

# China shatters the era of the ‘economic hit men’

By Elisa Barwick

With its defence of the “international rules-based order”, the Trans-Pacific Partnership, and promotion of Public-Private Partnerships, Australia is playing a seminal role in a desperate Anglo-American effort to prevent the failed economic system of neo-liberalism from disappearing into the dustbin of history. That economic system allowed the world’s most powerful banks, multilateral financiers and private corporations to direct the global economy to their own benefit, via what is known as the “Washington Consensus” (p. 9).

Those interests used “economic hit men”, recruited and trained by intelligence agencies such as the USA’s National Security Agency (NSA) but officially employed by private multinational corporations, who manipulated governments across the world into taking on massive debt for overpriced infrastructure, which forced them into handing over control of their raw materials and implementing economic austerity policies in order to pay it back. If they could not be “talked” into becoming a “puppet state” in this way, the “jackals” would be sent in, following which offending heads of state would be overthrown or die in violent “accidents”. In the unlikely event the jackals failed, an excuse to invade the country and effect regime change would be found.

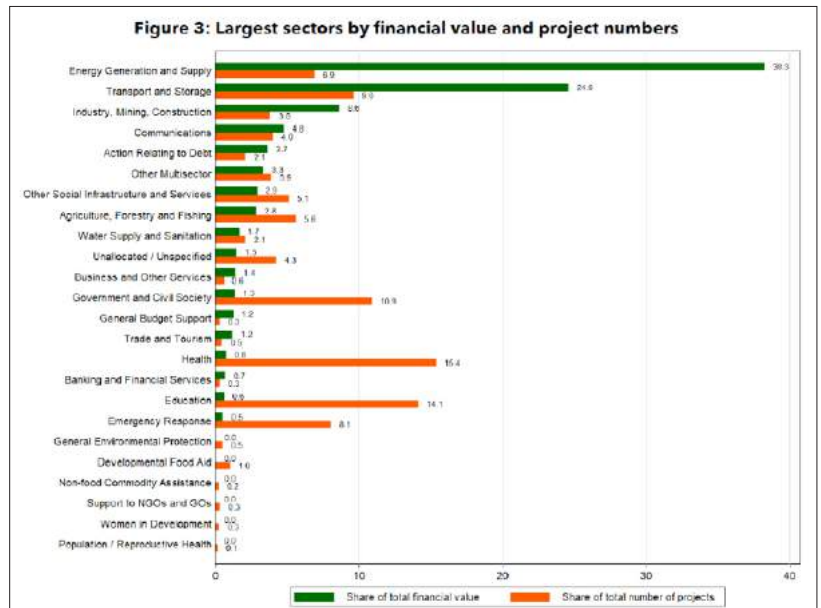
In 2004 a window into this shadowy world was opened with the publication of *Confessions of an Economic Hit Man*, by John Perkins. Here is Perkins’ opening salvo:

“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 US Agency for International Development (USAID), and other foreign ‘aid’ organisations 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 globalisation.

“I should know; I was an EHM.”

Readers will recognise that this is the model Western powers today attribute to China. As usual, the West is projecting its own *modus operandi* onto another country which it cannot fathom would have any intention less insidious than its own. In reality, China is pushing to overturn this existing framework to establish a fair and just economic architecture, as repeatedly stated by Chinese leaders conveying their vision of a win-win system for the mutual benefit of all, and as evidenced by their successful strategy to raise the Chinese population from poverty.

In late 2017 mainstream economists from Aid Data, a research lab at the Virginia, USA-based College of William & Mary, produced a new data set on Chinese foreign aid which disproves the Western allegations. Triangulating information from a number of sources, the study concludes that a single project funded by Chinese aid creates a 0.7 per cent increase in economic growth within two years of the project being committed. Projects sponsored by the USA and the OECD’s Development Assistance Committee members also showed positive impacts on growth, however there was “no robust evidence that World Bank aid promoted growth” at all. The research showed that the less concessional and more



Chinese investments overseas. Source: Aid Data

commercially oriented loans became, the less impact they had on economic growth. It is notable that the study examined Chinese foreign aid and state financing (concessional and non-concessional) of 4,304 development projects in 138 countries in 2000-14, so would not have included any significant impact from China’s Belt and Road Initiative which was only announced in late 2013.

China’s aid may have a greater economic impact due to its emphasis on economic and social infrastructure, the analysis says, whereas Western creditors are scaling back investment in real infrastructure. China invests more in “hardware” such as energy and transport, rather than “software” such as education, health or governance, according to the report. Developing countries routinely report that China builds hard infrastructure more efficiently than Western countries.

China’s intention is also seen in its approach to steel production. While Western countries squeal about China fostering oversupply and interfering with market forces, the Aid Data study reports that the Chinese government deliberately maintains excess production capacity because it “considers steel to be a strategically important commodity”. When production is higher than required, it uses some of the excess steel for its aid projects around the world. Chinese aid increases in the years when steel production volumes are higher.

## Strings attached

While Western nations accuse China of attaching conditions to its loans, alleging ulterior motives, the opposite is true. The Aid Data analysis reveals that this is actually the case with the West’s aid, and that the West believes increased Chinese spending is interfering with its objectives. If developing countries can get the money from somewhere else, without strings attached, why not? One of the West’s stated agendas is “democratisation”—something the economic hit men also claim as their goal.

“Scholars, journalists, and policymakers have previously argued that China’s disregard for good governance principles diminishes the effectiveness of aid from more ‘enlightened’ donors”, the report says. “By way of example, in 2007, the head of the UK’s Department for International Development (DFID), Hilary Benn, asserted that ‘China’s failure to match the conditions placed on aid by countries such as Britain—

including evidence of good governance, respect for human rights and spending directed to alleviate poverty—could set back progress toward democratic administrations’.... Similarly, in 2009, the Executive Vice President of the Asia Society relayed to the BBC a specific account from Southeast Asia where this dynamic seemed to be at work: ‘Cambodia was considering a US\$600m loan from the World Bank that had conditions about transparency and anti-corruption and accountability. The Cambodians basically told the World Bank to go to hell and the next day they received a US\$601 [million] loan from the Chinese with no conditions’ ...

“Several recent studies suggest that anecdotes like this one may reflect a broader empirical pattern. Hernandez (2017) provides evidence that recipients of Chinese aid receive World Bank loans with fewer conditions. Likewise, Li (2017) finds that Chinese aid has blunted the democratising effects of DAC [OECD’s Development Assistance Committee] aid to Sub-Saharan Africa. Kersting and Kilby (2014) similarly recover evidence that Chinese aid undermines democratic governance.”

### But the drumbeat continues...

The head of Xiamen University’s Southeast Asian Studies Centre, Zhuang Guotu, told *Global Times* in early March that “Chinese loans are usually accompanied by repayment agreements, which use certain natural resources as collateral”. China’s Ministry of Foreign Affairs spokesman Geng Shuang sharply rejected the claim, saying, “China has never asked and will never ask relevant countries to use natural resources as collateral in loan agreements. In this vein, our assistance and support to the Philippines are provided with no strings attached.”

In Papua New Guinea on 20-22 March, ostensibly to

offer earthquake relief and an aid program for New Ireland, Australian Foreign Minister Julie Bishop promoted Australia and New Zealand as the “partners of choice” for countries in the region. Former PNG Prime Minister, now Governor of New Ireland Julius Chan, however, countered that the Australia-PNG relationship was losing its “lustre”.

Australian Minister for International Development Concetta Fierravanti-Wells in January infamously charged China with saddling Pacific nations with debt for the sake of “white elephants”. At the time, Samoan Prime Minister Tuilaepa Aiono Sailele Malielegaoi, and Papua New Guinea’s Foreign Affairs Minister, Rimbink Pato, both defended China’s projects and its intentions in the region.

Australia has reduced its overall aid budget to record lows, but even with the bulk of the remainder targeted into the Pacific, it is no match for increasing Chinese aid. In addition, Australia’s aid has moved away from concrete projects to uplift the economy, in favour of investment in improving “governance” which includes training programs for public service. Bishop, who also visited Tonga, upheld the EHM line: “We want to ensure that we continue to see good governance, accountability and transparency in the relationship.”

One only need compare the results of Western and Chinese policy over the last three decades to see the truth. While the liberal economic model has shifted public assets into the hands of a select few through privatisation, destroyed countless farms and industries through deregulation and reduction of bounties and tariffs, and exposed our national economy to the bloodthirsty corporations that manipulate the “free market”, China has lifted nearly a billion of its own people from poverty by building a high-tech, agro-industrial economy, and made a good start on uplifting other developing countries by sharing its approach.

## City of London muscles in

Declaring that “the UK’s financial sector remains a beacon of creative energy and fiscal excellence”, the Lord Mayor of the City of London Charles Bowman in the 21 March London *Telegraph* previewed his upcoming 9-day trip to China along with some of the City’s leading lights of banking, legal services, insurance and accountability (but not infrastructure). The City of London Corporation represents the UK’s financial elite; Bowman himself worked in the finance sector for 33 years including as a PwC partner.

Echoing a phrase made famous by Bank of England Governor Mark Carney in an October 2013 speech entitled “The UK at the heart of a renewed globalisation”, and also used by then Australian Treasurer Joe Hockey in a JPMorgan-sponsored speech in New York the same month, Bowman announced: “I will be delivering the message that London remains truly *open for business*, and that the City’s position as an international financial centre will continue well into the future.” (Emphasis added.)

Getting to the point, he continued, “It’s no surprise therefore that we are well placed to help Chinese firms realise their international ambitions, and build the relationships and support the need to retain and expand their European operations.” Expressing his hope that London will become the “natural Western hub” of China’s Belt and Road Initiative, he said, “the City’s engagement in projects like this will be crucial if we are to maintain our leading role on the international stage. After all, as a global financial centre, we have much to bring to the table,

from infrastructure solutions and consultancy, to our expertise in legal services and green finance....”

Bowman salivated as he described the City’s point of entry into China. He reminded readers that China announced two weeks ago it would widen market access for foreign investors. This would be “a game changer” for the UK, he said. He pointed to the agreement signed between the Canary Wharf Group, Bank of China and the state-owned China Xiong’an Construction Investment Group when PM Theresa May visited China in January: “The agreement concerned the development of a huge new financial and technology district being built 60 miles south of Beijing, which could eventually grow to become three times the size of New York.” Bowman said he would be travelling to the district to promote involvement of firms from the Square Mile, which have “much to offer” the project.

Bowman was in Australia in February, proposing a “fintech bridge” as part of its post-Brexit free trade arrangements with Australia which would connect the finance and related technology sectors of Australia and the UK. While emphasis was put on Australian citizens and companies working in the UK, it would also allow UK companies to work more easily in Australia, giving them closer access to Asia. Bowman also encouraged Australian superannuation funds to move beyond our shores, given we have \$2.3 trillion to invest: “There are big opportunities in the UK for the industry both in terms of investment and our investment management services.”

# ‘Washington Consensus’ indicted for genocide

By Jeffrey Steinberg

An excerpt of a book review of *Confessions of an Economic Hit Man*, by John Perkins. San Francisco: Berrett-Koehler, 2004. Originally published in *Executive Intelligence Review*, 10 December 2004.

In ... *Confessions of an Economic Hit Man*, Perkins presented his own bird’s-eye view of the inner workings of what professional economists call “the Washington Consensus”, the post-Bretton Woods system of top-down arrangements among the International Monetary Fund, the World Bank, the world’s leading central banks, and an interlocking combine of several thousand multinational banks and industrial and raw material extraction corporations, that control upwards of 80 per cent of the world economy, including the lion’s share of the strategic raw material wealth of the planet. These forces have no allegiance to any particular nation-state. Indeed, they are above the law of nations, and seek a one-world “globalised” empire, under their top-down vice-grip control. They constitute what Perkins describes as the most sophisticated global imperial apparatus that the world has ever known. Their power rests in their ability to enslave entire nations through the mechanisms of the IMF, World Bank, private debt, and corruption.

As Perkins wrote, the global debt-masters employ “economic hit men”, like himself, to trap targeted nations in bankruptcy, and then force them to turn over their national patrimony of raw material wealth and labour power. When a particular nationalist head of state resists, the debt-masters next bring in the “jackals”, the professional assassins, to arrange an airplane crash “accident”, or some other convenient “tragedy” to eliminate the misguided leader and serve notice on his successors that such behaviour is not to be tolerated. In the exceedingly rare case in which the jackals fail in their mission, pretexts are arranged and imperial wars of conquest and occupation—like the 1989 invasion of Panama, and the 1991 and 2003 invasions of Iraq—take place. A thoroughly corrupt mass-media provides the soap opera rationalisation for the military punishment of resisting nations, as in the Cheney-Bush “Big Lies” about Saddam Hussein’s make-believe arsenal of weapons of mass destruction, and his fractured-fairy-tale links to Osama bin Laden.

Perkins’ autobiographical account of how he was spotted, profiled, recruited, and trained to be an “economic hit man”—and how he found the personal courage to escape from a very lucrative, seductive, but murderous life—is a gripping tale. It is told with a flair for the details, great and small, which make it a very convincing story. The archives of *EIR*, and the saga of Lyndon LaRouche’s lifetime quest for global economic justice, confirm that every basic feature of Perkins’ account is true to life. Perkins speaks, in personal terms, about his own dealings with Panama’s leader Omar Torrijos and Ecuador’s President Jaime Roldos. Both men resisted the bribes and threats of the “economic hit men”, and instead fought for programs that would benefit all of their people. They were both killed in 1981, and Perkins’ accounts leave no doubt that they were assassinated by the jackals because they dared to resist.

Among the “crimes” of Torrijos was his negotiations with the Japanese government to build a sea-level second canal through Panama. Indeed, Lyndon LaRouche was working in close concert with the Mitsubishi Global Infrastructure Fund (GIF) people on that effort, along with the proposed Kra Canal in Thailand. These were truly “Great Projects” that would have created the preconditions for a revolutionary transformation of the world economy and the world trading system,

benefitting all of mankind.

Indeed, the list of leading political and economic figures who were given the jackal treatment during the period of Perkins’ tenure as an “economic hit man” extends far beyond the tragic cases of Torrijos and Roldos. Among the most notable, since the advent of the post-Bretton Woods System in August 1971: German bankers Jürgen Ponto and Hanns-Martin Schleyer, and, later, Alfred Herrhausen and Detlev Rohwedder; Italian Prime Minister Aldo Moro; Indian Prime Ministers Indira Gandhi and Rajiv Gandhi; Pakistani President Zulfikar Ali Bhutto; Mexican Presidential candidate Donaldo Colosio and Colombian Presidential candidate Luis Carlos Galán.

One of the most flagrant depictions of the relationships between the economic hit men and the jackals appeared in the Colombian media several years ago, and was subsequently circulated worldwide by *EIR*. The picture showed Richard Grasso, then the chairman of the New York Stock Exchange, deep in the Colombian jungles, in a friendly embrace with the financial chief of the FARC, the Colombian narco-terrorist organisation—affiliated with that country’s Communist Party—which is at the heart of the multi-billion narcotics trade, and which is behind many of the acts of political violence that have plagued Ibero-America in the recent several decades.

## McNamara and Shultz

Perkins’ book is an effective blend of his own personal experiences in his several-decade career as an economic hit man, and a lively account of larger strategic events in the countries he visited. He struck a bull’s-eye, when, in his analytical account, he identified George Shultz, former president of Bechtel, former Treasury Secretary (under Richard Nixon), and Secretary of State (under Ronald Reagan), as the heir to Robert Strange McNamara as one of the top figures in the new imperial pyramid of power.

As *EIR* has reported over the past 30 years ... George Shultz is truly one of the most nefarious figures in political life in our time. It was Shultz who took personal responsibility for the final destruction of Franklin Roosevelt’s Bretton Woods System of fixed exchange rates, first in his infamous diktat to Nixon’s Treasury Secretary John Connally, whom he soon replaced; next, at the Azores international monetary conference; and finally at the 1975 Rambouillet conference, where European nations attempted, unsuccessfully, to reconstitute a stable monetary system to also include the integration of the Soviet bloc. Shultz later orchestrated the Plaza Accords of 1985, between the United States and Japan, which, in effect, ended Japan’s efforts, over the prior decade, to play the role of sponsor and creditor of a series of great economic development projects. He later would, in effect, “create” the present George W. Bush Administration, through his sponsorship of the “Vulcan” team of top policy aides, who became key Cabinet officials. ...

