

Re: Why has the free market left South Americans poor

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- *From:* Straydog <asd@xxxxxxxx>
  - *Date:* Mon, 12 Dec 2005 15:36:49 -0500
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On Sun, 11 Dec 2005, royls@xxxxxxxx wrote:

On 10 Dec 2005 16:07:38 -0800, "COHENMARVIN" <cohenmarvin@xxxxxxxx> wrote:

Latin America is embracing radical leftist economics. I wonder if this is because the free market has not solved the problem of extreme poverty among many of its inhabitants.

The institution of private property in land is not compatible with a genuine free market.

On the other hand, socialist policies like those advocated by Evo Morales of Bolivia, or Hugo Chavez of Venezuela, have never worked.

Capitalism and socialism make the same fundamental mistake: not distinguishing land from capital, and publicly created value from privately created value. Socialism's results are only worse because privately created value is larger.

Still, has the free market failed?

The real free market -- free from landowner privilege -- has not been tried.

## Re: Why has the free market left South Americans poor

And if so, is that the reason this  
is happening?

The big problem is that a tiny, idle, immensely wealthy minority owns  
almost all the land, and they typically pay little or no tax on it.

"Confessions of an Economic Hit Man" about sums up the rest. It's  
astonishing how much harm soulless, amoral greed robots can inflict on  
innocent people without being held accountable, just by using the  
indirect, anonymous mechanism of economic rent.

-- Roy L

As a courtesy and FYI/FWIW:

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title: "Confessions of an Economic Hit Man"  
author: John Perkins  
ISBN: 1-57675-301-8, pub: Berrett-Koehler Publishers, Inc.  
copyright 2004, \$24.95 new, around \$15 new or used on Amazon.  
www.bkconnection.com, 250 pp, incl. author info, index,  
many pages of references and sources including some www URLs.

What Economic Hit Men (EHMs) do:

Quotes--

from page xvii of the Prologue:

"...we build a global empire. We are an elite  
group of men and women who utilize  
international finance organizations to foment  
conditions that make other nations subservient

## Re: Why has the free market left South Americans poor

to the corporatocracy running our biggest corporations, our government, and our banks. Like our counterparts in the Mafia, EHMs provide favors. These take the form of loans to develop infrastructure--electric generating plants, highways, ports, airports, or industrial parks. A condition of such loans is that engineering and construction companies from our own country must build all of these projects. In essence, most of the money never leaves the United States; it is simply transferred from the banking offices in Washington to engineering offices in New York, Houston, or San Francisco."

"Despite the fact that the money is returned almost immediately to corporations that are members of the corporatocracy (the creditors), the recipient country is required to pay it all back, principal plus interest. If an EHM is completely successful, the loans are so large that the debtor is forced to default on its payments after a few years. When this happens, then like the Mafia we demand our pound of flesh. This often includes one or more of the following: control over United Nations votes, the installation of military bases, or access to precious resources such as oil or the Panama Canal. Of course, the debtor still owes us the money--and another country is added to our global empire."

from page xiii of the Prologue:

"Because of my fellow EHMs and me, Ecuador is in far worse shape today than she was before we introduced her to the miracles of modern economics, banking, and engineering. Since 1970, during this period known euphemistically as the Oil Boom, the official poverty level grew from 50 to 70 percent, under- or unemployment increased from 15 to 70 percent, and public debt increased from \$240 million to \$16 billion. Meanwhile, the share of national resources allocated to the poorest segments of the population declined from 20 to 6 percent."

from page xx of the Prologue:

## Re: Why has the free market left South Americans poor

"For every \$100 of crude taken out of the Ecuadorian rain forests, the oil companies receive \$75. Of the remaining \$25, three-quarters must go to paying off the foreign debt. Most of the remainder covers military and other government expenses--which leaves about \$2.50 for health, education, and programs aimed at helping the poor."

from page xxi of the Prologue:

"We seldom resort to anything illegal because the system itself is built on subterfuge, and the system is by definition legitimate."

"However--and this is a very large caveat--if we fail, and even more sinister breed steps in, ones we EHMs refer to as the jackals, men who trace their heritage directly to those earlier empires. When they emerge, heads of state are overthrown or die in violent "accidents." And, if by chance the jackals fail, as they failed in Afghanistan and Iraq, then the old models resurface [meaning troops are sent in]."

from page 16, Chapter 2:

"Claudine and I openly discussed the deceptive nature of GNP. For instance, the growth of GNP may result even when it profits only one person, such as an individual who owns a utility company, and even if the majority of the population is burdened with debt. The rich get richer and the poor grow poorer. Yet, from a statistical standpoint, this is recorded as economic progress."

from page 19, Chapter 2:

"By the time I enrolled in BU's business school, a solution to the Roosevelt-as-CIA-agent problem had already been worked out. U.S. intelligence agencies--including the NSA-

## Re: Why has the free market left South Americans poor

-would identify prospective EHMs, who could then be hired by international corporations. These EHMs would never be paid by the government; instead, they would draw their salaries from the private sector. As a result, their dirty work, if exposed, would be chalked up to corporate greed rather than to government policy. In addition, the corporations that hired them, although paid by government agencies and their multinational banking counterparts (with taxpayer money), would be insulated from congressional oversight and public scrutiny, shielded by a growing body of legal initiatives, including trademarks, international trade, and Freedom of Information laws."

Around pages 84 and after, the author mentions an agreement made with the government of Saudi Arabia to build up its infrastructure. The arrangements were a little different. Instead of using US money which flowed to the foreign country as debt but which in reality just flowed to corporate bank accounts, Saudi oil dollars came to the corporate bank accounts to pay for those airports, malls, etc., and part of the deal, which ran over a 25 year period, was that the Saudi govt would guarantee a minimum amount of oil production targeted for delivery to the USA and within price ranges acceptable to the USA and in return for this, the US government would provide whatever military assistance the Saudi royal family would ever need to defend its dominion over Saudi Arabia (the author says it was an offer they could not refuse).

from page 102:

"I brought a young MIT mathematician, Dr. Nadipuram Prasad, into my department and gave him a budget. Within six months he developed a Markov method for econometric modeling. Together we hammered out a series of technical papers that presented Markov as a revolutionary method for forecasting the impact of infrastructure investment on economic development.

next paragraph, same page:

## Re: Why has the free market left South Americans poor

"It was exactly what we wanted: a tool that scientifically "proved" we were doing countries a favor by helping them incur debts they would never be able to pay off. In addition, only a highly skilled econometrician with lots of time and money could possibly comprehend the intricacies of Markov or question its conclusion."

from page 160:

"The Bechtel Group, Inc., was a prime example of the cozy relationship between private companies and the U.S. government. I knew Bechtel well; we at MAIN often worked closely with the company, and its chief architect became a close personal friend. Bechtel [there is at least one whole book on Bechtel and its secrecy and secret dealings] was the United States' most influential engineering and construction company. Its president and senior officers included George Shultz and Caspar Weinberger, who despised Torrijos [who later died in a mysterious accident] because he brazenly courted a Japanese plan to replace Panama's existing canal with a new, more efficient one."

The rest of the book gives details on the author's involvement in EHM activities in many other countries and reveals how the author's conscience began to bother him to the point where he vowed to expose this work by writing the above book. For those people wishing to delve more deeply into such issues, one need only look at the bottom of the page after the title page for hints on where else to look. Here one will often find something like the following (quoted from this book). Read it carefully.

"1. Perkins, John. 1945- 2. United States. National Security Agency--Biography. 3. Economists--United States--Biography. 4. Energy consultants--United States--Biography. 5 Intelligence agents--United States--Biography. 6 Chas. T. Main, Inc. 7. World Bank--Developing countries. 8 Corporations, American--Foreign countries. 9. Corporations,

Re: Why has the free market left South Americans poor

American--Corrupt practices. 10. Imperialism--  
History--20th century. 11. Imperialism--  
History--21st century I. Title. UB271.U52P47 2004  
332'.042'092--dc22"

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