

Book Review

The American Trap

Giorgio Romano Schutte*

Pierucci, Frédéric. 2019. *The American Trap: My Battle to Expose America's Secret Economic War Against the Rest of the World*. London: Hodder & Stoughton, 336 p.

Pierucci's book does not pretend to be an academic publication. However, it presents verifiable information with clear references and analyses of great utility for those who study international power structures. The contribution is particularly relevant for the field of International Political Economy which tries to unravel the complex interdependence between international politics and economics.

Gilpin (1987) identified how crucial it has become for US hegemony to prevent foreign economies from appropriating American technologies and the monopoly rents generated by innovation. An important field of research, then, is to understand how the US uses its power to promote the interests of US-based global corporations as part of the effort to reproduce its hegemony. And what kind of power is used? Hard power (military force), soft power (influencing through culture and ideology) or smart power (an intelligent combination of the two)? Pierucci's book suggests the existence of a sophisticated power structure which might not fit into Joseph Nye's (2011) categories.

The style of the book can be compared to Henry Kissinger's books, that is, based on personal observations as an actor of international politics and enriched with research. In this case, the author is a senior manager of the French industrial conglomerate, Alstom.

Pierucci's thesis is that the US uses corporate anti-corruption and anti-bribery laws as an economic weapon to defend its own companies in a clear case of lawfare. The book can be seen as an updated version of Jean-Jacques Servan-Schreiber's famous, *The American Challenge*, published in 1967. Servan-Schreiber's thesis was that the US, through the operations of its multinationals, dominated European economies. This was at a time when Gilpin (1976) was arguing that the term 'multinational' was almost synonymous with US companies. That has changed, and corporate America now has to deal with competitors from other countries. Lawfare is used as part of what the author sees as an economic war.

* Federal University of ABC (UFABC), São Bernardo do Campo-SP, Brazil; giorgio.romano@ufabc.edu.br. ORCID iD 0000-0002-5225-469X.

Then and now, France, on its own, does not have the critical mass to respond to the challenge, so the answer would need to be European.

Pierucci was arrested when arriving at JFK airport from Singapore in 2013. He spent 25 months in high-security prisons and was only allowed to return to France in September 2018 when the French authorities finally intervened in his favour. The original title of the book was more explicit characterising him as an *otage économique*, an economic hostage. Whether orchestrated or not, his arrest was instrumental in forcing Alstom's CEO, Patrick Kron, to make a deal with the American judiciary resulting in a fine of US\$772m. In parallel Alstom sold three key divisions, all operating in strategic sectors of the French economy, such as the nuclear sector, to General Electric (GE).

The book is not about Alstom, but about a pattern. The key element is the unilateral extra-territorial enforcement of the Foreign Corrupt Practices Act (FCPA). FCPA gives the FBI and the US Department of Justice (DOJ) the authority to investigate and incarcerate, regardless of nationality, anyone suspected of having bribed a foreign public official who may be linked in one way or another to US territory. Law enforcement is based on a bargaining process by which a company ends up signing a Deferred Prosecution Agreement (DPA) through which it incriminates itself by disclosing its practices. In addition to the DOJ, the Securities and Exchange Commission (SEC) acts in civil cases prosecuting companies suspected of falsifying their accounts (misleading investors). In general, the SEC only acts in the case of New York-listed companies, as was the case with Petrobras.

In 1998 Congress gave the law extraterritorial reach, after which not only did the number of cases and fines increase, but also their scope: 'They have transformed a law that could have weakened their own industry into a formidable instrument of underground economic warfare and intervention' (Pierucci 2019: 115).

The book gains its importance for IR studies because it analyses the case of Alstom in a broader perspective. Pierucci used his time in prison and the months on bail to make a detailed study of all FCPA related cases and set up an impressive database collecting thousands of documents. For the transformation of his findings into a book, he enlisted the support of the investigative journalist Matthieu Aron.

To mid-2019, of 30 cases with fines exceeding US\$100m, 23 were to non-US companies, like Siemens (US\$800m) and Total (US\$398m). Pierucci also shows that in the FCPA's existence, the DOJ never found anything to prosecute in the practices of US oil majors or their defence giants. Is it plausible that these US companies secured their business without employing the same practices? The author calls it 'selective prosecution.' At no point does he try to deny the practice of bribery. On the contrary, he explains in detail how this operated in Alstom.

The extraterritoriality was boosted by the Patriot Act in 2003, which gave US agencies (National Security Agency, Central Intelligence Agency, Federal Bureau of Investigation) the power to investigate foreign companies on a massive scale. In March 2018 came the Cloud Act which authorised the DOJ to compel US-based technology companies (like Microsoft, Amazon and Google) to provide data regardless of whether it was stored in the US or on foreign soil.

This logic of extraterritorial reach can also be identified in the case of unilateral embargoes imposed by the USA. Between 2004 and 2015, almost all banks accused of violat-

ing US embargo legislation were European. BNP Paribas had to pay a record fine of US\$ 8.9 billion for violating the embargo against Cuba. The extraterritoriality is not only unilateral, but it is also without any reciprocity as European and other nations have neither the means nor the political will to enact extraterritorial laws.

Among the shortcomings, in the book there is an understandable obsession to expose Patrick Kron as the villain who betrayed French and European interests to save his own skin. There is also a too optimistic view of the economic situation of Alstom at the time of the take-over by GE. However, none of this compromises the central arguments.

In its afterword, Alain Juillet, former French Intelligence Services Director, characterises this industrial warfare as being not hard, soft or smart, but ‘tough power.’

It is easy to understand why the book got broad acceptance in China. The arrest of Meng Wanzhou, Huawei’s financial director, shows that the mechanism used against European competitors is working by now at full steam to weaken Chinese companies. However, while Pierucci exposes the political weakness of the French authorities to respond, things might work out differently in the case of China.

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About the author

Giorgio Romano Schutte is an Associate Professor in undergraduate studies on International Relations and Economics and graduate studies on International Relations (PRI) and World Political Economy (EPM) at the Federal University ABC (UFABC). He holds a Master in International Relations from the University of Amsterdam (UvA) and Ph.D. in Sociology from the University of São Paulo (USP). His research fields are in International Political Economy, Geopolitics of Energy, China and Brazil Foreign Policy. With work experience in trade unions, local and federal government, he is member of the Brazil Association of International Affairs (ABRI) and the Study Group on international policy of the USP (Gacint), and founding member of the Brazil Network on China Studies (RBEC) and of the Observatory on Brazil Foreign Policy (OPEB). He is author of *A dinâmica dos investimentos produtivos chineses no Brasil* (2020) and a research fellow of the National Council of Technological and Scientific Development (CNPq).

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