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They call war an art, but it isn't. It largely consists in outwitting people, robbing widows and orphans, and inflicting suffering on the helpless for one's own ends—and that's not art: that's business.

—Kenneth Roberts

Last spring, as the Bush Administration tuned its war pitch to the international market, the evening news took on the tone of an annual report. Every night, it seemed, another American official exhorted another audience in another world capital to eliminate tariffs, privatize industries, and court international investors, and I realized—somewhere between Ghana and Berlin—that the former CEOs who make up the current administration were putting to good use the habits they had honed in the executive suite. Their routines were marked by the crisp showmanship of men educated in the art of pumping a stock offering or rallying support for a merger, and their message was as forceful and consistent as a PowerPoint slide:

- Terrorism must be defeated.
- Global trade will defeat it.

Eager to disseminate this couplet and mindful that poor nations nurture radicals, Treasury Secretary Paul O'Neill spent two weeks traveling across Africa with Bono, the rock star and activist. In visits to Ghana, South Africa, Uganda, and Ethiopia, O'Neill stressed that a continent's

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1 The current administration is full of former CEOs. Vice President Dick Cheney ran Halliburton, the energy-services firm; Treasury Secretary Paul O'Neill headed Alcoa; Defense Secretary Donald Rumsfeld was CEO of both G.D. Searle and General Instrument; Commerce Secretary Don Evans headed Tom Brown, another energy-services firm; Labor Secretary Elaine Chao was CEO of the United Way of America; and Chief of Staff Andrew Card was CEO of the American Automobile Manufacturers Association. Bush himself was chairman and CEO of Spectrum 7, a Texas oil company.

Even as the influx of capital helps some countries prosper, it pulls others relentlessly toward war.

only hope for peace and prosperity was to tear down "barriers to trade." President Bush himself extolled the healing power of trade in Mexico, Peru, El Salvador, Germany, Russia, France, and the Vatican. Former President Carter even traveled to Cuba, carrying the antiterrorism and pro-trade message to one of the world’s last bastions of command economies.

And why not? If international trade really has the power to convert terror to prosperity, who wouldn’t buy a few shares? The administration has endorsements from economists on the left and on the right, from editorialists at the New York Times and the Wall Street Journal. They have an ideal case study in the United States, where anyone can walk into Safeway or Costco and witness a world of affordable bounty: desktop computers with more calculating power than the Cold War Pentagon for $700, strawberries from Mexico the size of apples for 99 cents a pint. They have numbers too. Capital has traveled more freely across more borders over the last twenty years than it has at any time since the first wave of modern globalization, in 1870; average world wages have spiked in direct proportion. A widely reported World Bank study of eighty countries—weighted for population—has shown that personal income grew four times faster in developing countries that opened their markets.

That global trade will defeat terror seems axiomatic. Where countries scuttle restrictive laws, allow people to launch businesses, and otherwise prepare for an ever freer world economy, peace will follow. New York Times columnist Thomas Friedman summed up the thesis as the “Golden Arches Theory of Conflict Prevention,” the mostly true observation that countries with McDonald’s restaurants do not wage war against one another. “Let’s not kid ourselves,” Secretary of State Colin Powell explained last fall to a Washington audience that included representatives of several African nations. “Business is business, and capital, money, is a coward. It is drawn to places which have the rule of law, places where there is an accountability of government, educated healthy workforces, secure working conditions. Capital will flee—money will flee from corruption, bad policies. It will flee from conflict. It will flee from sickness.”

It is a powerful presentation, and wrong. Global trade has a sadly mixed record as a creator of wealth and as a peacemaker. Moreover, where the rewards justify the risks, money will brave any hellhole.

We enjoy the best part of what global trade has to offer, and it might seem condescending to suggest that other countries cannot handle it. Better access to financial markets, improved manufacturing, privatization, and deregulation are powerful forces indeed. Yet money, we sometimes forget, has no special designs, no particular desire to improve anyone’s life. The freeing up of the world’s markets may have nothing to do with the declining fortunes of many of its citizens, but the capitalist impulse can just as powerfully prolong poverty as end it. And even as the influx of capital helps some countries prosper, it pulls others relentlessly toward war.

The lethal double dynamic begins with the dirt poor whom the spread of global capitalism has not helped. Half the planet lives on less than two dollars a day, a billion people on half that. For them, globalization has meant little in terms of real income gain. Oxfam recently recalculated the statistics in the World Bank study on developing countries, this time not weighted for population, and determined that incomes for people in countries that are pursuing a global program grew just 1.5 percent. For one in three of these countries, incomes actually rose more slowly than in states that resisted reforms.²

² Latin America is often touted as a showcase for liberalizing reforms. Yet compare the years before and after globalization spread most rapidly. Over the twenty years ending in 1980, gross domestic product in Latin America and the Caribbean grew by 75 percent per person, but over the next twenty years—the period of great market liberalization and international investment—GDP rose only 6 percent. Africa’s per capita GDP rose by a third from 1960 to 1980 but lost nearly half of that gain over the next twenty years.

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There's profit in all that poverty, and it is most cheaply extracted in the form of war. Africa's battles are fought by a labor pool whose wages average 65 cents a day. An enterprising warlord can buy hundreds of willing combatants for the cost of a single American marine. A low value on human life makes war an attractive option; most of the world's battles pit one group of profiteers fighting with cheap soldiers against another.

The wars we watch on TV, the carefully branded fights for which CNN and Fox News work up trademark graphics and theme music, are not especially lethal. The highest estimate of direct enemy and civilian casualties in Afghanistan is 5,000—about the same as the number of Americans killed last year by food poisoning. The latest count of the dead in Israel is less than half that. The deadliest wars—forty around the world—are unseen. They slog along for years, often ending briefly only to start again. They kill millions. They are enterprises with global aspirations and connections, their prosecutors' ambitions and links to the world at large like those of Coca-Cola or Sony. For the warlords, mass killing is a corporate strategy executed with indifference once seen only in ideologues.

Civil wars are where the action is. In a tally of only the bloodiest wars waged between 1965 and 1999—those in which more than 1,000 people were killed a year—seventy-three were civil wars. Of the twenty-seven armed conflicts being fought in 1999, only two were the old-fashioned cross-border kind. Ethnic and religious divisions, grievances over political participation and class, matter little in today's private wars. With few exceptions, wars have become conflicts over property rights. The prize is control of the goods that attract the tides of anonymous and mobile global capital that sweep up oil, diamonds, copper, bananas, cacao, and coca.

Lack of economic diversity—often the very kind of specialization that free marketers believe gives small economies a chance in the world—is by far the most important prelude to such wars. Economists Paul Collier and Anke Hoeffler found that countries with one or two primary resources and little economic diversity have a better than one-in-five chance of civil war in any given year. Countries with no such dominant products have only a one-in-one-hundred chance of war. A list of recent such conflicts includes the civil wars at the opposite ends of Indonesia's archipelago, one

3 According to Amnesty International, 300,000 children under the age of eighteen participate in thirty armed conflicts around the world. Most are in their teens, but some are as young as ten.

4 The most dangerous wars may be hybrid wars, civil wars with powerful backers on opposing sides. India and Pakistan's standoff on Kashmir could erupt into the world's most dangerous conflagration if the warring states make good on their nuclear threats. This is one war in which all parties could use a dose of rational self-interest; even a drawn-out civil war would be less horrible than a nuclear nightmare.
This dynamic is as old as colonialism, but global financial markets have given a dying practice new life. Rich oil fields had been discovered there as early as 1970, but varying factions battled for decades over how the riches would be divided. There was plenty of war, but not much actual oil. In the last two years, though, Sudan's oil industry has spouted into a $1-million-a-day government enterprise, and it is these profits that have allowed the war to blossom. It's easy to follow the money: The humanitarian group Christian Aid and the U.N. recently reported on the burned ruins of forty-eight villages the army had cleared to drill exploratory wells. Rebels, meanwhile, have targeted oil companies and wells in retaliation for such practices. In turn, the private partners of the government, a collection of Asian, Canadian, and European oil giants anxious to develop their investments, have built an infrastructure—a modern airport at Heglig, for example—that the government now uses to slaughter its political enemies.

This sort of dynamic is as old as colonialism, of course, but global financial markets have given a dying practice new life. Last year, amid growing concern over Sudan's appalling human-rights record—including antiaircraft attacks on relief flights and the routine enslavement of non-Muslims in the south—and, perhaps more important, its willingness to shelter terrorists, the House and Senate each passed a version of the Sudan Peace Act. Had it been made law, companies that did business in Sudan would have been banned from the U.S. capital markets—a sort of corporate death sentence in which companies would no longer be able to trade securities in the world's largest financial market. James Buckee, head of Talisman Energy Inc., a Canadian company with close ties to the Sudanese government, said at the

5 Chevron was developing oil fields in 1984 when it pulled out after three workers were shot by rebels. That did not deter the company from continued investment in Africa, where Chevron executive vice president Fred Coreil says it will invest $21 billion over the next five years. "Africa is a huge success story for us—and for Africa, as a result of our presence there," he said.
time: "I don't think anybody could afford not to have access to the U.S. capital market... No asset is worth more than that."

Buckee was not alone in his concerns. Bankers and brokerage houses argued that capital markets ought never to be restricted, presumably not even to genocidal regimes. The financial industry's case was summarized approvingly in the *New York Law Journal* by Jeffrey Cohen, a partner at Coudert Brothers, an international law firm based in New York. Encouraging all kinds of foreign companies to register in the United States, Cohen argued, has proved valuable for the strength and prestige of the U.S. capital markets. Our markets compete for business in an increasingly competitive global environment, and a ban would merely send companies shopping in London or Tokyo. "At the very least," he wrote, "one may wonder (even after having given due weight to the horrors of the events in Sudan) whether the likely benefits outweigh the apparent negatives."

Cohen does not say exactly how he weighed the benefits and horrors or whether there is some threshold of horror above which he would reconsider. Four million dead? Five million? Another Al Qaeda attack? In any case, the Bush Administration successfully fought the ban, and the Sudanese war, fueled by money raised on the New York Stock Exchange, is on its way to claiming 2 million more lives. In the logic of free markets, allowing investors to underwrite mass murder is the system at work.

Privatization is another benchmark of successful globalization, and it is practiced with increasing vigor in Africa, where enterprising national governments are finding that mineral rights can be converted easily into long-term power and riches. In a world where state-run monopolies are frowned upon, it turns out that the best solution is to sell the monopoly to another state. This novel approach to privatization has found its highest expression in the war currently taking place in the Democratic Republic of Congo, often referred to as "Africa's First World War." What began as a civil war in a country rich in gold, copper, diamonds, and timber is now being fought with aid from six neighboring countries, all of them economic basket cases.

This unusual situation came about, as a United Nations report issued last year explains, because the war is a "very lucrative business." Several associates of Ugandan president Yoweri Museveni, for example, were given concessions to exploit diamonds, timber, coffee, and gold harvested in rebel-controlled areas in return for Ugandan military support of the rebel leader. Meanwhile, reports the World Policy Institute, Zimbabwe's president, Robert Mugabe, committed his soldiers on condition that the DRC transfer large mineral and business concessions to Zimbabwe (i.e., Mugabe's friends and family).

Since 1998, an estimated 350,000 people have been killed directly by the war, and more than 2 million others have died from the disease and starvation that go with it. Yet the warring parties are unabashed about their motives; Zimbabwe even launched a public-relations campaign called "Doing Business in the DRC."

Entrepreneurial warlords and dictators are also reaping the benefits of a more traditional brand of privatization. Liberia's Charles Taylor, Africa's most Prometheus war maker, pioneered the route from booty to hard cash. Before international sanctions were imposed in 2001, diamond centers in Belgium, Britain, and New York absorbed all the loot Taylor could

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6 The term "basket case" originally described World War I soldiers who had all four limbs amputated. It is an especially appropriate term in the DRC, where fighters often amputate their enemies' arms and legs—a practice they learned in colonial days from their Belgian occupiers. More recently, amputation was used to horrifying effect in Sierra Leone, where special "cut hands" soldiers maimed thousands and were rewarded by their commanders for the number of limbs they brought back to camp.
Pistols, assault rifles, and handheld grenade launchers are the T-shirts of the twenty-first century

We count on a world of free economic competition to push nations and individuals to constantly improve what they make and to drive down prices. The dynamic reliably produces miracles. I can, for instance, call anywhere in Europe for 11 cents a minute, no trivial matter considering the technology that makes the call possible and the intense competition that makes it cheap. The dynamic also works well in the only market where manufacturing efficiencies are easily translated into actual death. I can use my call to Europe, for example, to place an order for long-range missiles or combat rifles. With that call, I can take part in the nearly $60 billion arms trade. It is a business in which everything has gone right for consumers.

Small arms and light weapons—such as pistols, assault rifles, and handheld grenade launchers—are the T-shirts of the twenty-first century. Countries that in the past may have counted on a nascent garment or shoe industry to kick-start development now turn to producing for the low end of the arms market. And, as with T-shirts, the market is now flooded. But even as the overall rate of manufacture declines in the post–Cold War period, the number of small-arms manufacturers continues to climb as smaller companies arise to take advantage of the newly global market. This year, the Small Arms Survey in Geneva counted more than 1,000 companies in ninety-eight states involved in some aspect of small-arms production.

Like clothing, small weapons are often forged in cheap manufacturing centers around the world. As with American designer clothes made in China or Honduras, far-flung arms factories make brand-name weapons under license. The market is so wide open that even if countries were to ban the sale of weapons out of their home factories, they would be almost powerless to stop their domestic companies' licensees in other countries from selling wherever they please. Brazil, India, Indonesia, Iran, North and South Korea, Malaysia, Pakistan, Saudi Arabia, South Africa, and Turkey all export arms made under license from the major arms-producing countries. One Belgian company, FN Herstal, licenses its arms and ammunition in twenty countries. Indonesian soldiers receive machine guns from the Turkish licensee of an English rifle maker, though Great Britain has refused export licenses for the very same weapon.

And, like designer clothes, brand-name weapons are easily copied. Israel, South Africa, and Croatia sell knockoffs of the AK-47. The weapons industry also has been adept at catering to its new youth audience, reengineering assault rifles and other formidable weapons to be light enough for child soldiers. A news account in the Independent of London detailed a defense-industry expo held in New Delhi earlier this year at which an attractive young woman hawked antitank missiles that "a five-year-old could learn how to operate."

7 The industry's biggest-grossing producers are four of the five permanent members of the U.N. Security Council—the United States, the United Kingdom, France, and Russia. Together these countries export 83 percent of the world's arms. Not surprisingly, the biggest importers of arms are the single-resource states—particularly where the resource is oil. Saudi Arabia, the world's largest oil exporter, is also the world's largest importer of weapons.
The competition to make and sell small arms follows the pattern of other goods subject to a worldwide manufacturing race that thrives on cheap labor and plant facilities. The world is now in possession of 640 million small arms and light weapons, enough to arm one in every ten people on the planet. The glut creates a buyers' market where what you pay for a skateboard buys a rifle that can spray hundreds of rounds a minute with such force that a hit on any part of the body can send victims to their death. In Mogadishu there are 1 million assault rifles for 1.3 million people. The weapons sell between the food and clothing stalls in local markets. An AK-47 from North Korea costs around $200; an Egyptian model, $150; and a cheap American rifle, $100. Elsewhere, used guns are incredibly cheap. In Aceh, Indonesian soldiers sell surplus automatic rifles to enemy rebels for $6. With armed foes, the government forces can better convince the corporate Americans who mine there to pay the army more for security.

So brisk is the trade that small arms have become the instruments of mass destruction in our age. International Physicians for the Prevention of Nuclear War recently organized the first international medical conference on small arms. Brian Rawson, a program coordinator for the organization, says that reliable numbers are hard to come by, but his best estimate is that some 6 million people have been killed in armed conflicts around the world in the last decade, half of them by small arms.

Open markets, though, are about more than material goods. Open markets are about human potential. With access to the global economy, people's range of choices grows boundlessly, making it hard for local authorities to restrict citizens' options. "Free trade is about freedom," U.S. Trade Representative Robert Zoellick has said. This notion was impressed upon me recently when I used my ATM card in Amsterdam. With just the touch of a few buttons, I accessed my midwestern bank account, filled with money I had dutifully earned in the States, and pulled out crisp new euros, available immediately for the legal purchase of Turkish hash and Russian hookers.

If I had more in my account, I might use the network that shoots money around the globe for another practice frowned upon at home but perfectly fine abroad: tax evasion. The Internal Revenue Service estimates that as many as 2 million Americans have credit cards issued by banks in offshore tax havens such as the Cayman Islands; many of them use those cards to access money hidden from their spouses, creditors, litigants, or, especially, the tax man.

To corporations, the world's rich, and warlords around the world, offshore centers are an indispensable lever for opening global markets. They present a valuable check on the hunger of the world's governments for tax revenue and their zeal for overregulation. Offshore centers push international tax and regulatory competition in which all countries must
BETWEEN $500 BILLION AND $1 TRILLION IN CRIMINAL MONEY ENTERS THE WORLD FINANCIAL SYSTEM EVERY YEAR

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censes—that flow from corrupt regimes. Offshore banking centers have the infrastructure to wash it all.

These secret channels exact a toll. Laundering illegal drug money sustains the world's largest business and its most violent. The channels enable the thieves in kleptocracies. Hundreds of billions in illegal flight capital have been tied to Russia's conversion to capitalism, including its rigged privatization schemes and organized crime. The channels also facilitate the trade in nuclear, chemical, and biological weapons. Osama bin Laden not only used the world's shady money centers to finance Al Qaeda's network; he set up his own bank to move money out of sight of watchful Western governments. The money used for Saddam Hussein's re-armament campaign is funneled through an impenetrable web of offshore bank accounts for dummy corporations.

Once money makes it into the mainstream it is nearly impossible to trace, let alone recover. The fortunes lost to the people of Sierra Leone, Liberia, Sudan, and other nations being looted today will no doubt remain hidden, safely accumulating interest.

The world's warring states hardly represent the kind of future responsible free marketers hope for. None will soon join the WTO, and most would have had more than their share of conflict no matter how the world economy was structured. Greed is a violent impulse in any system. What has changed is how prolonged wars fought on the cheap are enabled and rewarded. Booty converts easily into profit in a world market where governments and enterprises must constantly struggle for competitive advantage. Companies that lose opportunities to extract oil, minerals, or timber cheaply don't face mere lost profits; they face competitors who will destroy them. Banking and financial centers that service worldwide capital markets resist punishing companies that patronize tyrants; they fear frightening off businesses that prefer to shop for financing where executive decisions won't be judged. That's the genius of capitalism.

Should we be surprised, then, that the freeing up of world financial markets and world trade has spread an epidemic of violence? The dictators, warlords, corporate partners, banks, law firms, and nations that thrive on deadly business have known it all along. The profits extracted from teetering states, masses of poor, and gaps in the law move as quickly and expertly around the globe as the profits of a hot-money hedge fund. No business has moved faster than arms makers to exploit the free flow of goods and money, distributing weapons as widely as cotton. The ties that bind Nike to Third World sneaker manufacturers bind Wall Street to war as well. Yet whereas the sneaker business offers some hope to the dirt poor that they may eventually make automobiles, the war business rewards only the players who can provide cheap human lives. There is no market mechanism for resurrecting the lives of the millions killed for profit. No incentives can reclaim half a billion small weapons sold into the world or the suitcase nukes bought out of secret bank accounts. World capitalism does not distribute insight into how many deaths are too many or into how to save a world that profits in its own destruction. Like the tide, it cares not the slightest on which shore we land.

9 In Sudan.

10 Raúl Salinas, the brother of the ex-president of Mexico, siphoned $87 million out of Mexico through Citibank accounts in New York, Switzerland, and London with the help of a discreet Citibank private banker willing to ask no questions and to set up a dummy corporation in the Caymans with dummy accounts to disguise the transaction. Citibank was also instrumental in the washing of $110 million looted from Nigeria by the nation's former dictator, Sani Abacha. When Abacha died, the bank provided his sons with a $39 million overdraft to facilitate moving their money vulnerably on deposit in London to safer climes.