforts in health, education, and human rights. The latter are far from perfect. The line is often blurred. I have been a part of a required "social benefits," "gender equity," or "poverty alleviation" add-on to more than one engineering project, for example. Some donors are very clear in demanding visible poverty-reduction impacts, socially empowering methodologies, and so on. The Scandinavians, Dutch, and British are rather consistent in giving priority to social development objectives, working more or less transparently toward such goals with sophisticated social analytic components in all projects.

Perkins says two different types of things about big infrastructure projects, especially electrification (dams), irrigation. In his repentant mood-swings he implies that they are entirely bad -- have done much harm and no good. I cannot agree entirely. Though they might have been built by institutions with self-serving motives, they can produce social benefits for large populations. He gets more balanced at the end of the book, saying that such huge technical efforts could be put to better uses if political will were strong enough. This is an intriguing thought.

Considering how very much he has benefitted from serving as an "EHM" (Economic Hit Man), his expressions of remorse don't ring true. Even after he "quit" the business, he raked in huge amounts of money for several years by not speaking publicly about his role.

He is right to highlight the damage resulting from privatization of large-scale public services. Even in this case, though, there are push-backs he doesn't mention. The privatization of some Bolivian urban water systems, for example, was strongly challenged and reversed, if I remember correctly.

The way he writes the story, the whole world has been over-run and pushed-over by the "corporatocracy." There are numerous examples, however, of good critiques of this process, say in the World Social Forum discussions. There are also examples of alternative economic production modalities, in the cooperatives of Mondragon, in the Basque country of Spain. In India now (I just heard from BBC) there's a "citizen's tribunal" starting up to analyze and discuss the World Bank's influence on India.

Perkins is a short on solutions to the problem he identifies. William Greider, in contrast, does a similar analysis in his book, "One World Ready or Not." Greider's writing is far less accessible than Perkins', but Greider makes the important point that the multi-national corporations are not really autonomous. They all depend on the support of specific national governments, which could reign them in if there were a political will to do so. The whole movement to challenge the idea of "corporate personhood" in the U.S. recommends legal steps that would have a similar effect. Perkins's best recommendation is that his readers become more directly involved in political life. Of course this is a good idea, but it isn't a structural change suggestion.

One further service he could provide would be an insider's guide to the Achilles heels of the corporatocracy. Where exactly are the vulnerabilities of the corporatocracy? What would be the best strategies to challenge and control it?

This book provides much useful material for those who are challenging the world-takeover attempt he describes. One ultimate outcome could be an effort to hold the corporations and their development agents (World Bank, IMF) accountable for the social and economic damage done over the years. The damage could be expressed in monetary terms -- the cost of lost livelihoods, for example. Such issues are regularly discussed in the World Social Forum, which I think would be a good place for this issue to be fully aired. I hope that his courageous statement will be followed by some from others who could add more fuel to this fire. It should be a constructive fire, as he mentions. Something that would re-direct the benefits of existing technologies and structures to the benefit of large human populations.

Many other reviews of this book are summarized in Wikipedia. See them at http://en.wikipedia.org/wiki/Confessions_of_an_Economic_Hit_Man