

March 7, 2005

To: Readers of *Confessions of an Economic Hit Man*

Re: The Veracity of John Perkins' Accounts

Fr: Steven Piersanti, President and Publisher, Berrett-Koehler Publishers, Inc.

Some people have found John Perkins' accounts in *Confessions of an Economic Hit Man* to be so shocking and troubling that they have questioned whether his accounts are true. John himself has been absolutely unequivocal that everything written in the book is factual and is the true story of his life. John has clearly and unwaveringly affirmed the veracity of his accounts numerous times: in the book itself, in every media interview that he has done, and throughout the dozens of hours that he spent working through the manuscript page-by-page with me as part of our editorial process.

Contrary to what some people have assumed, there is a great deal of evidence to support the veracity of John's accounts in *Confessions*. This evidence includes numerous historical documents (see the attached copies of some of these documents) that confirm many aspects of John's work; extensive research that many other people have done that support most of John's principal allegations; confirmation from one of the persons who is in the best position to validate the veracity of John's story; confirmations from others who knew and worked with John at Chas. T. Main; and the assessments of a number of people who have had long acquaintance with John and/or who have had in-depth discussions with him about the specifics of his accounts.

1. It is indisputable that John was employed for more than nine years by Chas. T. Main, Inc. Many documents, some of which are attached, confirm this.
2. It is indisputable that, during the time that John was employed there, Chas. T. Main ("MAIN") was one of the largest and most internationally active firms in contracting, planning, and managing many types of development projects around the world. Attached is a copy of the "ENR 400" rankings of "The Top 400 Contractors" in 1982. These annual rankings were then and continue to be today leading rankings in the industry; they are compiled by *ENR* (also known as *Engineering News Record*), which is a top industry trade publication that is published by The McGraw-Hill Companies. Chas. T. Main was the third-ranked company on the ENR 400 in 1982, with total revenues of \$5.7 billion, which placed it just ahead of The Bechtel Group, Inc. The international focus of MAIN's development projects is demonstrated by the fact that \$5.2 billion of its revenue was for foreign contracts, which was the greatest foreign contract revenue of any U.S. company on the ENR 400.

3. It is indisputable that Chas. T. Main carried on all of the types of projects in all of the countries that John details in *Confessions of an Economic Hit Man*. Attached is a copy of a MAIN brochure that goes into great detail about MAIN's services and projects, which match precisely what John describes in *Confessions*. There is also much further documentation of these projects in the MAIN company newsletter (*Mainlines*) and in articles that John wrote and speeches he gave during the period he was employed at MAIN; see, for example, the *Mainlines*' story describing "a comprehensive 25-year electrification plan which would bring electricity to all the inhabitants of the Kingdom of Saudi Arabia."
4. It is indisputable that John was personally involved in all of the types of projects in all of the countries that he details in *Confessions of an Economic Hit Man*. For example, attached are copies of articles in the MAIN company newsletter (*Mainlines*), articles published by *Power Engineering* ("The Engineering Magazine of Power Generation"), and a copy of a paper presented by John at the Fourth Iranian Conference on Engineering in 1974 that all substantiate John's involvement in the types of projects and the countries that he details in *Confessions*. Various other such articles and papers are available if more confirmation is needed of this point.
5. It is indisputable that John held a key position at Chas. T. Main and played a leading role in many development projects. He is referred to in many of these historical documents as MAIN's "Chief Economist and Manager of the Economics and Regional Planning Department." For example, a November 1978 story in MAIN's company newsletter, *Mainlines*, not only confirmed John's leadership of the Economics and Regional Planning Department and his title of Chief Economist but also confirmed many aspects of John's account about his job roles and accomplishments at MAIN:

Looking over the faces behind the desks, it's easy to tell that Economics and Regional Planning is one of the most recently formed and rapidly growing disciplines at MAIN. To date, there are about 20 specialists in this group, gathered over a seven-year period. . . . While several people were influential in getting the economics group started, it basically came about through the efforts of one man, John Perkins, who is now head of the group. Hired as an assistant to the head load forecaster in January, 1971, John was one of the few economists working for MAIN at the time. For his first assignment, he was sent as part of an 11-man team to do an electricity demand study in Indonesia. . . . About a year later, John became the head load forecaster and, as the demands from clients and institutions such as the World Bank grew, he realized that more economists were needed at MAIN. "While MAIN is an engineering firm," he said, "the clients were telling us we had to be more than that." He hired more economists in 1973 to meet clients' needs, and, as a result, formed the discipline which brought him the title of Chief Economist.

This *Mainlines* story is reproduced in the book and contains various other confirmations of John's accounts.

6. Given all of the above, it is indisputable that John Perkins was an insider in the enormous build-up of the international development business led by U.S. firms in the 1970s. And this is the number one thing that has made *Confessions of an Economic Hit Man* so compelling – the fact that we finally have the account of a “true insider” (as many readers and reviewers have commented) in the international development business.
7. Numerous books and studies have supported John's principal allegations of the corruption, excesses, waste, overlending, fraud, looting, and money laundering in the international development business. See, for example, *Sleeping with the Devil: How Washington Sold Our Soul for Saudi Crude*, by Robert Baer; *Inside the Mirage: America's Fragile Partnership with Saudi Arabia*, by Thomas Lippman; *The Blood Bankers: Tales from the Underground Global Economy*, by James S. Henry; *The Global Debt Crisis: America's Growing Involvement*, by John H. Makin; *Overexposed: U.S. Banks Confront the Third World Debt Crisis*, by Raul Madrid; *Development Debacle: The World Bank in the Philippines*, by Walden Bello, D. Kinley, and E. Elinson; *Global Dreams: Imperial Corporations and the New World Order*, by Richard J. Barnet and John Cavanagh; *American Dynasty: Aristocracy, Fortune, and the Politics of Deceit in the House of Bush*, by Kevin Phillips; *Globalization and Its Discontents*, by Joseph Stiglitz; *One World, Ready or Not: The Manic Logic of Global Capitalism*, by William Greider; *When Corporations Rule the World*, by David Korten; and *The Case Against the Global Economy*, edited by Jerry Mander and Edward Goldsmith.

These books and many others – as well as hundreds of articles and studies – have provided extensive documentation of the principal allegations in *Confessions of an Economic Hit Man*. For example, here are some of the conclusions published in an article in the March/April 2004 issue of *Across the Board*, which is the official magazine of the prestigious business organization, The Conference Board. This article, titled “Where the Money Went: How Did Developing Countries Wind Up Owing \$2.5 Trillion?,” was an excerpt from *The Blood Bankers*, which offers extensively researched and well documented support for John's principal allegations:

The fact is that conventional portraits of the global development crisis are economists' fairy tales. They leave out the blood and guts of what really happened – all the payoffs for privatizations, fraudulent loans, intentionally wasteful projects, black market “round-trip” transfers, arms deals, insider deals, and the behind-the-scenes operation of the global-haven banking network that has facilitated all this and more. They ignore the fact that in the mid-1970s, and again in the mid-1990s, repeated warnings of deep trouble were ignored: Irresponsible overlending, poorly conceived projects and privatizations, phony back-to-back loans, outright looting of central-bank reserves, and massive capital flight

continued right under the noses of Western bankers and government officials who were in a position to do something about the problems but chose not to. . . .

It is possible to estimate the volume and composition of the flight capital that was financed by all this lending. Sag Harbor Group estimates rely on a combination of statistical methods and interviews with more than 100 private bankers and their wealthy clients. They show that at least *half* of the funds borrowed by the largest “debtor” countries flowed right out the back door, usually the same year or even the same month that the loans arrived. For the developing world as a whole, this amounted to a huge Marshall Plan in reverse. . . .

Hundreds of billions of Third World loans were devoted to nonproductive projects and the corruption that encouraged them. Many of these debt-financed projects also had harmful long-term consequences. In some cases, there was novel chicanery on a purely local level. But what is most striking are the global patterns – overpricing, rigged bids, endless delays, loans to front companies with close ties to the government, investments in dubious technologies and excessively capital-intensive projects, “public” projects undertaken for private motives, and private debts assumed by the state.

Over and over again, the handiwork of the very same international banks, contractors, equipment vendors, and export credit agencies grew fat while the countries grew poorer.

The book from which this article is excerpted, *The Blood Bankers*, provides detailed documentation on hundreds of specific cases to back up these sweeping allegations that so dramatically support the accounts in *Confessions of an Economic Hit Man*. And many other publications provide a vast amount of documentation of the kinds of destructive practices that are described in *Confessions of an Economic Hit Man*. For example, *Development Debacle: The World Bank in the Philippines* is based on 800 leaked World Bank documents, which comprised over 6,000 pages of secret reports, memoranda, and assessments of the World Bank’s programs in the Philippines; these documents show how the World Bank, in league with the CIA and other U.S. agencies, set out – in the name of “development” and “modernization” – to destroy the economy of the Philippines and reconstruct it so that was captive to the interests of transnational corporations and other elites.

8. Again, what sets *Confessions of an Economic Hit Man* apart is not its principal allegations – which, as shown above, have been extensively supported by other publications – but the fact that it is written by an insider who played an important role in the excesses and corruption of the international development business, and who has come forward to tell his first-person account of what he did and observed. The other dimension of *Confessions* that has made it a national bestseller is that it “connects the dots” of many different international events and developments over the past several decades. Again, all of these “dots” are already supported by many other publications,

but *Confessions* has offered an especially interesting, understandable, and compelling weaving together of these dots through the vehicle of John's personal story.

9. Another important confirmation of the veracity of John's accounts is provided by the man who recruited John to join MAIN, who hired John, and who worked at MAIN during the first several years of John's employment there – and who is therefore one of the best persons in the world to confirm the accuracy of John's account. This man, Einar Greve, was recently interviewed by a newspaper journalist and was quoted on the record for the newspaper's story. See the attached article from the *Tucson Citizen* (January 17, 2005). After he left MAIN, Greve was hired in 1976 as Executive Vice President of Tucson's utility company, Tucson Electric Power ("TEP"), where he worked for the next 13 years; in 1985 he was promoted to president of TEP, in 1987 he was promoted to Chairman and Chief Executive Officer of TEP, and he led TEP until he left in 1989. Here are excerpts from this article:

John Perkins, whose tell-all book "Confessions of an Economic Hit Man" is a controversial New York Times best seller, and former Tucson Electric Power Co. president Einar Greve say their past careers in foreign aid operations warn of the possibility that American loans to rebuild the devastated South Asia nations will bankrupt the countries while making U.S. corporations richer. . . .

The man who hired Perkins at Charles T. Main – former TEP executive Greve – said his story is accurate.

"I would say that, allowing for some author discretion, basically his story is true," Greve said during a phone interview from his Santa Barbara, Calif., home. "What John's books says is, there was a conspiracy to put all these countries on the hook, and that happened. Whether or not it was some sinister plot or not is up to interpretation, but many of these countries are still over the barrel and have never been able to repay the loans."

Greve, who resigned as president of TEP in 1989 amid an insider stock-trading scandal, said he knew of many projects foisted upon developing nations in the name of foreign aid that were pure "boondoggles."

"I knew of projects that were financed by USAID and World Bank that should never have been built," he said. "There was nobody who believed some of these projects would help their economies, but the receiving countries just wanted money to build something. If it turned out to be a lemon, it really didn't deter them."

So here we have a business leader who hired John Perkins at MAIN – and who was an eyewitness to many of the things reported in John's book – who confirms for an on-the-record newspaper interview that "basically his story is true" and who adds important specifics to support John's principal allegations.

10. Finally, many people have had extensive and detailed discussions with John about the accounts in his book and have concluded, to their satisfaction, that *Confessions* is a factual account of John's experiences. Paul Fedorko, the former president of William R. Morrow and currently a literary agent at Trident Media Group (one of the premier literary agencies in the United States), conducted his own due diligence before signing John as a client and presenting *Confessions* to publishers as a factual nonfiction book. As John's editor at Berrett-Koehler Publishers for *Confessions*, I have spent dozens of hours discussing with John every page of his book and have had, I believe, a good opportunity to note inconsistencies and errors if John were merely making up his accounts; instead, I have found repeated confirmations of his accounts in both his written and verbal telling of them to me. I have also spoken to four other persons who worked at Chas. T. Main during the 1970s and who knew and worked with John there; their recollections have supported many aspects of what John says in the book and told me about his career at MAIN. And many others who have interviewed John, who have reviewed his book, and who have known John for many years have also concluded that his book is factual.

Many people who have written to John Perkins about his book have told their own stories of involvement in or awareness of some of the kinds of harmful activities described in *Confessions of an Economic Hit Man*. For example, one correspondent told of a friend who knew of the skimming off of huge amounts of money from World Bank loans to third world countries – and who was working with a journalist to bring the facts to light – but this friend and the journalist were both murdered before they could complete their work. Many of the correspondents have shared their realization that work that they did – although entirely legal and legitimate – was in fact contributing to the kinds of destructive outcomes described in *Confessions of an Economic Hit Man*.

We would invite any reader of this book who has facts, examples, anecdotes, leads, or other details that cast further light on the phenomena described in the book to send us that information. Please email it to me at: spiersanti@bkpub.com, or mail it to our office at: Berrett-Koehler Publishers, 235 Montgomery Street, Suite 650, San Francisco, CA 94104-2916.