

The sensational bestseller *Confessions of an Economic Hit Man* revealed just the tip of the iceberg. Now more economic hit men and investigators tell the whole shocking story.



Edited by Steven Hiatt

Introduction by John Perkins

Author of *Confessions of an Economic Hit Man*

A Game As Old As Empire

**The Secret World of Economic Hit Men
and the Web of Global Corruption**





Dear Friends,

Berrett-Koehler published *Confessions of an Economic Hit Man* in November 2004, and it has been appearing on bestseller lists ever since, first in hardcover and then in paperback. It has appeared on more than two dozen bestseller lists, including 59 weeks on the *New York Times* bestseller lists (29 weeks on the top 15 list, and 30 weeks on the expanded list). And foreign translation rights have been sold for 26 languages.

Over 500,000 copies have been sold of the various editions of *Confessions of an Economic Hit Man*. What is particularly striking is that these sales were achieved largely by word-of-mouth promotion and by publicity in alternative media.

Now Berrett-Koehler is building on this success by publishing the first follow-on book to *Confessions of an Economic Hit Man*. And this new book—*A Game As Old As Empire*—is even more astonishing and explosive.

John Perkins' revelations in *Confessions* were only the tip of the iceberg of the world of economic hit men. *A Game As Old As Empire* shows that this secret world is even bigger, deeper, and darker than *Confessions* revealed.

Now more economic hit men and investigators go much further in exposing how the EHM game works in many countries around the world. In *A Game As Old As Empire*, John Perkins is joined by other economic hit men and investigators who show how the global web of economic control and corruption is much more pervasive, destructive, and systemic than *Confessions* unveiled.

In his Introduction to *A Game As Old As Empire* Perkins writes: "A quarter century ago, I saw myself as a hit man for the interests of U.S. capitalism in the struggle for control of the developing world during the Cold War. Today, the EHM game is more complex, its corruption is more pervasive, and its operations more fundamental to the world economy and politics. There are many more types of economic hit men, and the roles they play are far more diverse."

We believe that the shocking accounts in *A Game As Old As Empire* will open the eyes of hundreds of thousands of readers about what is really going on in the world, just as *Confessions* did, and stir even more readers to action. Accordingly, Berrett-Koehler and the authors of *A Game As Old As Empire* are involving thousands of people in a massive grass-roots campaign to spread awareness of this new book and its messages. Please see details about these marketing efforts at the back of this brochure. We hope that you will join in this campaign.

Sincerely,



Steven Piersanti
Publisher



A GAME AS OLD AS EMPIRE

The Secret World of Economic Hit Men
and the Web of Global Corruption

Edited by Steven Hiatt

**Introduction by John Perkins,
author of *Confessions of an Economic Hit Man***

Preview Sampler

*This sampler contains the Table of Contents,
Introduction, Chapter 1, and contributor bios.*



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Introduction: New Confessions and Revelations from the World of Economic Hit Men

John Perkins

Economic hit men serve a small corporate elite whose influence is pervasive, no matter who wins formal elections, and whose goals are ever more profit and power: the preservation and extension of an empire. In *Confessions of an Economic Hit Man* John Perkins told the story of his own journey from servant of empire to advocate for oppressed and exploited peoples. Here Perkins links his experiences to new confessions and revelations in this book that reveal the dark side of globalization.

1 Global Empire: The Web of Control

Steven Hiatt

Third World countries pay more than \$375 billion a year in debt service, twenty times the amount of foreign aid they receive. This system has been called a Marshall Plan in reverse, with the countries of the Global South subsidizing the wealthy North, even as half the world's population lives on less than \$2 a day. How does such an unjust system maintain itself? Steven Hiatt outlines the web of control—financial, political, and military—that maintains this system and explains why it's so hard for Third World countries to escape.

2 Selling Money—and Dependency: Setting the Debt Trap*S. C. Gwynne*

Rising oil prices created an oversupply of petrodollar deposits in international banks, and eager young bankers helped recycle this money into new loans to developing countries to finance dubious projects. Sam Gwynne traveled the globe on behalf of U.S. banks, helping ensnare Third World countries in debt.

3 Dirty Money: Inside the Secret World of Offshore Banking*John Christensen*

At least \$500 billion in dirty money flows each year from poor countries into offshore accounts managed by Western banks, dwarfing the amount those nations receive in foreign aid. The sources of this money range from tax evasion, kickbacks, and capital flight to money laundering and drug trafficking. John Christensen was an offshore banker who found himself managing these secret accounts. He shows how the offshore banking system extracts tribute from countries that can least afford it and explains why this black economy has become essential to the international corporate elite.

**4 BCCI's Double Game: Banking on America,
Banking on Jihad***Lucy Komisar*

The Bank of Credit and Commerce International (BCCI) was a useful tool for many powerful clients, ranging from the CIA and the Medellín cartel to Osama bin Laden, al-Qaeda, and influential figures in both the Republican and Democratic parties. When BCCI was finally shut down, as much as \$15 billion had been lost or stolen—the biggest bank fraud in the world. Lucy Komisar reveals why banking authorities looked the other way for so long, and how BCCI's long-time allies in Washington were able to block any meaningful investigation.

5 The Human Cost of Cheap Cell Phones*Kathleen Kern*

Civil strife in the Democratic Republic of Congo has cost 4 million lives in the last ten years, as militias and warlords fight over the country's resources. The atrocities have been funded, at least indirectly, by some of the biggest Western

corporations. They see the country as only a source of cheap coltan—vital to making semiconductors—and other minerals. Kathleen Kern explores the direct relationship between the suffering of the Congolese people and the low prices Westerners pay for cell phones and laptops.

6 Mercenaries on the Front Lines in the New Scramble for Africa

Andrew Rowell and James Marriott

Some 30 percent of America's oil will come from Africa by 2015, and multinational oil companies are increasingly resorting to private armies to protect their operations there. Communities in the Niger Delta have been campaigning for a share of the oil wealth pumped from under their land. In 2006, Nigel Watson-Clark was working as a Shell security officer in Nigeria, protecting offshore oil rigs—a frontline soldier in the web of oil exploitation. Taken hostage during a raid by local militants, he found himself in the middle of the struggle for Nigeria's oil.

7 Hijacking Iraq's Oil Reserves: Economic Hit Men at Work

Greg Muttitt

While the Iraqi people struggle to define their future amid political chaos and violence, the fate of their most valuable economic asset, oil, is being decided behind closed doors. Oil production sharing agreements being forced on Iraq will cost the country hundreds of billions of dollars in lost revenue, while funneling enormous profits to foreign companies. Greg Muttitt uncovers a little-known Western foundation, the International Tax and Investment Center, that's providing the hit.

8 The World Bank and the \$100 Billion Question

Steve Berkman

The World Bank has pushed a debt-based development strategy for Third World countries for decades. Hundreds of billions in loans were supposed to bring progress, yet the programs have never lived up to their promise. Instead, governing elites amass obscene fortunes while the poor shoulder the burden of paying off the debts. A former World Bank staffer, Steve Berkman presents an inside investigator's account of how these schemes work to divert development money into the pockets of corrupt elites and their First World partners.

9 The Philippines, the World Bank, and the Race to the Bottom*Ellen Augustine*

“Development” and “modernization” became code words for U.S. efforts to prop up the regime of President Ferdinand Marcos, with the World Bank serving as a conduit for the financing of Marcos’ dictatorship. Some 800 leaked documents from the World Bank itself tell how the Bank financed martial law and made the Philippines the test case for its export-led development strategy based on multinational corporations—with disastrous results for both democracy and economic development.

10 Exporting Destruction*Bruce Rich*

Export credit agencies have quietly become the world’s largest financial institutions, backing \$788 billion in trade in 2004. Secretive and largely unregulated, they pursue a single mission: boost overseas sales of their countries’ multinational corporations. In doing so, they’ve become some of the dirtiest players in the EHM game, financing nuclear power plants in countries that can’t manage them and massive arms sales to strife-torn regions—all lubricated by billions of dollars in bribes. Bruce Rich looks at the secretive world of ECAs and the damage they cause around the world.

11 The Mirage of Debt Relief*James S. Henry*

G8 leaders have proudly announced \$40 billion in debt relief for eighteen heavily indebted poor countries in Latin America and Africa—just over 1 percent of the \$3.2 trillion that those countries owe. But the actual debt relief granted will be only a fraction of this small amount—and the strings attached to getting it make even this modest amount hardly worth getting: closed hospitals and schools, bankrupted local businesses, and high unemployment. James S. Henry delivers the analysis and outlines steps for an effective relief campaign for Third World debtor countries.

12 Global Uprising: The Web of Resistance*Antonia Juhasz*

How do you fight—and change—a global system of exploitation? Antonia Juhasz argues that a better world is indeed possible, and finds the power we need

to create it in the global justice (anti-corporate globalization) movement. Its agenda provides direction, empowerment, and—most important—hope that we can and will break the empire’s web of control.

Acknowledgments

Appendix: Resources for Hope

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John Perkins links his experiences to new revelations that expose the drive for empire that lies behind the rhetoric of globalization.

Introduction: New Confessions and Revelations from the World of Economic Hit Men

By John Perkins

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.

I wrote that opening paragraph to *Confessions of an Economic Hit Man* as a description of my own profession. Since the book’s first publication in early November 2004, I have heard TV, radio, and event hosts read those words many times as they introduced me to their audiences. The reality of EHMs shocked people in the United States and other countries. Many have told me that it convinced them to commit themselves to taking actions that will make this a better world.

The public interest aroused by *Confessions* was not a foregone conclusion. I spent a great deal of time working up the courage to try to publish it. Once I made the decision to do so, my attempts got off to a rocky start.

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-five, in fact—rejected it. My literary agent and I concluded that it was just too anti-corporatocracy. (A word introduced to most readers in those pages, *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.) The major publishing houses, we concluded, were too intimidated by, or perhaps too beholden to, the corporate elite.

Eventually a courageous independent publisher, Berrett-Koehler, took the book on. *Confessions*’ success among the public astounded me. During its first week in bookstores it went to number 4 on Amazon.com. Then it spent many weeks on every major bestseller list. In less than fourteen months, it had been translated into and published in twenty languages. A major Hollywood company purchased the option to film it. Penguin/Plume bought the paperback rights.

Despite all these successes, an important element was still missing. The major U.S. media refused to discuss *Confessions* or the fact that, because of it, words such as *EHM*, *corporatocracy*, and *jackal* were now appearing on college syllabuses. The *New York Times* and other newspapers had to include it on their bestseller lists—after all, numbers don’t lie (unless an EHM produces them, as you will see in the following pages)—but during its first fifteen months in print most of them obstinately declined to review it. Why?

My agent, my publicist, the best minds at Berrett-Koehler and Penguin/Plume, my family, my friends, and I may never know the real answer to that question. What we do know is that several nationally recognized journalists appeared poised on the verge of writing or speaking about the book. They conducted “pre-interviews” with me by phone and dispatched producers to wine and dine my wife and me. But, in the end, they declined. A major TV network convinced me to interrupt a West Coast speaking tour, fly across the country to New York, and dress up in a television-blue sports coat. Then—as I waited at the door for the network’s limo—an employee called to cancel. Whenever media apologists offered explanations for such actions, they took the form of questions: “Can you prove the existence of other EHMs?” “Has

anyone else written about these things?” “Have others in high places made similar disclosures?”

The answer to these questions is, of course, yes. Every major incident described in the book has been discussed in detail by other authors—usually lots of other authors. The CIA’s coup against Iran’s Mossadegh; the atrocities committed by his replacement, Big Oil’s puppet, the Shah; the Saudi Arabian money-laundering affair; the jackal-orchestrated assassinations of Ecuador’s President Jaime Roldos and Panama’s President Omar Torrijos; allegations of collusion between oil companies and missionary groups in the Amazon; the international activities of Bechtel, Halliburton, and other pillars of American capitalism; the unilateral and unprovoked U.S. invasion of Panama and capture of Manuel Noriega; the coup against Venezuelan President Hugo Chavez—these and the other events in the book are a matter of public record.

Several pundits criticized what some referred to as my “radical accusation”—that economic forecasts are manipulated and distorted in order to achieve political objectives (as opposed to economic objectivity) and that foreign “aid” is a tool for big business rather than an altruistic means to alleviate poverty. However, both of these transgressions against the true purposes of sound economics and altruism have been well documented by a multitude of people, including a former World Bank chief economist and winner of the Nobel Prize in economics, Joseph Stiglitz. In his book, *Globalization and Its Discontents*, Stiglitz writes:

To make its [the IMF’s] programs *seem* to work, to make the numbers “add up,” economic forecasts have to be adjusted. Many users of these numbers do not realize that they are not like ordinary forecasts; in these instances GDP forecasts are not based on a sophisticated statistical model, or even on the best estimates of those who know the economy well, but are merely the numbers that have been *negotiated* as part of an IMF program.¹ . . .

Globalization, as it has been advocated, often seems to replace the old dictatorships of national elites with new dictatorships of international finance. . . . For millions of people globalization has not worked. . . . They have seen their jobs destroyed and their lives become more insecure.²

I found it interesting that during my first book tour—for the hardcover edition, in late 2004 and early 2005—I sometimes heard questions from my audiences that reflected the mainstream press. However, they were significantly diminished during the paperback edition tour in early 2006. The level

of sophistication among readers had risen over the course of that year. A growing suspicion that the mainstream press was collaborating with the corporatocracy—which, of course, owned much of it or at least supported it through advertising—had become manifest. While I would love to credit *Confessions* for this transformation in public attitude, my book has to share that honor with a number of others, such as Joseph Stiglitz's *Globalization and Its Discontents*, David Korten's *When Corporations Rule the World*, Noam Chomsky's *Hegemony or Survival*, Chalmers Johnson's *Sorrows of Empire*, and Antonia Juhasz's *Bush Agenda*, as well as films such as *The Constant Gardener*, *Syriana*, *Hotel Rwanda*, *Good Night, and Good Luck*, and *Munich*. The American public recently has been treated to a feast of exposés. Mine is definitely not a voice in the wilderness.

Despite the overwhelming evidence that the corporatocracy has created the world's first truly global empire, inflicted increased misery and poverty on millions of people around the planet, managed to sabotage the principles of self-determination, justice, and freedom that form the foundations upon which the United States stands, and turned a country that was lauded at the end of World War II as democracy's savior into one that is feared, resented, and hated, the mainstream press ignores the obvious. In pleasing the money-men and the executives upstairs, many journalists have turned their backs on the truth. When approached by my publicists, they continue to ask: "Where are the trenches?" "Can you produce the trowels that dug them?" "Have any 'objective' researchers confirmed your story?"

Although the evidence was already available, Berrett-Koehler and I decided that the proper response was to answer such questions in terms that no one could ignore and that only those who insisted on remaining in denial could dispute. We would publish a book with many contributors, an anthology, further revealing the world of economic hit men and how it works.

In *Confessions*, I talked about a world rooted in the cold war, in the dynamics and proxy conflicts of the U.S.–Soviet conflict. My sojourn in that war ended in 1981, a quarter of a century ago. Since then, and especially since the collapse of the USSR, the dynamics of empire have changed. The world is now more multipolar and mercantile, with China and Europe emerging to compete with the U.S. Empire is heavily driven by multinational corporations, whose interests transcend those of any particular nation-state.³ There are new multinational institutions and trade agreements, such as the World Trade Organization (WTO) and North American Free Trade Agreement (NAFTA), and newly articulated ideologies and programs, such as neoliberalism and the

structural adjustments and conditionalities imposed by the IMF. But one thing remains unchanged: the peoples of the Third World continue to suffer; their future, if anything, looks even bleaker than it did in the early 1980s.

A quarter-century ago, I saw myself as a hit man for the interests of U.S. capitalism in the struggle for control of the developing world during the cold war. Today, the EHM game is more complex, its corruption more pervasive, and its operations more fundamental to the world economy and politics. There are many more types of economic hit men, and the roles they play are far more diverse. The veneer of respectability remains a key factor; subterfuges range from money laundering and tax evasion carried out in well-appointed office suites to activities that amount to economic war crimes and result in the deaths of millions of people. The chapters that follow reveal this dark side of globalization, showing a system that depends on deception, extortion, and often violence: an officer of an offshore bank hiding hundreds of millions in stolen money, IMF advisors slashing Ghana's education and health programs, a Chinese bureaucrat seeking oil concessions in Africa, a mercenary defending a European oil company in Nigeria, a consultant rewriting Iraqi oil law, and executives financing warlords to secure supplies of coltan ore in Congo.

The main obstacle to compiling such stories should be obvious. Most EHMs do not think it is in their best interests to talk about their jobs. Many are still actively employed in the business. Those who have stepped away often receive pensions, consultant fees, and other perks from their former employers. They understand that whistle-blowers usually sacrifice such benefits—and sometimes much more. Most of us who have done that type of work pride ourselves on loyalty to old comrades. Once one of us decides to take the big leap—“into the cold,” to use CIA vernacular—we know we will have to face the harsh reality of powerful forces arrayed to protect the institutional power of multinational corporations, global banks, government defense and security agencies, international agencies—and the small elite that runs them.

In recent years, the people charged with deceiving ordinary citizens have grown more cunning. *The Pentagon Papers* and the White House Watergate tapes taught them the dangers of writing and recording incriminating details. The Enron, Arthur Andersen, and WorldCom scandals, and recent allegations about CIA “extraordinary renditions,” weapons of mass destruction deceptions, and National Security Agency eavesdropping serve to reinforce policies that favor shredding. Government officials who expose a CIA agent to retaliate against her whistle-blowing spouse go unpunished. All these events lead to the ultimate deterrent to speaking the truth: those who expose the corpora-

ocracy can expect to be assassinated—financially and by reputation, if not with a bullet.

Less obvious deterrents also keep people from telling the truth. Opening one's soul for public scrutiny, confessing, is not fun. I had written many books before *Confessions* (five of them published). Yet none prepared me for the angst I would encounter while exposing my transgressions as an EHM. Although most of us humans do not want to think of ourselves as corrupt, weak, or immoral, it is difficult—if not impossible—to ignore those aspects of ourselves when describing our lives as economic hit men. Personally, it was one of the most difficult tasks I have ever undertaken. In approaching prospective contributors to a book such as this I might tell them that confessing is, in the end, worth the anguish. However, for someone setting out on this path, that end seems very distant.

I discussed these obstacles and the potential benefits of overcoming them with Steve Piersanti, the intrepid founder and CEO of Berrett-Koehler, who made the decision to publish *Confessions*. It did not take us long to decide that the benefits were well worth the struggle. If my *Confessions* could send such a strong message to the public, it made sense that multiple confessions—or stories about people who need to confess—might reach even more people and motivate them to take actions that will turn this empire back into the democratic republic it was intended to be. Our goal was nothing less than convincing the American public that we can and must create a future that will make our children and grandchildren—and their brothers and sisters on every continent—proud of us.

Of course we had to start by showing journalists the trowels *and* the trenches. We decided that we should also include well-researched analyses by observers who came from a more objective perspective, rather than a personal one. A balance between firsthand and third-party accounts seemed like the prudent approach.

Steve took it upon himself to find someone who could be an editor and also serve as a sleuth: he'd have to ferret out prospective writers and convince them that loyalty to country, family, and future generations on every continent demanded that they participate in this book. After an extensive selection process, he, his staff, and I settled on Steven Hiatt. Steve is a professional editor—but he also has a long history as an activist, first against the Vietnam War and then as a teachers' union organizer. In addition, he worked for a number of years at Stanford Research Institute, a think tank and consultancy organization serving multinationals and government agencies around the world and

closely linked to Bechtel, Bank of America, and other players in the EHM world. There he worked on research reports that he describes as essentially “the corporatocracy talking to itself.”

Once the process of assembling this anthology began, I started speaking about it. When people asked those questions—“Can you prove the existence of other EHMs?” “Has anyone else written about these things?” “Have others made similar disclosures?”—I told them about the upcoming book. The wisdom of making that decision to publish an anthology was supported on February 19, 2006, when the *New York Times* ran a major article that featured *Confessions* on the front page of its Sunday Business Section. The editors, I am sure, were comforted by the results of a background check confirming my account of my life and the episodes described in *Confessions*; however, the fact that other EHMs and researchers had committed to writing this book was, I suspect, the most important factor in their decision to publish that article.

The intrepid contributors to this book uncover events that have taken place across a wide range of countries, all EHM game plans under a variety of guises. Each sheds more light on the building of an empire that is contrary to American principles of democracy and equality. The chapters are presented in an order that follows the flow of money and power in the Global Empire. Chart 1 shows that progression: the selling of loans to Third World countries, the flow of dirty money back to First World control via secret offshore accounts, the failure of debt-led development models to reduce poverty, the accumulation of mountains of unpayable debt, the gutting of local economies by the IMF, and military intervention and domination to secure access to resources. Steve Hiatt, in “Global Empire,” gives an overview of the web of control that First World companies and institutions use to rule the global economy. Each subsequent chapter exposes another facet. In brief summary:

- Sam Gwynne joined Cleveland Trust and quickly moved into the heady atmosphere of international banking, where he learned that ability to pay had little to do with placing loans. In “Selling Money—and Dependency: Setting the Debt Trap” he describes a culture of business corruption in which local elites and international banks build mutually supportive relationships based on debts that will have to be repaid by ordinary citizens.
- John Christensen worked for a trust company on the offshore banking haven of Jersey, one of Britain’s Channel Islands. There he found himself at the center of the EHM world, part of a global offshore banking industry that facilitates tax evasion, money laundering, and capital flight. In “Dirty Money” he

reveals the workings of a system that enables the theft of billions from Third World (and First World) citizens; the lures of an opulent lifestyle; and why he decided to get out.

- The Bank of Credit and Commerce International was for two decades was a key player in offshore/underground banking. It provided off-the-books/illegal transactions for a startling range of customers—from the CIA to the Medellín cartel to Osama bin Laden and al-Qaeda. In “BCCI’s Double Game,” Lucy Komisar recounts the bank’s rapid rise and fall—and its \$13 billion bankruptcy.
- Congo remains one of the world’s poorest countries and is caught in a civil war that has cost at least 4 million lives over the last ten years, with western multinationals financing militias and warlords to ensure access to gold, diamonds, and coltan. In “The Human Cost of Cheap Cell Phones,” Kathleen Kern provides an eyewitness account of the high price the Congolese have paid to bring cheap electronics to First World consumers.
- Some 30 percent of America’s supply of oil is expected to come from Africa in the next ten years, but U.S. and UK oil companies will be competing with China for access to Niger Delta reserves. Local communities have been campaigning to gain a share of this new wealth and to prevent environmental destruction of their region. In “Mercenaries on the Front Lines in the New Scramble for Africa,” Andrew Rowell and James Marriott tell how a British expat security officer found himself in the middle of this struggle for oil and power.
- According to most estimates Iraq has the world’s second largest oil reserves—and access to Iraq’s oil has been one of the essential elements of U.S. foreign policy. The occupation regime is planning to sign oil production sharing agreements with U.S. and UK companies that will cost the Iraqi people \$200 billion that they need to rebuild their country. In “Hijacking Iraq’s Oil Reserves,” Greg Muttitt reveals the EHM behind this high-level hit.
- “Have you brought the money?” a Liberian official asked World Bank staffer Steve Berkman, clearly expecting him to hand over a satchel full of cash. In “The World Bank and the \$100 Billion Question,” Berkman provides an insider’s account of how and why the Bank looks the other way as corrupt elites steal funds intended for development aid.

- In the 1970s, the Philippines were a showcase for the World Bank's debt-based model of development and modernization. In "The Philippines, The World Bank, and the Race to the Bottom," Ellen Augustine tells how billions in loans were central to U.S. efforts to prop up the Marcos dictatorship, with the World Bank serving as a conduit.
- Export credit agencies have a single job: to enrich their countries' corporations by making it easier for poor countries to buy their products and services. In "Exporting Destruction," Bruce Rich turns a spotlight on the secretive world of ECAs and the damage they have caused in selling nuclear plants to countries that cannot manage them and pushing arms in war-torn regions.
- The G8 finance ministers announced before their Gleneagles meeting that they had agreed on \$40 billion of debt relief for eighteen Third World countries. In "The Mirage of Debt Relief," James S. Henry, a former international banker, shows how little debt relief has actually been granted—and why dozens of countries remain caught in the West's debt trap.

Feel free to read the chapters according to your interests. Skip around, focus on one geographic area at a time or on one particular discipline, if you wish. Then turn to Antonia Juhasz's "Global Uprising" to learn what you can do to resist global domination by the corporatocracy.

As you read, please allow yourself to think about and feel the implications of the actions described for the world and for our children and grandchildren. Permit your passions to rise to the surface. Feel compelled to take action. It is essential that we—you and I—do something. We must transform our country back into one that reflects the values of our Declaration of Independence and the other principles we were raised to honor and defend. We must begin today to re-create the world the corporatocracy has inflicted on us.

This book presents a series of snapshots of the tools used by EHMs to create the world's first truly global empire. They are, however, a mere introduction to the many nefarious deeds that have been committed by the corporate elite—often in the name of altruism and progress. During the post-World War II period, we EHMs managed to turn the "last, best hope for democracy," in Lincoln's words, into an empire that does not flinch at inflicting brutal and often totalitarian measures on people who have resources we covet.

After reading the chapters you will have a better understanding of why people around the world fear, resent, and even hate us. As a result of the cor-

Global Empire North and South

FLOWS OF MONEY AND POWER

The Global North has for decades sold a model of development based on debt. Loans pushed by First World lenders and eagerly grabbed by corrupt Third World elites have left Global South countries in a debt trap \$2.5 trillion deep—often with little real development to show for it. Much of the money round-tripped to suppliers or offshore banking havens. Meanwhile, a new era of domination has begun with interventions to secure control of scarce resources like oil and coltan.

G8 NATIONS • MULTINATIONALS • WORLD BANK • IMF



poratocracy's policies, an average of 24,000 people die every day from hunger; tens of thousands more—mostly children—die from curable diseases because they cannot afford available medicines. More than half the world's population lives on less than \$2 a day, not nearly enough to cover basic necessities in most places. In essence our economic system depends on modern versions of human exploitation that conjure images of serfdom and slavery.

We must put an end to this. You and I must do the right thing. We must understand that our children will not inherit a stable, safe, and sustainable world unless we change the terrible conditions that have been created by EHMs. All of us must look deep into our hearts and souls and decide what it is we can best do. Where are our strengths? What are our passions?

As an author and lecturer, I know that I have certain skills and opportunities. Yours may be different from mine, but they are just as powerful. I urge you to set as a primary goal in your life making this a better world not only for you but also for all those who follow. Please commit to taking at least one action every single day to realize this goal. Think about those 24,000 who die each day from hunger, and dedicate yourself to changing this in your lifetime. Write letters and e-mails—to newspapers, magazines, your local and national representatives, your friends, businesses that are doing the right thing and those that are not; call in to radio shows; shop consciously; do not “buy cheap” if doing so contributes to modern forms of slavery; support nonprofit organizations that help spread the word, protect the environment, defend civil liberties, fight hunger and disease, and make this a sane world; volunteer; go to schools and teach our children; form discussion groups in your neighborhood—the list of possible actions is endless, limited only by imagination. We all have many talents and passions to contribute. The most important thing is to get out there and do it!

One thing we all can—and must—do is to educate ourselves and those who interact with us. Democracy is based on an informed electorate. If we in the United States are not aware that our business and political leaders are using EHMs to subvert the most sacred principles upon which our country is founded, then we cannot in truth claim to be a democracy.

There is no excuse for lack of awareness, now that you have this book, plus many others and a multitude of films, CDs, and DVDs to help educate everyone you connect with. Beyond that, it is essential that every time you read, hear, or see a news report about some international event, do so with a skeptical mind. Remember that most media are owned by—or dependent on the financial support of—the corporatocracy. Dig beneath the surface. Ap-

pendix A provides a list of alternative media where you can access different viewpoints.

This may well be the most pivotal and exciting time in the history of a nation that is built on pivotal and exciting events. How you and I choose to react to this global empire in the coming years is likely to determine the future of our planet. Will we continue along a road marked by violence, exploitation of others, and ultimately the likelihood of our self-destruction as a species? Or will we create a world our children will be proud to inherit?

The choice is ours—yours and mine.

Notes

1. Joseph E. Stiglitz, *Globalization and Its Discontents* (New York: Norton, 2003), p. 232.
2. *Ibid.*, pp. 247–248.
3. For more on the corporatocracy as an international, interlinked power elite, see Jeff Faux, “The Party of Davos,” *Nation*, January 26, 2006.

1 *Steven Hiatt outlines the web of control—financial, political, and military—that sustains today’s global empire.*

Global Empire: The Web of Control

Steven Hiatt

A never-ending accumulation of property must be based on a never-ending accumulation of power. —*Hannah Arendt*

In June 2003, after declaring “Mission accomplished!” in the wake of Operation Iraqi Freedom, George W. Bush told cheering West Point cadets that America has “no territorial ambitions. We don’t seek an empire.” Meanwhile, neoconservative pundits like Niall Ferguson and Charles Krauthammer were encouraging him to do precisely that: to “make the transition from informal to formal empire,” by acknowledging America’s actual role in the world and accepting the reality that “political globalization is a fancy word for imperialism.”¹ Had the post-postwar world—the new order emerging since the Berlin Wall came down in 1989—come full circle to a new Age of Empire?

The victory of the Allies in 1945, confirming the right of peoples to self-determination in their Atlantic Charter declaration, seemed to signal the end for the world’s colonial empires. Colonial peoples in Asia, Africa, and the Middle East had seen the armies of Britain, France, and the Netherlands defeated in 1940–41, and knew that the former imperial powers now had neither the military nor the financial resources to enforce their rule for long. Moreover, the two strongest powers, the U.S. and the Soviet Union, were formally on the anti-imperialist side. The U.S. had long pursued an “open door” policy advo-

ating formal independence for developing countries. The Soviet Union had denounced imperialism since its birth in 1917, and the communist movement it led had wide appeal in parts of the colonial world as a result.

Nevertheless, the European colonial powers tried to hang on to their possessions as long as they could. Britain did finally “quit India” in 1947, but fought insurgents in Kenya, Cypress, and Malaya before granting those countries independence. France fought losing, divisive wars in Indochina and Algeria to retain its bit of imperial *gloire*. Still, the tide of history was clearly running in favor of self-determination around the world. The quandary for Western elites was how to manage this process. Would new Third World leaders attempt to strike out on their own, taking control of their countries’ resources in order to build their own national industries? Or—worse—would they ally with the Soviet bloc or would nationalist campaigns prepare the way for takeovers by communist parties?

For Western Europeans, loss of access to colonial resources and markets would be an enormous blow: their weakened economies were only slowly recovering from World War II and they planned to force the colonies to help pay for reconstruction. For its part, the U.S. feared that colonial independence would weaken its European allies and might well lead to the expansion of Soviet influence in Europe. And U.S. business leaders were concerned about a postwar return to the depression that had marked the 1930s, so they were eager to preserve access to resources and possible new markets.

Events in Iran, Guatemala, and Egypt in the 1950s marked a new turn in Western policies in what was becoming known as the Third World. In 1951, Iranian prime minister Mohammad Mossadegh nationalized the country’s oil industry, which had been run by the Anglo-Iranian Oil Company (since renamed British Petroleum). A democratically elected nationalist, Mossadegh (*Time*’s Man of the Year for 1951) not surprisingly resented the fact that 92 percent of the profits from Iranian oil went to AIOC, a longstanding arrangement reflecting British domination of Persia early in the century. Winston Churchill had recently returned for a second term as prime minister, and he was determined to restore the UK’s finances and prestige in the face of this challenge from a newly assertive client state. Churchill ordered a blockade of the Persian Gulf to prevent Iran from exporting oil to other purchasers, and he was joined in a boycott of Iranian trade by the United States. More muscular action was not possible, however: the Korean War absorbed the attention of the U.S. and Britain, and Soviet intervention in support of Iran was a threat. A more subtle approach was needed, and the CIA devised Operation Ajax,

directed by Kermit Roosevelt. The first step was to create political turmoil to undermine Mossadegh's political support: a CIA disinformation campaign worked overtime spreading rumors designed to split secular democrats from Islamic nationalists. Finally, the military made its move in August 1953, and Mossadegh was arrested, a new prime minister was appointed, the Shah was restored to power, and the oil industry was denationalized. The US did demand a price for its help, however: British Petroleum now had to share its access to Iranian oilfields with several U.S. companies. U.S. military and foreign policy leaders were cheered by the success of their plan, recovering Iran at a low cost politically, militarily, and financially.

Guatemala was the next test case for this indirect method of policing empire. In May 1952, President Jacobo Arbenz announced a land reform program that would have nationalized unused land belonging to landlords and, especially the holdings of Boston's United Fruit Company, the country's largest landowner. His inspiration was Abraham Lincoln's Homestead Act of 1862, with Arbenz hoping to enable peasants and rural laborers to become independent small farmers. But apparently Lincoln was too radical for the Eisenhower administration, especially with Secretary of State John Foster Dulles and CIA Director Alan Dulles sitting on United Fruit's Board of Directors. Kermit Roosevelt described Alan Dulles's reaction to plans for the CIA's Operation PBSuccess: "He seemed almost alarmingly enthusiastic. His eyes were glistening; he seemed to be purring like a giant cat. Clearly he was not only enjoying what he was hearing, but my instincts told me that he was planning as well."² Arbenz was overthrown in a coup in June 1954; some 15,000 of his peasant supporters were killed.

Following the success of covert methods of intervention in Iran and Guatemala, the Suez Crisis of 1956 illustrated the dangers of old-style direct intervention. Egyptian President Gamal Abdel Nasser announced nationalization of the Suez Canal in July 1956; the canal was a key national resource in the hands of European investors, and Nasser hoped to use canal profits to pay for his ambitious Aswan High Dam project. His plans energized several enemies: Britain, the former colonial power, since a British company ran the canal; France, since Nasser supported the Algerian rebels that France had been fighting since 1954; and Israel, which hoped to settle accounts with a pan-Arab nationalist who supported the Palestinians. Israel invaded Egypt on October 29, 1956, and Britain and France quickly occupied the canal region despite Egyptian resistance. This resort to direct military intervention posed a problem for the United States. The Eisenhower administration was dealing

with Soviet intervention in Hungary to depose reformer Imre Nagy. The U.S. hoped to use the Hungarian crisis to undermine the appeal of communism, which had already suffered a serious blow to its prestige earlier in the year with Khrushchev's revelation of Stalin's crimes at the Soviet Twentieth Party Congress. Western intervention in the Suez therefore undercut the U.S. position. The U.S. response this time was creative: Britain was pressured to withdraw, and the intervention collapsed—underlining the weakness of the old colonial powers, speeding decolonization, and enhancing the prestige of the United States in the Third World.

From then on, the U.S. would have to compete with the Soviets for influence, as dozens of newly independent countries flooded the halls of the United Nations.

Decolonization vs. Control during the Cold War

For the most part, the newly independent states in Africa and Asia joined Latin America as producers of primary commodities: sugar, coffee, rubber, tin, copper, bananas, cocoa, tea, jute, rice, cotton. Many were plantation crops grown by First World corporations or local landlords, or minerals extracted by First World companies. In either case, the products were sold in markets dominated by European and U.S. companies, usually on exchanges in New York or London, and processed in plants in Europe or North America.

As Third World leaders began to take responsibility for their nations, they emphasized tackling the problem of economic underdevelopment. Their efforts were based on state-led development models, influenced by current thinking in the U.S. and Western Europe. Typically, colonial governments had been heavily involved in economic planning and regulation, and new leaders like Kwame Nkrumah of Ghana, Jawaharlal Nehru of India, and Léopold Senghor of Senegal had been educated in Europe and influenced by socialist and social democratic programs. Moreover, the new states started economic life without their own entrepreneurial class capable of leading economic development.

Not surprisingly, then, many countries concentrated on Big Projects—showpiece government development projects that could be the motor for economic transformation, such as Ghana's Volta River Project, which involved construction of the Akosombo Dam in the early 1960s to form the world's largest artificial lake and building aluminum smelters to take advantage of the country's bauxite resources. And most countries followed policies of import substitution—developing local production capacity to replace expensive im-

ports from Europe and North America. However, these and other industrialization projects all required massive loans, from banks, export credit agencies, or international development institutions such as the World Bank.

Again Western elites faced a problem: how could they preserve their access to Third World resources and markets? Independence offered the West an opportunity to shed the costs of direct rule—responsibility for administration, policing, and development—while maintaining all the benefits of Empire. But independence also carried dangers: Asian, African, and Latin American nations might indeed become masters of their own economies, directing them to maximize their own development. And there were alternative models: Cuba and Vietnam, to name the most prominent. After all, the point was not simply to import oil or coffee from Latin America, or copper or cocoa from Africa, but to import these goods at prices advantageous to the West—in effect, a built-in subsidy from the former colonies to their former rulers. Empire, whether based on direct rule or indirect influence, is not about control for its own sake: it is about exploitation of foreign lands and peoples for the benefit of the metropolis, or at least its ruling circles.

At some point, the alternative that Claudine Martin laid out to John Perkins in 1971, as recounted in *Confessions of an Economic Hit Man*,³ must have become an obvious element of the West's strategy. The U.S. and its allies were competing with the Soviet bloc to provide loans for development projects of a myriad kinds. Why not embrace this burden—and use the debts to bring these countries into the West's web of control economically and politically? They could be lured by economic hit men like John Perkins to take on debt to build grandiose projects that promised modernization and prosperity—the debt-led theory of economic development. Moreover, the large sums flooding in could be useful in winning the allegiance of new Third World elites, who were under pressure to deliver prosperity to their political followers, allies, and extended families. The possibilities for corruption were seemingly endless and would provide further opportunities for enmeshing the leaders in relationships with the West while discouraging them from striking out on their own on what could only be a more austere, and much more dangerous, path.

Debt Boom—and Bust: SAPing the Third World

The Yom Kippur War in 1973 and the subsequent Arab oil embargo led to the stagflation crisis of 1974–76 and marked the end of the postwar boom. As one result, leading First World banks were awash in petrodollar deposits stockpiled by OPEC countries. If these billions continued to pile up in bank

Economic Hit Men: Hiding in Plain Sight

Those who serve the interests of global empire play many different roles. As John Perkins points out, “Every one of the people on my staff also held a title—financial analyst, sociologist, economist . . . and yet none of those titles indicated that every one of them was, in his or her own way, an EHM.” A London bank sets up an offshore subsidiary, staffed by men and women with respectable university degrees dressed in the same designer outfits you would expect to see in the City or on Wall Street. Yet their work each day consists of hiding embezzled funds, laundering the profits from drug sales, and helping multinational corporations evade taxes. They are economic hit men. An IMF team arrives in an African capital armed with the power to extend vitally needed loans—at the price of slashing its education budget and opening its economy to a flood of goods dumped by North American and European exporters. They are economic hit men. A consultant sets up shop in Baghdad’s Green Zone, where, protected by the U.S. Army, he writes new laws governing exploitation of Iraq’s oil reserves. He is an economic hit man.

EHM methods range from those that are legal—indeed, some are imposed by governments and other authoritative institutions—through a series of gray areas to those that violate whole catalogs of laws. The beneficiaries are those so powerful that they are rarely called to account, an elite centered in First World capitals, who, together with their Third World clients, work to arrange the world to their liking. And their world is one where only dollars, not people—and certainly not the planet’s billions of everyday people—are citizens.

accounts—some \$450 billion from 1973 to 1981—the effect would be to drain the world of liquidity, enhancing the recessionary effects of skyrocketing oil prices. What to do? The international monetary system was facing its worst crisis since the collapse of the 1930s. The solution was to “recycle” the petrodollars as loans to the developing world. Brazil, for example, borrowed \$100 billion for a whole catalog of projects—steel mills, giant dams, highways, railroad lines, nuclear power plants.⁴

The boom in lending to the Third World, chronicled by Sam Gwynne in “Selling Money—and Dependency,” turned into a bust in August 1982, as first Mexico and then other Third World states were unable to meet their debt payments. What followed was a series of disguised defaults, reschedulings, rolled-

over loans, new loans, debt plans, and programs, all with the announced goal of helping the debtor countries get back on their feet. The results of these programs were, however, the reverse of their advertised targets: Third World debt increased from \$130 billion in 1973 to \$612 billion in 1982 to \$2.5 trillion in 2006, as James S. Henry explains in “The Mirage of Debt Relief.”

Another result of the crisis of the 1970s was to discredit the reigning economic orthodoxy—Keynesian government-led or -guided economic development—in favor of a corporate-inspired movement restoring a measure of *laissez-faire* (a program usually called *neoliberalism* outside North America). Its standard-bearers were Ronald Reagan in the United States and Margaret Thatcher in Britain, and international enforcement of the neoliberal model was put into the hands of the International Monetary Fund (IMF) and World Bank. Dozens of countries currently operate under IMF “structural adjustment” programs (SAPs), and despite—or because of—such tutelage few ever complete the IMF/World Bank treatment to regain financial health and independence.

The Web of Control

Payments on Third World debt require more than \$375 billion a year, twenty times the amount of foreign aid that Third World countries receive. This system has been called a “Marshall Plan in reverse,” with the countries of the Global South subsidizing the wealthy North, even as half the world’s population lives on less than \$2 a day.⁵

How does such a failed system maintain itself?

Simply put, Third World countries are caught in a web of control—financial, political, and military—that is extremely hard for them to escape, a system that has become ever more extensive, complex, and pervasive since John Perkins devised his first forecasts for MAIN. Chart 1 illustrates the flows of money and power that form this web of control. Capital flows to underdeveloped countries via loans and other financing, but—as John Perkins points out—at a price: a stranglehold of debt that gives First World governments, institutions, and corporations control of Third World economies. The rest of this chapter outlines the program of free-trade, debt-led economic development as preached by the IMF and the World Bank, shows how corruption and exploitation are in fact at the heart of these power relationships, and explores the range of enforcement options used when the dominated decide that they have had enough.

The Dark Side of Globalization

EXTORTING TRIBUTE FROM THE GLOBAL SOUTH

Foreign aid, investment, and development loans to Third World countries are dwarfed by the flow of money for loan service, earmarked goods and services, stolen funds, and flight capital. At least \$5 trillion has flowed out of poorer countries to the West since the mid 1970s, much of it to offshore accounts. Meanwhile, IMF Structural Adjustment Programs throttle economic and social development in many countries.



The Market: Subsidies for the Rich, Free Trade for the Poor

If the global empire had a slogan, it would surely be Free Trade. As their price for assistance, the IMF and World Bank insist in their structural adjustment programs that indebted developing countries abandon state-led development policies, including tariffs, export subsidies, currency controls, and import-substitution programs. Their approved model of development instead focuses on export-led economic growth, using loans to develop new export industries—for example, to attract light industry to export-processing zones (firms like Nike have been major beneficiaries of these policies). Membership in the World Trade Organization also requires adherence to the IMF's free trade orthodoxy.

Ironically, as Cambridge economist Ha-Joon Chang points out, the First World countries transformed their own economies from a base of traditional agriculture to urban industry by using an arsenal of protectionist tariffs, subsidies, and controls. Britain became a paragon of free trade only in the 1850s; before then it had pursued highly directive industrial policies (in addition to its forcible extraction of tribute from India and the West Indies).

The U.S. economy developed behind some of the highest tariff walls in the world, President Grant reportedly remarking in the 1870s that “within 200 years, when America has gotten out of protection all that it can offer, it too will adopt free trade.” U.S. tariff rates were not significantly reduced until after World War II. In the postwar era, the most successful developing countries have been the East Asian “tiger” economies of Japan, China, Korea, and Taiwan, which have indeed concentrated on export-led development, but have historically prohibited import of any goods that would compete with industries whose products they wanted to nourish. For example, one of today's World Bank teams viewing a Toyota on sale back in 1958 would have advised the company not to bother, since its cars were clearly not competitive on the world market, and West European automakers produced better vehicles at a lower price. Their policy prescription would undoubtedly have been that Japan stick to its relative advantage in the production of toys and clothing. Toyota did not take such advice, and today is the world's most successful automaker. In sum, the First World has “kicked away the ladder,” prohibiting Third World countries from using the only economic development strategy proven to work.⁶

The phrase *free trade* suggests images of Adam Smith's marketplace, where equals meet to haggle over the goods on sale and finally arrive at a bargain that meets the needs of both, thus enhancing the general welfare. But these

are only images, not reality, and they are images that convey exactly the wrong impression. It is not First and Third World equals who are meeting in the marketplace, and the result of their interaction is not a bargain that benefits both. Ghana, for example, was forced by the IMF to abolish tariffs on food imports in 2002. The result was a flood of food imports from European Union countries that destroyed the livelihoods of local farmers. It seems that the IMF's economic hit men "forgot" to ensure that the EU abolish its own massive agricultural subsidies. As a result, chickens imported from the EU cost a third of those locally produced.⁷

Zambia was forced by the IMF to abolish tariffs on imported clothing, which had protected a small local industry of some 140 firms. The country was then flooded with imports of cheap secondhand clothing that drove all but 8 firms out of business.⁸ Even if Zambia's clothing producers had been large enough to engage in international trade, they would have faced tariffs preventing them from exporting to EU and other developed countries. And while countries like Zambia are supposed to devote themselves to free trade, First World countries subsidize their exporters through export credit agencies—often, as Bruce Rich explains in "Exporting Destruction," with disastrous results for the environment and economies of the Third World.

There are perverse effects as well—the famous "unintended consequences" that conservatives love to cite. The IMF's structural adjustment program in Peru slashed tariffs on corn in the early 1990s, and corn from the U.S.—whose farmers are subsidized at the rate of \$40 billion a year—flooded the country. Many of Peru's farmers were unable to compete, and so turned to growing coca for cocaine production instead.⁹

Meanwhile, the prices Third World countries receive for many of their traditional exports, from coffee and cocoa to rice, sugar, and cotton, continue to decline. The relative value of their exports has declined even more—for example, in 1975 a new tractor cost the equivalent of 8 metric tons of African coffee, but by 1990 the same tractor cost 40 metric tons.¹⁰ However, it is difficult for these countries to move to production of more complex goods with higher value because they lack capital, access to markets, and workers with sufficient education. In fact, many IMF programs have required cuts in health and education spending, making it harder to improve the quality and capabilities of work forces with low levels of literacy and few technological skills. In some countries, such as Ghana, the percentage of school-age children who are actually in school is falling because of IMF-imposed budget cuts.¹¹

Monopoly: An Uneveled Playing Field

In addition to dominating and manipulating markets, First World elites use extra-market muscle to ensure their control—despite their constant invocation of the magic of free markets. They have insisted on what are called Trade-Related Aspects of Intellectual Property Rights (TRIPS), which they pushed through the Uruguay Round of trade talks in 1994 despite wide opposition. TRIPS allow patents and other intellectual property monopolies to shut Third World producers out of lucrative markets (thus keeping them trapped in commodity production).

In addition, the U.S. has insisted on defining genetic material, including seeds, human cells, and microorganisms, as patentable “compositions of matter.” First World corporations have used TRIPS clauses to mine the Global South for local plants and other genetic resources that they can then patent, gaining exclusive production and sales rights—a strategy often called biopiracy.¹² In one particularly perverse attempt, RiceTec, a Texas company, applied for, and received, a patent on India’s basmati rice—claiming that it had developed “novel” rice lines—genetic lines that had in fact been developed over centuries of plant breeding by Indian and Pakistani farmers.

Debt: Owing Their Souls to the Company Store

Debt keeps Third World countries under control. Dependent on aid, loan reschedulings, and debt rollovers to survive—never mind actually develop—they have been forced to restructure their economies and rewrite their laws to meet conditions laid down in IMF structural adjustment programs and World Bank conditionalities. Unlike the U.S., they do not control the world’s reserve currency, and so cannot live beyond their means for long without financial crisis. As Doug Henwood, author of *After the New Economy*, points out:

The United States would right now be a prime candidate for structural adjustment if this were an ordinary country. We are living way beyond our means, we have massive and constantly growing foreign debts, a gigantic currency account deficit, and a government that shows no interest in doing anything about it. . . . If this were an ordinary country, the United States would have the IMF at our doorstep telling us to create a recession, get the foreign accounts back into balance, consume less, invest more, and save more. But since the United States is the United States, we don’t have such a thing happening. If it is not good medicine for us, then why is it such good medicine for everyone else?¹³

Corruption, Debt, and Secrecy

Corruption, always the handmaid of Power, serves as a mechanism of both profit and control—and it diverts attention from the real springs of power. Corrupt Third World leaders like Zaire's Mobutu Sese Seko, who stole at least half of Zaire's aid money,¹⁴ are happy to take on additional debt for unnecessary, poorly planned, or inflated projects—debt that must be repaid by their countries' citizens. And the IMF and World Bank were happy to continue lending to Zaire—even though their own investigators warned them that the money was being stolen. Mobutu's support for Washington's African policies during the cold war may have had something to do with their enthusiasm, but the round-tripping of loaned-then-stolen money must have played a role as well. Steve Berkman, in "The World Bank and the \$100 Billion Question," gives us an inside investigator's account of how these schemes diverted development money into the pockets of corrupt elites.

More generally, what has been called the "debt/capital flight cycle" has roused the interest of many loan committees: the Sag Harbor Group estimates that "at least half the funds borrowed by the largest debtors flowed right back out the back door, usually in the same year or even the same month the loans arrived."¹⁵ John Christensen describes in "Dirty Money: Inside the Secret World of Offshore Banking" how secret accounts in out-of-control offshore banking havens like the Cayman Islands enable Third World elites to hide money they have stolen, embezzled, or derived from kickbacks, bribes, or drug trafficking.

The same offshore institutions enable First World corporations and elites to hide their profits from taxation, leaving rank-and-file citizens to pay the bills. The Bank of Credit and Commerce International, incorporated under Luxembourg's bank secrecy laws, pushed these offshore banking opportunities to new extremes, with as much as \$13 billion being lost or stolen in the biggest bank fraud in the world. In "BCCI's Double Game: Banking on America, Banking on Jihad," Lucy Komisar explains why governments and regulatory authorities looked the other way: BCCI accommodated the banking needs of a range of powerful inside players—from the CIA and influential Democrats and Republicans in Congress to the Medellín drug cartel—and, as it turns out, al-Qaeda.

The privatization programs pushed by the IMF offer such rich opportunities for graft that they have been called "briberization." According to Joseph Stiglitz, former chief economist at the World Bank, "national leaders told to sell their countries' water and electricity companies . . . were keen to get com-

missions paid into Swiss bank accounts. . . . You could see their eyes widen” when they realized the scale of the opportunity in front of them, and “objections to selling off state industries were silenced.”¹⁶

The Enforcers: Carrots and Sticks

But what of the leaders who want to pursue a populist agenda, those whose goals include national control and profit from their country’s resources? Suppose they don’t respond to the snares of corruption or the lure of an upscale First World lifestyle? The EHM game plan includes a full menu of options to ensure compliance, whether willing or not.

Divide and rule is, of course, the time-honored strategy of both conquerors and threatened elites. Subversion of the political process is one way to rein in a wayward country’s leadership. The U.S. and other powers make it a point to establish relationships with key players in the administration, the military, business, the media, academia, and the trade unions. After some quiet meetings and provision of funds to various groups, an uncooperative country might well find political tensions growing. The government encounters resistance from former supporters, and the political opposition becomes more strident. The media raises a state of alarm. Tension grows, and economists increase their assessment of business risk: money starts leaving the country for Miami or London or Switzerland, investments are delayed, layoffs increase unemployment. If the government gets the message and alters course, the sun comes out: money starts to return, and cooperation suddenly becomes possible. If the government tries to ride out the storm, other, more muscular strategies are brought to bear—from assassination of individual leaders to military coups to fomenting civil war.

Venezuela provides a recent case study. The U.S. government’s National Endowment for Democracy in 2002 provided almost \$1 million to several business, media, and labor groups, helping finance their noisy campaign against populist President Hugo Chavez in the months leading up to the (unsuccessful) April 2002 coup against him. For example, the NED gave \$55,000 to the “Assembly of Education,” run by one Leonardo Carvajal—who, coincidentally, was scheduled to be named minister of education had the coup leaders succeeded in putting Pedro Carmona, a pro-U.S. businessman, in power.¹⁷

Private or semi-official military forces are often useful as well. Andrew Rowell and James Marriott explore the growing interest in Nigeria’s oil on the part of both the West and China. In “Mercenaries on the Front Lines in the New Scramble for Africa,” they uncover another jackal operation: the role of

Shell Oil's security agents in making sure that Niger Delta oil profits are safe from the region's people.

Exploiting ethnic or religious divisions within a country has often been a successful strategy. The U.S. was only too glad in 1979 to help support the Islamic fundamentalist mujahadeen in their struggle against Afghanistan's socialist government, which, from the muj perspective, had clearly crossed the line by instituting a program to educate women; Osama bin Laden was a Saudi Islamist recruited by Pakistan's intelligence services to help lead the CIA's campaign.¹⁸ Kathleen Kern, in "The Human Cost of Cheap Cell Phones," describes how ethnic division in eastern Congo and Rwanda has been exploited by Western multinationals to ensure their access to coltan ore and other resources, at the cost of 4 million lives. In Nicaragua, the U.S. used religious and ethnic tensions to turn the Miskitu people on the country's Atlantic coast against the Sandinista government.¹⁹

And terrorism, though always publicly denounced, is often useful. In December 1981, a Nicaraguan Aeronica jetliner was blown up on the tarmac at Mexico City's airport.²⁰ The passengers had not yet boarded, so they were luckier than those on Cubana flight 455, which went down over the Caribbean in October 1976 after an explosion, killing all seventy-three passengers and crew. Cuban exile Luis Posada Carriles, who was convicted in Venezuela of having plotted the bombings, later admitted that he had received \$200,000 from the U.S. government-funded Cuban American National Foundation for such attacks.²¹

Eliminating uncooperative or ambitious Third World leaders in one way or another is the point, which also serves as an object lesson to any president or prime minister who may be considering resistance. John Perkins provides the backstory leading to the removal of Presidents Omar Torrijos of Panama and Jaime Roldós of Ecuador in 1981.²² But a long list of popular leaders have met similar fates: Patrice Lumumba of the Congo in 1960; Eduardo Mondlane of Mozambique in 1969; Amilcar Cabral of Guinea-Bissau in 1973; Oscar Romero, archbishop of San Salvador, in 1980; Benigno Aquino of the Philippines in 1983; Mehdi Ben Barka of Algeria in 1965. The career of Craig Williamson, an agent of the South African security services, is typical of the jackals involved in such targeted killings. He was responsible for the death of Ruth First, an African National Congress party activist and writer, killed by a parcel bomb in 1982, and he has been implicated in attacks on a number of other anti-apartheid activists.²³

The coup d'état is the classical method of eliminating opposition leaders, sweeping their parties out of power, rounding up activists, and clamping down on an entire society to reverse the results of an inconvenient reform program. Perhaps the best known is the overthrow of Chile's Popular Unity government in September 1973 by General Augusto Pinochet, resulting in the deaths of President Salvador Allende and thousands of his supporters. A long list of coups is closely associated with U.S. and Western governments, beginning with the CIA's overthrow of Mohammed Mossadegh in Iran in 1953 and including, notably, the overthrow of Brazil's President João Goulart in 1964, General Idi Amin's overthrow of Milton Obote in Uganda in 1971, and General Mohammad Suharto's seizure of power in Indonesia in 1965.

Military intervention is an option if the jackals are unsuccessful and no cooperative military officers can be recruited. Intervention sometimes takes the form of civil war by proxy, using a combination of terrorism and guerrilla warfare to overthrow the government or to wear down the population through a war of attrition that can only be ended by electoral defeat or negotiations. The Contra War against Nicaragua's Sandinistas was a classic example, but the U.S. also conducted long campaigns against the governments of Mozambique and Angola with the cooperation of the South African military, wrecking the economies of both countries and killing hundreds of thousands of people.

Direct intervention has been reserved for the most difficult situations, but it is always a possible method of regime change. The lessons of the Vietnam War seemed to make this the least attractive option for exercising First World power, but the collapse of the Soviet bloc and the advance of high-tech weaponry have pushed this method to the fore. In the post-cold war era, U.S. military/strategic theorists have used the advantage offered by the so-called revolution in military affairs, including pervasive surveillance technologies, network-centric command and control of military forces, and precision munitions, to undergird a new assertiveness in U.S. foreign policy. As Belloc remarked about the hegemony of Europeans over their colonies in the heyday of the British Empire: "We have the Gatling gun, and they have not."

In 1992, the neoconservative Paul Wolfowitz, undersecretary of defense in the George H. W. Bush administration, formulated what has since become known as the Bush Doctrine in "Defense Planning Guidance 1994-99." This strategic plan emphasizes three points: the primacy of U.S. power within the New World Order; the right of the U.S. to engage unilaterally in preemptive attacks when necessary to defend its interests; and, in the Middle East, the

“overall objective” to remain “the predominant outside power in the region and preserve U.S. and Western access to the region’s oil.”²⁴

The invasion and occupation of Iraq in 2003 followed from these premises. Dick Cheney, now an advocate of the Bush Doctrine, argued against toppling Saddam in the aftermath of the Gulf War in 1991: “I think to have American military forces engaged in a civil war inside Iraq would fit the definition of quagmire, and we have absolutely no desire to get bogged down in that fashion.” Times change, however. The lure of Iraq’s oil reserves in a world facing future shortages of oil, control of the Middle East as the fulcrum of power in such a world, and prospects of obscenely lucrative contracts and concessions, as Greg Muttitt reports in “The Iraqi Job: Hijacking Iraq’s Oil Reserves,” seem to have led the U.S. on to a long-term intervention from which it may be difficult to disengage. Andrew J. Bacevich, himself a conservative military theorist, sees the problem: “Holding sway in not one but several regions of pivotal geopolitical importance, disdaining the legitimacy of political economic principles other than its own, declaring the existing order to be sacrosanct, asserting unquestioned military supremacy with a globally deployed force configured not for self-defense but for coercion: these are the actions of a nation engaged in the governance of empire.”²⁵

Yet, as in 1776, empire is acceptable only as long as its subjects believe they benefit from living under its control and limiting their aspirations to those their rulers deem acceptable. While Third World elites may have ample opportunities to live an opulent First World lifestyle, 2 billion people crowd into urban slums in the cities of the Global South, and mountains of debt continue to shackle economic and social development.²⁶ In this context, the Bush Doctrine calls for war without end to preserve the empire’s web of control, because the world’s peoples seem to be deciding that the struggle to create a democratic alternative to globalization is preferable to living perpetually in the shadow of empire.

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About the Authors

Ellen Augustine's passion to create a just, peaceful, and sustainable world has led her to run for U.S. Congress and found/cofound four nonprofits focusing on media violence, mentoring at-risk youth, citizen diplomacy, and environmental restoration. She co-authored (as Ellen Schwartz) *Taking Back Our Lives in the Age of Corporate Dominance* from an optimism that simultaneously recognizes the urgency of our times and the power of intention and conscious action. She currently speaks on "Stories of Hope": profiles of people who are creating businesses that increase profits by being eco-friendly, communities and schools that nurture and sustain us, and initiatives that revitalize our environment (www.storiesofhope.us). She has been a voice for the common good—balancing the present and future needs of people and the planet in all decisions—on numerous radio and television shows, and in magazines such as *Utne Reader*. She has served on several nonprofit boards, including the National Women's Political Caucus and the Sierra Club.

Following a varied career in industry and technical education, Steve Berkman joined the World Bank's Africa Region Group in 1983. Hired to provide advice and assistance on capacity-building components for Bank-funded projects, he worked in twenty-one countries. Within a few years, he realized that the Bank's approach to economic development was a failure, but his attempts to convince management of the extent of the problem went unheeded until the arrival of President James Wolfensohn in 1995. Retiring in that same year, he was called back to the Bank from 1998 to 2002 to help establish the Anti-Corruption and Fraud Investigation Unit and was a lead investigator on a number of cases. Since 2002 he has provided assistance to the U.S. Senate Committee

on Foreign Relations on legislation calling for reform of the multilateral development banks and Senate consideration of the United Nations Convention Against Corruption. He is currently finishing a manuscript on the World Bank that provides an inside look at the Bank's management, its lending operations, and the theft of billions of dollars from its lending portfolio. He lives in Leesburg, Virginia.

The English novelist Somerset Maugham famously described Monaco, the Mediterranean tax haven, as a "sunny place for shady people." In the mid 1980s, economist John Christensen returned to Jersey, a not-so-sunny place for shady people in the English Channel, to investigate how these offshore tax havens work. During the boom years of financial deregulation he worked as a trust and company administrator and as economic adviser to the island's government. Though committed to principles of fair trade and social justice, he became involved in a globalized offshore financial industry that facilitates capital flight, tax evasion, and money laundering. In 1998 he resigned from his post, moved with his family to the UK, and became a founder member of a campaign to highlight how tax havens cause poverty. He currently directs the International Secretariat of the Tax Justice Network (www.taxjustice.net).

Sam Gwynne is executive editor of *Texas Monthly*, having previously been a correspondent for *Time* magazine. After receiving a master's degree from Johns Hopkins University in 1977, he was awarded a teaching fellowship in the writing seminars program under novelist John Barth at Johns Hopkins. But his writing career bracketed a five-year career managing international loan portfolios in the Middle East, North Africa, and Asia, first for Cleveland Trust and later in the Hong Kong office of First Interstate Bank of California. In the 1980s, Gwynne left banking to become a freelance writer, contributing to a number of publications including *Harper's*, the *New York Times*, the *Los Angeles Times*, the *Washington Monthly* and *California Magazine*. He wrote his first book, *Selling Money: A Young Banker's Account of the Rise and Extraordinary Fall of the Great International Lending Boom* in 1985. In 1991, Gwynne and fellow *Time* correspondent Jonathan Beaty won the Gerald Loeb Award for Distinguished Financial Reporting for their stories on the BCCI scandal for *Time* and the Jack Anderson Award as top investigative reporters of the year. Their subsequent book, *The Outlaw Bank: A Wild Ride into the Secret Heart of BCCI*, was named by *Business Week* magazine as one of the top ten books of the year.

James S. Henry is a leading investigative journalist, economist, and lawyer who has written extensively about economic issues, developing countries, corruption, and money laundering. His news-breaking stories have appeared in the *Wall Street Journal*, the *New York Times*, the *Washington Post*, *The Nation*, *Fortune*, *Jornal do Brasil*, *Slate*, and *El Financiero*. Henry's investigations yielded documentary evidence that was instrumental in the 1992 conviction of Panama's Manuel Noriega; the tracking of offshore assets stolen by Paraguayan dictator Alfredo Stroessner; identifying the role played by foreign loans to the Philippines Central Bank in the enrichment of Ferdinand Marcos; and documenting the role played by major US banks in facilitating capital flight, money laundering, and tax evasion in developing countries. He is the author of several books, including *The Economics of Strategic Planning* (Lexington Books, 1986) and *The Blood Bankers* (Avalon, 2003), and a contributor to *Of Bonds and Bondage: A Reader on Philippines Foreign Debt*, edited by Emmanuel S. De Dios and Joel Rocamora (TNI, 1992). His new book, *Pirate Bankers*, is forthcoming from Avalon in 2007. He is the author of a leading study of tax compliance by the American Bar Association's Section of Taxation, and has testified several times before the U.S. Senate. Henry is currently managing director of the Sag Harbor Group, a strategy consulting firm. His newsblog, SubmergingMarkets (www.submergingmarkets.com), tracks developing countries and features contributing journalists from around the globe. He and his two children live in New York City and Sag Harbor, New York.

Steven Hiatt is a professional editor and writer—but also has a long history as an activist; he went on his first demonstration, for a city equal housing ordinance, in Des Moines in 1965. He went on to edit an underground newspaper, was active in the movement against the Vietnam War, and then became a community college teacher and teachers union organizer. After moving to California he worked for a number of years at Stanford Research Institute, a think tank and consultancy organization serving multinational corporations and government agencies and closely linked to Bechtel, Chevron, Bank of America, and other players in the EHM world. There he edited a series of research reports circulated to Global Fortune 1000 companies advocating standard neoliberal nostrums such as public-private partnerships and offshoring. He left SRI in 1987 and has since produced and edited books for Verso, The New Press, and other publishers, working with authors such as Alexander Cockburn, Mike Davis, Lewis H. Lapham, Christian Parenti, and Rebecca Solnit. He is the co-editor, with Mike Davis, of *Fire in the Hearth: The Radical*

Politics of Place in America (Verso, 1989). Hiatt lives in San Francisco and is currently president of Editcetera, a nonprofit Bay Area cooperative of publishing professionals.

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Kathleen Kern has worked with Christian Peacemaker Teams since 1993. CPT "provides organizational support to persons committed to faith-based nonviolent alternatives in situations where lethal conflict is an immediate reality or is supported by public policy" (see www.cpt.org). However, teams in Haiti, Chiapas and other locations have found that once the risk of lethal physical violence ends, the economic violence cemented in place by the corporatocracy can cause as much, if not more, suffering. Kern has served on assignments in Haiti, Palestine, Chiapas, South Dakota, Colombia, and the Democratic Republic of Congo. She was a member of a fact-finding delegation to the eastern regions of the Democratic Republic of Congo in autumn 2005, where she gathered information that appears in this book. Kern says that she may be unique among the contributors in that she has never taken an economics or business course, so she recently married someone with a degree in economics who could vet her articles.

Lucy Komisar is a New York-based journalist who travelled in the developing world in the 1980s and 1990s writing about movements to overthrow the despots who were running many of the countries she visited. When she talked to oppositionists in such places as the Philippines, Haiti, and Zaire, they invariably said this about their local dictator: "He's looted the country, stolen everything, and it's all in Swiss banks." [long] The phrase was, as she discov-

ered, shorthand for a parallel international financial system run by the world's largest banks using secret accounts and shell companies in offshore havens like the Cayman Islands and Jersey to hide and move the money of dictators, corrupt officials, drug and people traffickers, terrorists, business fraudsters, stock manipulators, and corporate and wealthy tax cheats—and that their political power kept Western governments from acting against the system. Beginning in 1997, she shifted her focus to reportage about offshore banking. Much of what she has published over the last ten years (see www.thekomisarscoop.com) has never been published elsewhere. Based on her investigations, she is writing a book to be called *Take the Money and Run Offshore*.

James Marriott, artist, ecological activist, and naturalist, has been a co-director of PLATFORM since 1983 (www.platformlondon.org). As part of PLATFORM he brings together individuals from a diversity of disciplines to create projects working for social and ecological justice. Since 1996 his work has focused on the oil and gas industry and its global impacts. He is the co-author, with Andy Rowell and Lorne Stockman, of *The Next Gulf: London, Washington and the Oil Conflict in Nigeria* (Constable, 2005).

Greg Muttitt is a researcher at PLATFORM, a London-based organization working on issues of environmental and social justice. He specialises in the impacts of multinational oil corporations on human rights, development and environment. Since 2003 he has monitored and worked to expose the hidden plans to open Iraq's oil reserves to Western corporations for the first time since 1972. Muttitt has also researched and campaigned on British Petroleum's Baku-Tbilisi-Ceyhan oil pipeline, including co-authoring the 2002 book *Some Common Concerns*, on Shell's Sakhalin II oil and gas project in Russia's Far East, and on a number of other oil industry activities around the world.

John Perkins currently writes and teaches about achieving peace and prosperity by expanding our personal awareness and transforming our institutions. He founded an alternative energy company that successfully changed the U.S. utility industry. From 1971 to 1981, he worked for the international consulting firm of Chas. T. Main, where he held the titles of chief economist and manager of economics and regional planning—but in reality was an economic hit man. He continued to keep his EHM role under wraps until the events of September 11, 2001, convinced him to expose this shadowy and secret side of his life. The resulting book, *Confessions of an Economic Hit Man* (Berrett-Koeh-

ler, 2004), spent more than twenty-five weeks on the *New York Times* Bestseller List and has sold over 500,000 copies around the world.

Bruce Rich is a senior attorney at Environmental Defense in Washington, D.C. Enjoying improbable challenges, he is involved in research and advocacy to reform export credit agencies, an undertaking that he concedes makes tilting at windmills seem by comparison an undemanding occupation. (See www.eca-watch.org.) He the author of *Mortgaging the Earth* (Beacon Press, Boston, and Earthscan, London, 1994), an environmental exposé and history of the World Bank that was widely acclaimed in reviews ranging from the *New York Times* to *Le Monde Diplomatique*. He has worked as a consultant for numerous international organizations and has testified many times before the U.S. Congress concerning U.S. participation in international financial institutions and has been awarded the United Nations Environment Program Global 500 Award for Environmental Achievement. His most recent book, *To Uphold the World: War Globalization and the Ethical Revolution of Ancient India's Greatest Emperor*, is being published by Penguin India in mid-2007.

Andy Rowell is a freelance writer and investigative journalist who has been working for over a dozen years on political, environmental, and health issues. His work has appeared in front-page stories and others published in *The Guardian*, *The Independent*, *Village Voice*, and *The Ecologist*. Rowell has also undertaken cutting-edge investigations working with Action on Smoking and Health, Earth Resources Research, Friends of the Earth, IFAW, Greenpeace, the Pan American Health Organization, Project Underground, Transport and Environmental Studies Group, the World Health Organization, World in Action, and the World Wildlife Fund. His book *Green Backlash: Global Subversion of the Environment Movement*, was published by Routledge in 1996. He is the coauthor, with James Marriott and Lorne Stockman, of *The Next Gulf: London, Washington and Oil Conflict in Nigeria* (Constable, 2005).

The Story of a Bestseller

Economic hit men (EHMs) are highly paid professionals who cheat countries around the globe out of trillions of dollars. . . 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.

So began John Perkins' bestselling book, *Confessions of an Economic Hit Man*. His shocking memoir painted an unforgettable portrait of the shadowy, manipulative figures now commonly known as "EHMs." This controversial book immediately became a publishing sensation, as *Confessions*:

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- Appeared on *New York Times* bestseller lists for 59 weeks (29 weeks on the top 15 list, and 30 weeks on the expanded list)
- Became a top seller on more than 25 other bestseller lists
- Was translated into 26 foreign languages

But what is most impressive about *Confessions* is not so much its success, but how that success was created. Its success wasn't achieved through mainstream media, national press, a proven author-platform, or traditional means in any sense. It was achieved through word-of-mouth, alternative media, grassroots marketing campaigns, and a readership of committed and impassioned individuals.

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We hope that the materials in this Preview Sampler whet your appetite and compel you to learn more about the book. We are offering this exclusive excerpt in hopes of once again energizing those who want to put an end to an empire built on debt and deception. Please tell your friends, family, and colleagues about *A Game As Old As Empire* and help us increase public awareness and change the world for the better.

The Story Continues with *A Game As Old As Empire*

The revelations that John Perkins presented in *Confessions of an Economic Hit Man* were only a glimpse into the world of economic hit men. It turns out that this secret world is even bigger, deeper, and more sinister than even Perkins knew.

A Game As Old As Empire exposes many more shocking secrets, depicting a worldwide web of control, corruption, and plunder. It shows the schemes and subterfuges that multinational corporations, governments, powerful individuals, financial institutions, and quasi-governmental agencies use to enrich themselves behind the façade of “international development.” Meanwhile, ordinary citizens remain impoverished and are saddled with debt and dependency that economically enslave their countries for generations. This powerful new book provides the first full inside look at how the economic hit man game is played, showing that the web of global corruption is far more widespread, pervasive, and destructive than Perkins described in *Confessions*.

Each chapter focuses on a particular case, detailing the methods used to deceive, steal, corrupt, and coerce. These methods range from the clearly sinister (bribery, fraud, looting, money laundering, threats, intimidation, and other means of violence) to the seemingly altruistic (programs with names like debt relief, development assistance, and foreign aid that are often, in fact, simply disguised forms of exploitation).

John Perkins authors the Introduction to the book, which is edited by Steven Hiatt. A dozen other contributors—economic hit men who tell their own stories as well as journalists and other investigators—write chapters focusing on a variety of cases from across the globe, from Iraq and Indonesia to Nigeria, the Philippines, and the United States. They show how this system of plunder operates in real life, giving detailed examples, confessions, true stories, facts, and figures to underline that these experiences reflect business as usual for a world elite. The book then offers a call to action, explaining what citizens can do—and are doing—to confront and unravel this destructive network of control.

Part of Berrett-Koehler’s mission is opening up new space, and presenting lines of thought that allow everyone to see the world with new eyes. *Confessions of an Economic Hit Man* rattled many peoples’ core assumptions by revealing a hidden and disturbing truth. We are delighted and proud to have published such an influential book, and we hope that *A Game As Old As Empire* will shine an even brighter, more penetrating light on this hidden world of systemic control and corruption.



JOHN PERKINS' SENSATIONAL *NEW YORK TIMES* BESTSELLER *Confessions of an Economic Hit Man* (more than 500,000 sold) revealed just the tip of the iceberg of the secret world of economic hit men and the web of global corruption. Perkins is now joined by a dozen other economic hit men and investigators, as they go much further in revealing how the EHM game has functioned and continues to function in many countries around the world. Through detailed confessions, and hard facts and figures, *A Game As Old As Empire* unearths the truth about what is really going on in the world.

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