

One Corporate World

Blowing the Whistle on Globalism

Gregory Palast



Greg Palast emerged from relative obscurity a few years ago to become the most exciting investigative reporter this country has produced in decades. He broke the story — widely ignored by the U.S. mainstream media — of how Katherine Harris removed tens of thousands of African American voters from the rolls, effectively stealing the 2000 presidential election in Florida for George W. Bush. He reported on Enron's machinations years before the company imploded, and detailed how George Bush pulled FBI investigators off the bin Laden family prior to the September 11

attacks. Most interesting of all for those who are alarmed at the state of the global economy, agricultural and otherwise, he turned a spectacular document leak into a series of privileged looks at the inner working of the International Monetary Fund, the World Bank, and the World Trade Organization. Thanks to Palast's reporting, we now know quite a bit about that terrible trio and how they are forcing their ruinous policies on a suffering world.

Palast's investigative skill was honed over many years of research and lobbying work on behalf of labor unions and consumer groups. At the peak of his first career, he worked out of an office at the World Trade Center "the size of a bowling alley," and was described by a major newspaper as the leading U.S. expert on government regulation. By the time he ventured into journalism in the 1990s, the major media in this country was under corporate control and growing more chickenhearted by the day, so Palast's groundbreaking work was done for British newspapers, chiefly the Guardian and the Sunday Observer.

He describes his adventures in journalism, reprinting key stories and updating them along the way, in the updated paperback edition of his latest book, The Best Democracy Money Can Buy. It's a lively read, to say the least. Any of the major stories he's reported could fill a sizable interview; we decided to concentrate on his research into the powers behind globalization of world trade.

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ACRES U.S.A. What was the most surprising thing you discovered when you were researching the globalization movers and shakers, their agenda and their methods?

PALAST. Well, you have the black helicopter crowd that believes these guys all get together in a room — the big banks, the big corporations, political oligarchs — and they divide up the planet and figure out which assets they're going to steal and which regions they're going to impoverish each week. While the black helicopter crowd's idea of the U.N. as the military arm of globalization is wrong, the rest of it is actually worse than they think. You see, I'm no longer guessing, because I've got the actual documents from inside the World Bank, inside the IMF, documents all marked "Secret & Confidential," "Read This & Eat This," learn-it-and-burn-it documents that actually go nation by nation and say how they're dividing up the assets. All in very nice language about how they're helping these nations. A lot of them are called "Poverty Reduction Strategies," talking about reducing these peoples' poverty, as we've seen in Argentina. So it's not only as bad as one imagines, but worse — except for military action, because you don't need the military arm as much when people are economically weak.

ACRES U.S.A. A kind of economic warfare.

PALAST. That's the IMF and the World Bank; then we have the WTO, which is the stomping grounds of NAFTA and so on, and it's not about free trade. It's about replacing sovereign borders with brand borders. For example, if you're trying to protect Texas melon farmers from Mexican melons, you can't do it. Then there's a race between the Mexican farmers and the Texas farmers to see who can get to the bottom, who can race to do the cheapest job. But God forbid that you have a free trade in drugs, in legal prescription drugs so that you'll have cheap medicine going from Mexico to the

United States. Then you'll be slammed down because you've violated the borderline drawn by the corporations, which they call "intellectual property rights." Why a nation doesn't have an interest in its own food self-sufficiency is an interesting idea — in other words, you shouldn't be food self-sufficient, but you should be brand self-sufficient. With globalism, it's very important that, no matter what, you protect the name "Nike" on shoes or the name "Glaxo Wellcome" on Prozac, but we can't protect Texas melon farmers. By the way, the one place where I think Ross Perot had it wrong is that there is no giant sucking sound where the wonderful benefits go from north to south, where the jobs go from the United States down to Mexico. Rather, there is a competition between U.S. and Mexican workers. We have more productive capacity, they have lower wages, and it's an endless battle to the bottom.

ACRES U.S.A. Let's get back to the people in the room deciding the economic fate of nations as though scripted by a paranoid screenwriter. How does this work?

PALAST. What we now have is the World Trade Organization having set up supra-national courts that will have more power than any national court or national legislature. They will hold hearings in secret — you don't know what they're working on; you don't know what cases they're working on; you don't know the arguments. There's something called the "necessity test," which they are trying to strengthen under the World Trade Organization. The rule under NAFTA was that a national rule could be overturned if it was deemed to harm free trade in goods — which is ridiculous because it means that sovereign nations don't have power over their decisions on what they buy and sell. There's no reason we shouldn't have that power — the global market idea is a failure. Don't forget, the whole point of the global market is that it's going to make us richer and happier and healthier. It hasn't. It's a complete failure.

ACRES U.S.A. And you say they are trying to augment this "test?"

PALAST. There is a move towards something called the "new necessity test." The strengthened version of the necessity test, which the U.S. Trade Representative and the European Commissioner are pushing, says that no rule can stand unless it meets a new criteria. Before, the term was "least trade restrictive." Now it's "most business

efficient." That's very strange. The old form related to trade. In other words, if you had a rule, a regulation, but you couldn't reshape it so that it had less of an effect on trade, your national or sovereign rule was overruled. For example, the state of California banned a certain additive to gasoline because it was poisoning the water supply. A Canadian corporation sued the U.S. government, arguing that instead of banning this poison, the California state government could have ordered all the gas station owners to dig up all their tanks and line them with plastic, and have a whole new police force enforcing a whole new set of regulations. That would have cost billions of dollars, but it would have allowed this poison to be sold across borders.

"The WTO hearings are held in secret. The judges are nameless. It's like we're back to the period of medieval inquisitions, star chambers."

ACRES U.S.A. That's the old rule, and the proposed new rule is worse? The whole notion sounds ridiculous.

PALAST. It *is* ridiculous, and the only way that California got out of it was that the Canadian company was bought by an American company, and it was no longer a trade issue. Otherwise, California was looking at paying a billion dollars in fines. Now, here's the problem that you run into: the WTO hearings are held in secret. The judges are nameless. It's like we're back to the period of medieval inquisitions, star chambers. It is as un-American as borscht soup — more so, in fact. The state of California, for example, would not be allowed to defend itself. California's defense would have to be made by the federal government, the Bush administration, which is hostile to California's regulations, anyway. In the U.S. Trade Representative's office, which has to defend our regulations, we have a free-market fruitcake named Bob Zoellick, who came to the Bush administration as a lobbyist for Enron. He's the guy who, whenever a rule protecting

American farmers or the American environment or American whatever is challenged, is supposed to defend them at the trade court. But we don't know what he's doing in secret. For the most part, he opposes any restrictions on the market. In public he can say, "Yeah, we're all for protecting the melon farmers of Texas," and then in private he goes into these star chamber proceedings and says, "Well, uh . . . nah." Then he'll emerge and say, "Oh well, sorry, but we lost." And that's all we know. You don't have any right to participate, you don't have any right to know what went on in the hearings — all you get is the ultimate decision. It cannot be appealed to the United States Supreme Court. It cannot be appealed to the United States Congress. It is the first supra-national court.

ACRES U.S.A. That's frightening.

PALAST. Now, the Bush administration will not allow the U.S. to sign on to the International Criminal Court on the grounds that we would give up our national sovereignty. But Bush can barely constrain himself from signing on, and trying to strengthen, the International Trade Court, the secretive trade courts that will have the power to void American law. These are courts whose rules are pretty much drafted by the industries who back them. That's what's going to tear down protections we have for local industry, whether it's agriculture or otherwise, because from now on we will have a supra-national court. And the problem is that we will have complicity from an administration that would love to see these rules broken down. We can't defend ourselves, because we don't know what's going on.

ACRES U.S.A. But does it really matter what administration we have?

PALAST. Well, it's not like Clinton was significantly different on this issue. He was a free-trade fanatic. There was less direct control by corporate powers, but don't forget that Enron was very powerful within the Clinton administration, not just the Bush administration. All the same characters.

ACRES U.S.A. How can this be attacked?

PALAST. Exposure. What's missing is: how many American newspapers talk about the World Trade Organization and the necessity test? They show the pictures of kids with green hair in Seattle throwing a trash can through the window of a McDonald's, and they say, "See? They're against globalization, and globalization is the future." And whether it's conservative, liberal, Republican or Democrat writers doesn't matter. You have the conservative

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writers who support the WTO, and then you have guys like Thomas Friedman at *The New York Times* who are cheerleaders for globalization — especially with his book *The Lexus and the Olive Tree*. There is no one dissenting. If you are for democratic control of the marketplace, some kind of protection for the average guy, the average farmer, the average small businessman or the average worker, you're against the future — that's the line they're selling — and that all things that are wonderful about the future, cell phones and the Internet and so on, are also the wonderful things about globalization. Well, globalization is not about the Internet and it's not about cell phones. It's about the necessity test, and it's about tearing apart a hundred years of protections that Americans have built up. What created the modern era in America was the Populist movement at the beginning of the 20th century, when the farmers of the Grange joined with city workers to create a movement, because we needed some protection from the big owners who control our transport systems, our electric systems, and access to the marketplace. And for a hundred years, the oligarchs have been seething, waiting for a way to break this down, and the answer was the World Trade Organization. So when they attack the kids who are protesting globalization, they say, "These kids don't know what they are talking about." Well, I'm sorry —

I've looked at the documents and the newspapers haven't.

ACRES U.S.A. The newspapers and national media certainly seems uninterested in investigating this topic.

PALAST. People have this grand vision that corporations get together in a room with the big political leaders and the big leaders in media, and plan what they're going to do to our laws, and how they're going to sell it to us through the media. It sounds like a crazy, berserk conspiracy theory. However, I have the minutes of these meetings — I actually have *the minutes of these meetings*. They have something called the High-Level LOTIS Group, and the LOTIS Committee. It stands for Liberalization Of Trade In Services. At the moment, U.S. guys can't participate because we have open records rules, which are going to change soon under the Patriot Act. But the political leaders of Europe meet with the captains of finance of America and Europe, whether it's Goldman Sachs, Citibank, Prudential, or whoever else. One of the most amazing things in one of the meetings is when they talk about how to sell globalization to the public. They can't figure out how to sell this thing to the public, because they can't figure out what the benefits of globalization really are to the average person. They actually sat there and said, "Why don't we pay some professors a bunch of money, and get them to come up with a study that shows that globalization is good for people?" Then the officer for Reuters, the big news service agency that's in every big paper on the planet, said, "You come up with the material, and we'll help you out, we'll place the stories in our papers." It really freaked me out to find this propaganda system to sell people on the means of their own economic destruction.

ACRES U.S.A. That's amazing!

PALAST. Before I saw these minutes, I thought people with their conspiracy theories about how the big guys get together were unsophisticated. It seemed too nutty to me. But then you read the minutes to these meetings, and they actually sit around and plan this stuff. In my book I also talk about a thing called the Transatlantic Business Dialogue. It's unbelievable. There is a system, created, by the way, by Bill Clinton and Tony Blair, in which one corporate chieftain — like the chairman of Boeing, the chairman of Unocal, etcetera — each corporate executive is assigned to one specific mem-

ber of the U.S. government, one specific member of the European Commission, which runs the Common Market. They have continuous meetings to decide what policies, what changes in national and international laws, will be agreed upon between the captains of industry and designated powers within each of these governments, for example, the European Monopoly Commission, the European Trade Commission, the U.S. Department of Commerce, and so on. They have these private meetings — in the United States they're not supposed to be private, but the fact of the matter is that they are. Now the Bush administration has taken the position that private meetings between leaders of business and members of the executive branch are no longer subject to the Freedom of Information Act. So we have a situation in which people are having private meetings on how to change the laws

"Chile's actual history exposes the Globalization Genesis Myth as a fairy tale."

of the United States and Europe, and press executives saying we will place the information you want in our newspapers. It's a bad Hollywood movie! But it's going on. In my book I describe the actual functions of these meetings, and I show the inside documents in which the bureaucrats are lobbied — the international bureaucracy, which we don't think about much. We talk about lobbying Congress, but that's nothing. Who's lobbying the World Trade Organization? Who's lobbying all these international agencies? Now, there's nothing wrong with international trade or international agencies *per se*. The problem lies in who has control of them. That's the problem.

ACRES U.S.A. How do we find who these judges are, what their names are?

PALAST. Well, we really can't. They consider that private. The rest of the world is not used to American open democracy,

so once we close down our system in America, no one in the rest of the world is going to complain, because no one in the rest of the world is used to open government. Open government — public deliberations, public votes, public court procedures — is uniquely American. No one else on this planet has anything like it. We created this here, beginning with the American Revolution. We created a system in which political leaders have to act in public, speak in public, the courts have to act in public, the police have to act in public — you have to understand how rare that is on this planet. Moving away from America, I became, as some British commentators noted, “a complete freaking American patriot.” We have a completely unique system of open government, and of course the globalists are trying to take it away, so we’ve got to fight for it.

ACRES U.S.A. That was certainly the attitude of the Founding Fathers.

PALAST. Governments don’t have secret meetings because they’re thinking of wonderful things to do for you and they want you to be surprised. It’s not like they’re trying to hold back the good stuff for Christmas. They’re only meeting in private because they *don’t* want you to know. Once the new version of the necessity test goes into effect, and we combine that with the IMF and the World Bank rules which require “free markets” — and they’re not really free, they’re controlled by a few guys, monopolists — when they talk about free markets, they don’t mean that market prices are really going to be free. They mean they don’t want restrictions on the monopoly power of certain corporations. If you want to sell your produce to South American, you’ve got to go through certain routes. You’ve got to go through Cargill, or you’ve got to go through Minute Maid, which is a Coca-Cola subsidiary. There is one type of free-market activity that they don’t want: they don’t want any type of government control that prevents monopoly. That’s breaking down. These guys aren’t committed to free, competitive markets, they’re simply anti-government, anti-regulation. When we talk about regulation, don’t forget what regulation really is: it’s the application of democracy to the marketplace. While I’ve written this very popular book, at the same time I’ve released an academic book called *Regulation and Democracy* that goes into a lot more detail about the idea of regulation as the application of democracy.

ACRES U.S.A. When you use the word “patriot,” it reminds me, again, of the USA Patriot Act, the most crushing irony of which is that it’s designed to disable open government. How is the logic of anti-terrorism used to help achieve one of the main goals of terrorism, the ruin of our open system?

“You can’t vote if you’re dumb and you’re blind and you have no information. Then your vote becomes meaningless. You’re shooting in the dark.”

PALAST. If we take the case of ExxonMobil, they’ve got these dangerous, filth-spewing petrochemical plants on the Houston Ship Channel. After the attacks of September 11, it was clear that these guys were vulnerable to terrorist attacks. Osama bin Laden and his chief, Khalid Mohammed, are engineers, for god’s sake. They know what happens when you whack a plant that has benzene or chlorine tanks and a cloud releases. However, a lot of people in the area don’t know. So one of the things that happened in the anti-terrorism acts was to shut down the sources of information about the effects of chemical releases into our neighborhoods, our farm fields and so on. Once one of these releases occurs, you can have fields that are off limits to growing things for generations, just like Chernobyl in the Ukraine. There are two ways to deal with terrorist attacks. One is to make the plants safe, so if they are attacked you don’t have terrible releases — make them less vulnerable. But they’re not doing that, because it would cost these corporations money. Instead they’re saying, “we’ll just seal the information.” Now, to a guy like Osama bin Laden, who has an advanced degree in engineering, that’s a joke. He knows what happens when you blow up a chlorine tank. He can tell you exactly — he can give you the calculations. By stopping the information, community activists are prevented from saying, “We want to do something about that plant, because we know what the effects will be.” The American right to know, the open govern-

ment we fought hard for over the course of two centuries — they’re trying to take that away now. That’s a very serious business. America is unique in having open government. That is the key to our democracy. You can’t vote if you’re dumb and you’re blind and you have no information. Then your vote becomes meaningless. You’re shooting in the dark.

ACRES U.S.A. We’ve been talking about what the IMF, World Bank, and the WTO are doing here in the wealthy, developed world. Leaving aside the WTO, the collapse of Argentina has reminded us that the remaining elements of the hydra head, the IMF and the World Bank, have been very busy in the much-less-wealthy world, where so far they seem to have achieved an unparalleled string of disasters. But we know that both the IMF and the World Bank began decades ago with laudable goals and ideals. Where did they go wrong?

PALAST. They started right after World War II, when the world was on its back. The British economist John Maynard Keynes proposed having an international bank, an IMF, which would redress balance-of-trade problems. If there was a sudden drop in the price of, say, cashews, and some African nation like Burkina Faso is dependent on the price of nuts, then the IMF could make an emergency loan to keep its economy from capsizing. The IMF was started basically to take some of the temporary problems of this planet — a drop in oil prices for oil-exporting countries, for instance — and remove money from countries that were making money off of this temporary change, loan the money back to the countries that were losing, and re-balance them. The World Bank was simple. It was going to fund development projects — dams, schools, roads, irrigation. Simple stuff.

ACRES U.S.A. So what happened?

PALAST. In the 1980s it changed, under Margaret Thatcher and Ronald Reagan, and the changes were adopted by a guy who became our secretary of the Treasury, Larry Summers. The change was to turn the IMF and the World Bank into weapons of structural reorganization of nations’ economies. If you want some money from

us, we're going to redo your economy from top to bottom. No longer do we ask, "Can you pay back the loan?" Now we say, "Here are our demands: you're going to open your markets. You're going to sell off your assets. You're going to privatize your water systems. You're going to do all that stuff." So what we end up with is that suddenly these organizations are becoming financial dictators. No nation, no person can survive without access to financial markets: you can't buy a house unless you can get a mortgage, no business could operate without financing growth, and no nation can survive without money. Suddenly, we have these agencies saying, "We will cut off your financial air supply unless you agree to sell off all your nation's assets, open your markets, etc."

ACRES U.S.A. What do they call this process?

PALAST. They called it "structural assistance." That got a bad name, however, and now Thomas Friedman of the *New York Times* has come up with what he calls the "Golden Straitjacket." These are things you must do to please the markets. The problem with the Golden Straitjacket is that it's more like a golden noose. For example, you take a nation like Argentina, which had been quite self-sufficient, the rancher and granary for all of South America. When the IMF and the World Bank got done with it, they were forced to sell off their state assets, close their state banks, open their capital markets to capital flows, and that meant speculation in their currency. Suddenly a nation that was self-sufficient — the richest in Latin America, the Europe of Latin America — now teachers and doctors are hunting through garbage at night in order to eat. That's the change.

ACRES U.S.A. There's one thing that's never quite made sense to me. Why did Argentina have to turn to these people in the first place?

PALAST. You know why? Internally they had a fifth column of oligarchs who owned huge properties, and who were more than willing to cut deals with foreign operators to sell off their nation's assets. They saw huge profits. They sold off the water systems to Enron. The Argentine oil company went to the Spanish. Argentina's banks were sold off to Fleet Bank of Boston and Citibank of New York. It was a fire sale, a horrendous fire sale in which all of the nation's assets were virtually given away to foreigners. At first, it looked like a very smart plan,

and for two years in the mid-1990s that nation seemed very rich. But it wasn't rich. It's as if you sold your house, it would seem like you had a lot of money, but you would still have to live somewhere. If you sold your house, you could go on a drunken spending spree for a cou-

"Over and over again, there's the IMF riot, followed by the repression, followed by the military coup, followed by the signing of all the agreements without question. It's in the plan."

ple of years, but then you're homeless. That's what happened to Argentina. They sold off everything that wasn't nailed down at the demand of the IMF and the World Bank. Then, because the WTO demanded free trade and open borders, they were a bankrupt nation that is suddenly told to open its borders.

ACRES U.S.A. And the impact of this economic disaster isn't limited to Argentina.

PALAST. It certainly doesn't help the United States, because it means that dirt-cheap beef is coming in from Argentina, which is crazy. Why are we even importing beef from anywhere? But Argentina itself was harmed by so-called free trade, because they were in an absolutely losing competition with Brazil, which had not yet collapsed, and therefore had a cheaper currency than Argentina, which had a U.S. dollar standard — they pegged their currency to the dollar. So you had Brazilians pricing their goods in Brazilian currency competing with Argentines, who were pricing their goods in dollars. It was disastrous. Argentina's agricultural sectors collapsed. Of course, that didn't help us very much, because they got a bunch of crap to flood the market. What agricultural commodities they have, as well as meat products, flood the market worldwide and depress the entire

world market. Yet they are still starving in Argentina.

ACRES U.S.A. And the American government responds by legislating the highest subsidies for corporate farmers in history?

PALAST. They legislate subsidies for corporate farms, but on the other hand, the average farmer is getting screwed.

ACRES U.S.A. This is where you come in, right? You were working for the *Observer* in London a couple of years ago, and somebody who will remain nameless delivered an intriguing batch of internal IMF documents to your desk?

PALAST. Several people delivered many batches of documents from inside the IMF and the World Bank. Once they realized I was willing to take a look at this stuff and use it, stuff started piling up. I had to authenticate it, and I was able to get Joe Stiglitz, the former chief economist at the World Bank. He said, "This is the real stuff." He didn't give it to me, I can guarantee you, because he wouldn't take any confidential documents out of these agencies. But he authenticated them. He said, "Look, these guys really do believe that they are saving the world, and there will necessarily be temporary pain." The only trouble is that all we've seen so far is the pain, not the gain. As an example, I showed him a document from Ecuador in which the IMF and the World Bank secretly required the government of Ecuador to raise the price of food and cooking gas. This is crazy, because Ecuador was an OPEC nation that had more gas than they had any idea what to do with. The IMF and the World Bank required them to raise the price of this necessity — it's the only way to cook food there. The result was riots in the capital, followed by a big collapse of the economy. But the plan says — "if you follow our plan and these raise prices, we know that there will be social unrest." I went to Stiglitz and said, "It looks to me like they planned for the riots!" He said, "Yeah. We called those *the IMF riots*." Now this is the guy who was the chief economist of the World Bank, and he was telling me that they planned for riots to be part of the game!

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ACRES U.S.A. Was the idea that the riots would eventually blow over?

PALAST. No, the idea was that then there would be troops. As they phrase it, “strong political resolve will be needed to meet the social unrest.” What they mean is troops in the street. You raise the prices, you have the riot, the capital is in flames, you bring the troops in, you have your coup d’etat, and the democratic government is overthrown. Once the democratic government is overthrown, the military then signs everything that the IMF puts in front of it. They don’t care, they don’t have anyone to answer to. This is what’s happening in Ecuador, in Bolivia, in Indonesia. Over and over again, there’s the IMF riot, followed by the repression, followed by the military coup, followed by the signing of all the agreements without question. It’s in the plan. It seems so crazy, and yet here is an insider confirming it. Now, Joe Stiglitz is no fruitcake. Not only was he the chief economist of the World Bank, he recently won the Nobel Prize in economics. He is hardly a fruitcake. He is a guy who is a very serious man, and he tells us that this is what’s going on in there. I’ve got to tell you, he wasn’t all that crazy about telling me all this stuff, but once I asked him a direct question, he was honest in his answers. That’s what is astonishing. The one thing I will say is that I do not believe the people who do this work — which creates unbelievable suffering for millions of people worldwide — are evil. I think that the

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chieftains of the IMF, the World Bank, and the WTO actually believe in what they’re doing. Just like Osama bin Laden believes that he’s following a higher authority, they believe they are following a higher theory — that when all is said and done, a decade or two decades from now, we’ll all be grateful for the wonderful work they have done, no matter how painful it has been. The problem is that we’ve only seen the pain, and we haven’t

seen any benefits. And we’ve had a couple of decades already.

ACRES U.S.A. Doesn’t that suggest rather emphatically that it’s not working, that it may never work, probably because it can’t work?

PALAST. If you take a look at Russia and Eastern Europe, there’s no question you had a horrible, repressive, unbearable system under communist states. On the other hand, people have barely recovered economically to where they were in 1989. It’s been almost a decade-and-a-half since the demise of the Soviet Union, and their standard of living is finally recovering to where it was — but not completely yet. Life expectancy is down in all these nations, way down in Russia. What you end up with are bandit governments, criminal governments like in Russia. In fact, Stiglitz told me a horrifying story: the assets of Russia were sold off for a fragment of what they were worth — the oil companies of Russia, the diamond mining companies of Russia, the aluminum mining companies of Russia, all sold off for a fraction of their worth. That was while Clinton was in office, and he knew about it. It was done deliberately, with the knowledge that a lot of money would be kicked back to Boris Yeltsin and his campaign to keep him in power. The fear was that his opponent — a guy named Yerenovsky, who was a Communist — would come back to power, that the Communists would return to power by a vote. They said, in effect, “Well, we have to support Yeltsin’s regime by making sure he has enough money to bribe every politician across the entire face of Russia.” And it worked. The Communists lost, and Yeltsin won. Unfortunately, selling off most of the country to gangsters for pennies on the dollar, or kopecks on the ruble, went a long way toward running the place straight into the ground. Clinton’s see-no-evil policy ended up being a lot like medieval doctors who cured their patients by bleeding them to death.

ACRES U.S.A. As far as that goes, it’s hard to see how Yerenovsky could have governed Russia any more incompetently than Boris Yeltsin. The subject of incompetence, failure, and the history of the globalization project raises another question. Aside from the ideas of zealous ideologues such as Milton Friedman and Frederick Hayek, which are at any rate outside most people’s experience, what is the story they tell people to justify all these radical measures that turn out so destructively?

“The Bush administration has taken the position that private meetings between leaders of business and members of the executive branch are no longer subject to the Freedom of Information Act.”

PALAST. It’s what I call the “Globalization Genesis Myth.” The notion comes from Chile after the fall of Salvador Allende in the 1973 coup approved by Nixon and Kissinger, and led by General Pinochet. It goes like this: General Pinochet, while he may not have been the nicest guy, turned Chile’s economy around, deregulating and privatizing the country right into prosperity. And he did it by following the advice of Milton Friedman and the Chicago Boys, the laissez faire extremists I saw up close when I was a graduate student in economics at the University of Chicago in the early 1970s. It’s globalization’s Garden of Eden. Here’s what can be done, the myth goes, when a strong leader — unfortunately a brutal dictator, but hey, nobody’s perfect — follows the true path.

ACRES U.S.A. It all turns out fine in the end.

PALAST. The only problem is that’s it is a total lie. It didn’t happen that way at all. Sure, Pinochet followed the Chicago gang’s advice to the letter for nine years. He privatized state businesses and pension plans, sold off state banks and a pile of other assets, and he abolished restrictions on capital flows in and out of the country. The result was total economic catastrophe. After about a decade of on an unbridled free-market binge, 22 percent of the population was unemployed. Imagine 22

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percent unemployment in this country! It would be another Great Depression. Real wages dropped by 40 percent, and the number of destitute people doubled. Rioters and strikers were getting so desperate, they stopped being afraid of bullets. Pinochet had no choice but to reverse course. He nationalized banks and industry, restored pension plans and union bargaining power, and instituted a rule governing the flow of foreign capital. He authorized a job creation program that put 500,000 people on the government's payroll — that's the equivalent of 20 million people in this country. These were extreme measures because it was a national emergency, and it was adjusted over time as things got better. It's all straight out of John Maynard Keynes and Franklin Roosevelt, only a lot more so, because Pinochet had fewer brakes on his power. The upshot being that Chile's actual history exposes the Globalization Genesis Myth as a fairy tale.

ACRES U.S.A. What happened to Allende's land reform, the large feudal estates he had broken up and given to yeoman farmers and cooperatives?

PALAST. Pinochet had never been able to reverse Allende's land reform, not entirely, though of course he tried. The irony is a sweet one. Allende's reforms created a new class of tiller-owners, and along with cooperatives and corporate farms, they bring in a stream of export earnings that rivals profits from the country's copper mines. Agriculture is one of Chile's major sources of hard currency - Salvador Allende's gift to his nation, all these years after his assassination.

Greg Palast has a website at <www.gregpalast.com>, which includes a whole section of coverage on globalism, as well as many other topics ignored by U.S. mainstream media. His book The Best Democracy Money Can Buy is published by Plume, cost \$14. It is available from select booksellers.

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