

How The Rich Countries Exploit The Poor

Many people will find it hard to believe that rich countries deliberately exploit poor countries. In our newspapers we read about rich countries giving aid to poor countries. We like to think that we are doing what we can to help the poor. But anyone in a wealthy country who reads these books will have to struggle with the realization that their affluent lifestyle is in part paid for by the suffering and deaths of millions of the most wretched people on Earth.

John Perkins has written a book which explains one way the wealthy countries exploit the poor. For many years Perkins was part of the US team that persuaded poor countries to borrow huge amounts of money from the rich countries. He did this by telling the developing countries that if they borrowed money and built roads, ports, dams and power plants, they would in a few years join the ranks of developed countries (and be able to repay the loans). Perkins says that he did this knowing that the poor countries could never achieve the promised economic growth and would never be able to repay the loans.

This was the whole point. Once they were in debt to the US, the US was able to force them to do its bidding: sell oil to the US at favorable prices, allow US investment in the countries concerned, permit US military bases, etc. In the few cases where the poor countries refused to do what the US demanded, the US organized military coups and, as a last resort, assassinated the president or prime minister. Perkins gives many examples and says that the US has been trying to remove the president of Venezuela.

One example is Ecuador. “We (lent) it billions of dollars so it could hire our engineering and construction firms to build projects ... As a result, in ... three decades, the official poverty level grew from 50 to 70 percent, public debt increased from \$240 million to \$16 billion, and the share of national resources allocated to the poorest citizens declined from 20 percent to 6 percent. Today, Ecuador must devote nearly 50 percent of its national budget simply to paying off its debts — instead of to helping the millions of its citizens who are officially classified as dangerously impoverished.” (This is why we had to have the Jubilee campaign to cancel the ‘debts’ of the world’s impoverished countries.)

Perkins states unequivocally that ‘(t)he foreign aid game (is) a sham.’ ‘Aid’ is actually another way the rich exploit the poor.

Much ‘aid’ is in the form of loans that have to be repaid and increase the debt the poor countries owe to the rich.

After *Confessions*, other economic hit men revealed, in *A Game As Old As Empire*, more about how the rich exploit the poor. *A Game* exposes offshore banking, export credit agencies, and more. Steven Hiatt, the editor, claims that very little debt has been canceled. Poor country debt is in fact greater than ever before — over US\$3 trillion. Payments on Third World debt amount to over US\$375 billion a year. This is more than the amount of foreign aid that the poor countries receive.

If we really want to do something about poverty, we first have to stop the exploitation of the poor by the rich. Unless the exploitation stops, ‘aid’ and debt cancellation will do little to help the poor.

★ CONFESSIONS OF AN ECONOMIC HIT MAN

John Perkins
Berrett-Koehler Publishers Inc.
San Francisco 2004

★ A GAME AS OLD AS EMPIRE

Steven Hiatt, editor
Berrett-Koehler Publishers, Inc.
San Francisco 2007