

SALIAGUA

A Training Exercise on the International Economy

Based on a Skit Created by the Center for Ethics and Economic Policy
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Facilitator: *When people have gathered, assign parts. Some of the more complicated parts can be assigned ahead of time, but that is not necessary. Seat players in a semicircle in the following order, and give them the following props.*

Facilitator: *LUCKY BEANO CAN @ 2 PESOS, LUCKY CORNO CAN @ 4 PESOS, 10 GREEN DOLLARS, CHART 1(What Happened to the \$\$), COFFEE BAG, CHART 2 (SAP Chart), BUNCH OF FLOWERS, PRIVATE HOSPITAL SIGN, PEOPLE'S PARTY SIGN.*

Grandmother: *Some kind of clothing like a SHAWL to indicate her character*

Campeño #1: *STRAW HAT, BASKET with 5 EAR OF CORN*

Campeño #2 (female) *5 TROWELS,*

Campeño #3 (female) *NOTEBOOK*

Campeño #4 *STRAW HAT*

Campeño #5 *STRAW HAT, BANDANA*

Landowner: *FANCY STRAW HAT, 5 PESOS*

Doctor DOTOR *SIGN, ASPIRIN BOTTLE,*

La Presidente: *PRESIDENTE SASH, HAT WITH \$1 DOLLAR TUCKED INSIDE, LIGHTBULB, IOU \$1 BILLION AT 5% (20% underneath) SIGN, 2 COFFEE BAGS, POWER PLANT SIGN.*

Saliagua Central Bank: *BANK OF SALIAGUA SIGN, PESOS, IOU'S, COINS*

MegaBank *MEGABANK SIGN, 2 GREEN DOLLARS, TIMER*

AgroChem: *AGROCHEM SIGN, FLOWER SEEDS, PESTICIDE CAN, 2 GREEN DOLLARS, CAN OF LUCKY BEANOS @ 1PESO, CAN OF LUCKY CORNOS @ 1PESO, BOX OF FORMULA*

Generally Electric: *GENERALLY ELECTRIC SIGN, SIGN WITH PICTURE OF NUCLEAR POWER PLAN*

Rambo Arms 'R' Us *RAMBO ARMS 'R' US SIGN, TOY GUN*

International Monetary Fund (IMF): *IMF SIGN. IMF DOLLARS*

INDRODUCTIONS

Facilitator: The following drama is an exercise illustrating how the Neo Liberal economic policies of the last thirty years have affected the poorer countries in the Southern Hemisphere. The drama begins in the 1960's. Here to introduce you to the setting is a woman I call Grandmother.

Grandmother: I would like to introduce you to our country. It's called "Saliagua." Like the name says, sal y agua—"salt and water"—we are a simple country, most of us just have the bare basics in life. I can remember when all this land used to be ours; we knew how to live off it. Then the Spanish came, took over much of the land, and we were forced onto this little plot of land here on the mountainside. These are my neighbors, fellow campesinos.

Campeño #1: We are peasants in Saliagua like the majority of Saliaguans. We grow everything that we need to eat, but mostly corn and beans – plus some cash crops like coffee for other needs such as clothing and medicine. *Place basket with 5 ear of corn in the middle of the Campeños.*

Campesino #2: A few of us here own our land, but many people rent from the landowner sitting over there. These farm tools represent people who own a small piece of land. *Place a trowel in front of each campesino.*

Campesino #3: We have access to electricity, healthcare and education because it is subsidized by the government. It is very important to all of us that our children can attend school. I never had this opportunity. *Place the NOTEBOOK in the middle of the campesinos.*

Campesino #4: Recently two of us lost our land to the large landowner because there was a bad harvest and we couldn't pay back the money we had borrowed to plant. *Give your TROWEL to landowner.*

Campesino #5: *Give your TROWEL and 1 EAR OF CORN to the landowner.*

Grandmother: This is the local plantation owner from down the road.

Landowner: I come from a well-established, influential land-owning family that has been growing coffee for many generations in Saliagua.

Facilitator: How did you get your land?

Landowner: Over the years we have gradually acquired more and more. Our family has been friends with the ruling government and at times that has helped. More recently, we have tried to help the campesinos by loaning them the money to plant their harvests, but when there is a bad harvest and they can't pay, we have to take their land to get our money back.

Grandmother: This is our local Doctor. We have a public health clinic in the town which isn't too far away.

Doctor: This medicine represents the public health clinic in the village. *Place the ASPIRIN bottle in the middle of the Campesinos.*

Grandmother: This is our esteemed Presidente. It took us years to get electricity here in the campo. Now that he wants to get re-elected, he claims he is responsible for everything.

Presidente: I am the president of Saliagua. I'm seeking re-election next year. "Lights for All" is my campaign slogan. We promise affordable electricity to the whole country through the state-owned electric plant where many urban middle class fathers work. *Give the campesinos the LIGHT BULB in exchange for an EAR OF CORN.*

Grandmother: This is the Central Banker, controller of the national currency. Besides being family of the Presidente, I'm not sure what he does. Tell us again.

Saliagua Central Bank Banker: I am the head of the Central Bank; responsible for maintaining the national currency, pesos, strong and stable. International currencies are exchanged with me. All government payments, subsidies, bills, and checks come from me, and loan payments are collected from me.

Grandmother: *to MegaBanker* These people are new to our country. Before we never saw Bank of America, Citicorp, or Fleet Bank. I have no idea what they are doing here. We don't have any money to deposit.

MegaBank Banker: We are a U.S., private, commercial bank like Bank of America or Citicorp.

Facilitator: What are you doing here in Saliagua?

MegaBank Banker: We are interested in the possibilities of loaning and investing money in Third World countries. They are the new growth areas, otherwise called “emerging economies.” This is where we can really make money.

Facilitator: And what is that timer for?

MegaBank Banker: We have a timer because, for banks, “Time is Money.” We need to know when to collect interest payments.

Grandmother: *to AgroChem* These people we have seen too much of. We see their imported seeds, their imported fertilizer, their fancy pesticides, even their imported cow manure. Everything at that big coffee farm has their toxic logo on it.

AgroChem Corporation: We are the #1 multi-national agro-chemical company in the Americas; combining the best aspects of agriculture and chemical world. We have 3 main divisions to our company:

1. **Flowerama:** which sells seeds and buys and sells fresh flowers. *Hold up the FLOWER SEEDS.*
2. **No More Pests:** which sells pesticide and fertilizer. *Hold up the PESTICIDE CAN.*
3. **Lucky Grub:** a large agribusiness company that produces processed foods like these. *Hold up the cans of LUCKY BEANOS, and LUCKY CORNOS.*

Facilitator: Why have you targeted Saliagua as a place to do business?

AgroChem: Third world countries are great for us because we can sell out-dated pesticides like DDT which have long since been banned in the U.S. and Europe. Also we like to work where we can sell the complete package; we’re especially looking for new markets for our Lucky Grub products.

Grandmother: *To Generally Electric* These people are from lands far away. We never see them, but the people say they go to visit the Presidente.

Generally Electric: We are a U.S. based company that builds and sells energy plants.

Facilitator: And why are you here in Saliagua?

Generally Electric: We are looking for new, untapped markets where we can promote nuclear power and sell more plants.

Grandmother: *To Rambo* These people are from lands far away. We never see them, but the people say they go to visit the Presidente.

Rambo Arms ‘R’ Us: We are an international weapons manufacturer.

Facilitator: Why are you here in Saliagua?

Rambo Arms ‘R’ Us: We are actively seeking new buyers for our products. The Third World looks to be a promising market as civil unrest and armed conflict is on the rise.

Facilitator: There is one more character in our story, but they are not yet in Saliagua. We will meet them in the 1980s. These, then, are the characters in our story.

Part I: The 1970's GROWING DEBT

Facilitator: The big debt crisis began in the 1970s. It was at this time that OPEC raised oil prices. That meant two things;

1. the cost of “development” or industrialization, would go up, and
2. the OPEC countries deposited lots of money in U.S. Banks. *Deposit 10 GREEN DOLLARS in MegaBank.* Banks have to pay interest on money deposited with them, so US Banks suddenly had to find a place to loan out large sums of money.

President: Our country has had a healthy economy this past decade but we are still not a “developed” country. I have big plans, I just need capital.

MegaBank: *Take 4 DOLLARS, and go to president of Saliagua: We want to help you ”develop”. We will loan you money; as much as you want. The current rate is only 5%. Here is One Billion Dollars. Give 4 GREEN DOLLARS to Presidente.*

Presidente: *Give IOU \$1BILLION AT 5% SIGN to MegaBank, and the 4 BILLS to Saliagua Central Bank.*

Saliagua Central Banker: *Receive the 4 BILLS. At some point, hide one of the Bills. This is represented by the one that turns up in the Presidents’ hat.*

Facilitator: Just like you see here in Saliagua, hundreds of billions of dollars, more than ever before, flowed from North to South in loans. Many of the loans came from the World Bank, as well as private banks as depicted in this exercise. So why, within a decade did a safe, low-interest loan of a billion dollars, cause Saliagua to end up bankrupt and in enormous debt? Here is a chart that will help us understand what happened to the money:

WHAT HAPPENED TO THE \$\$\$\$\$?

1. **Development Projects Didn’t meet expectations**
2. **White Elephants**
3. **Corruption**
4. **Capital Flight**
5. **Military Build-up**
6. **Interest Rates Rose**

Facilitator: *Referring to the chart* 1. Development Projects didn’t meet expectations: Because the banks were desperate to loan out money, they weren’t very careful about the kind of projects that the money financed.

Presidente: Because of our Colonized background, we do not have the technology, trained labor, or access to materials to compete in the area of manufactured products, so I think we will keep investing in raw material exports like sugar and coffee.

Landowner: I am will grow coffee if you will give me some of the money.

Presidente: *Take 2 PESOS out of the Central Bank and give them and a COFFEE BAG to the Landowner.*

Campeño #5: We wish we could get some money or assistance from your government to help with our small farms, but since the emphasis is on export crops, we have received nothing.

Facilitator: So, how did exporting raw materials work out?

Landowner: In the 1970s there was a global recession. The prices of things we produce in Latin America, declined to 1930 levels, but the price of manufactured goods that we need to produce them, like machines and fertilizer, things produced in the North, rose. It used to take the sale of 4 tons of coffee to buy one tractor. Now it takes 11 tons to buy the same tractor.

Facilitator: Another problem was that countries which invested heavily in one crop were vulnerable to market changes. Chile, which had invested heavily in copper production, had great losses when fiber optics replaced copper wire.

Landowner: Our sugar industry suffered when Coca Cola started using corn syrup instead of sugar. I need more land and cheaper labor to keep my costs down. The campesinos have lost money as well so it will be easy to get more land from them. *Take TROWELS from Campesinos 2 & 3.*

Facilitator: *Referring to the chart, #2 White Elephants:* Some development projects were just shams and billions of dollars went up in smoke.

Presidente: I need to make good on my “Lights for All” campaign promise.

Generally Electric: We can help you modernize your country with one of our new nuclear power plants.

Presidente: I'll take one. *Get 1 DOLLAR from Central Bank and give to GE in return for a NUCLEAR POWER PLANT SIGN.*

Generally Electric: *Give Presidente the NUCLEAR POWER PLANT SIGN.* Uh-oh. We built the nuclear plant on a fault and near a volcano.

Facilitator: Needless to say, it never opened, but the people of Saliagua are stuck with the debt payments. This may sound ridiculous but this in fact did happen in the Philippines when Marcos paid Westinghouse \$2 Billion (2 times the going price) to build a nuclear plant that never opened, and the Philippine people are still paying back the debt.

Referring to the Chart, #3. Corruption: All of this money which the banks were pushing as loans for projects in poor countries created a perfect recipe for corruption. Look under PRESIDENTE'S HAT. Look! El Presidente slipped some of the loan money under his/her hat. And where does El Presidente keep all this money? What bank would he/she put it into?

Presidente: Who will offer me a safe place for my money with the best interest rates? *Open an account with MegaBank, throw the DOLLAR toward MegaBank.*

Facilitator: *Referring to the Chart #4:* That's called capital flight. Capital flight refers to what happens when individuals within a country take their money out of their own country and move it to another country. So money that could have been used for investment and development in Saliagua, flew out of the country and into MegaBank in the U.S. Mexico's

capital flight is about \$56 billion, half of its foreign debt. Now MegaBank is making double profits on its money – it makes interest on the loan to Saliagua **and** it gets to lend that money a second time so it earns interest twice!

Referring to Chart 5. Military Buildup: As the economy became worse, some of the landless campesinos joined the rebel forces.

Campesino 5: *Put a BANDANA around your head, and move behind the circle.*

Rambo Arms ‘R’ Us: Presidente, I see you have a problem. Might you be interested in purchasing arms?

Presidente: I’ll take the big one. *Get 1 DOLLAR from the Central Bank and give it to Rambo Arms ‘R’ Us in exchange for the GUN.*

Facilitator: Many countries that received loans, were authoritarian and repressive governments: for example, Marcos in the Philippines, Mobuto in Zaire, and Somoza in Nicaragua. In some countries, governments used up to 60% of the loaned money to buy guns and arms to repress revolutionary movements. Large profits were made in the U.S. by military manufacturers.

Referring to #6 of the Chart: 6: Interest Rates Rose: The most drastic effect on the borrowed money was the rise in interest rates. At the time of Saliagua’s one billion dollar loan, the interest rate was 5%. The trouble was that interest was at a floating or variable interest rate, which depended on the U.S. Prime Lending rate. So when the interest rates rose in the U.S., the interest rate on Saliagua’s loan rose too.

MegaBank: *Change your interest rate – Lift the 5% tag on your SIGN and expose 20% tag.*

Facilitator: Now Saliagua, you’ve got interest payments of \$17 million a month!! And this month’s interest payment is going to take all the rest of the money you’ve got in the bank! **Plus you still owe \$1 billion!**

Central Banker: *GIVE 1 DOLLAR TO MEGABANK.*

Facilitator: Even if there were no white elephants, no corruption, no military build-up, and no capital flight...even if none of this happened, just the decision to raise interest rates in the U.S. made Saliagua face enormously inflated debt payments. So that’s what happened to the \$1 billion that Saliagua borrowed. And that’s why Saliagua has ended up in a debt crisis, like Peru, Mexico and Brazil.

Part II: The 1980’s STRUCTURAL ADJUSTMENT

Facilitator: The Presidente has this huge debt hanging over him and interest payments keep coming due. He/She needs to borrow more money to meet these payments.

Presidente: *To MegaBank* Can I borrow more money to make my interest payments?

MegaBank: You can’t make your current payments. How can I give you a new loan? You need help from a larger institution or you’re economy will completely collapse and I’ll never get my money back. Maybe the International Monetary Fund can help.

International Monetary Fund: We are the International Monetary Fund. We are financed by member countries which pay into a common fund with their country’s tax-payer’s money. The

IMF was established after WWII to help prevent the type of financial instability that the world had experienced in the 1930 depression. We are the “guardian” of the world monetary system. Our primary job is to make short term loans to countries which are short of cash.

Facilitator: By the 1980s, many countries, like Saliagua and Mexico, experienced a debt crisis. The IMF changed its function from giving temporary loans, to giving long term loans and becoming the overseer of the economies of debtor countries. The U.S., under President Regan, was able to change leadership in the IMF, facilitating this policy change.

Presidente: *To IMF* We are in desperate need of money to continue to operate our government, and to pay the interest on our debt.. Can you help us?

IMF: We can offer to give you loans under the condition that Saliagua accept a structural adjustment program –SAP- a major overhaul of Saliagua’s economy to rectify your problems. *Facilitator displays the SAP CHART.* These loans will be used to pay off interest and encourage development. Will you accept?

Presidente: Yes. I have no choice.

IMF: *Give 1 IMF Dollar to President.*

Presidente: *Give the BILL to the Central Bank*

Central Bank: *Give BILL to MegaBank and give an IOU to the IMF*

Facilitator: *to MegaBank* Make sure you collect your interest payments on time. *To Presidente* That loan basically paid off last month’s interest. I hope you can generate some more money in time for next month’s payment.

MegaBank: *Set the timer to 3 minutes. When it goes off, ask Central Bank for the money. If Central Bank has a GREEN DOLLAR, Central Banker gives it to MegaBank. If not, Central Banker and Presidente take an IOU and go to the IMF, who gives 1BILL to the Central Banker in exchange for the IOU. Central Banker then gives the BILL to MegaBank. MegaBank then resets the timer.*

IMF: Our top economists in the U.S. have designed these SAPs to lead Saliagua down the road to development. I guarantee that these principles will work because they are based on Free Market/Free Trade principles that will bring in foreign investment and get Saliagua exporting to make some money so you can pay off your debt.

The International Monetary Fund (IM) presents:
STRUCTURAL ADJUSTMENT PROGRAMS (SAPS)

- 1. Privatization**
- 2. Export-led Development**
- 3. Low Wages**
- 4. Cuts in Social Spending**
- 5. Currency Devaluation**

IMF: *To Presidente* let's get you started. The first point is privatization. Privatization is a great one-shot source of money. Some countries sell off their national forests or their minerals. What does your government have that you could sell? You don't want the burden of having to manage this electric plant. You should unload it.

Presidente: But I promised the people they would all have electricity at low rates.

IMF: Private companies can do business more efficiently than governments, so the rates won't go up. The people will benefit. Besides, you have no choice. You agreed to the Structural Adjustment conditions. I have already found you a buyer. *To Generally Electric* Come, talk to the President.

Presidente: *give POWER PLANT SIGN to GE in exchange for \$1 (Green) Bill. Give the \$1 to Central Bank who uses it for next interest payment.*

Facilitator: *To GE* Now that electricity has been privatized, what will your policies be?

Generally Electric: We are a business, not a social service agency. We will have to look at the efficiency of providing services to the more remote parts of the country. For sure, their rates will go up. Also we will need to reduce the work force. We will also be bringing in our own managers from the U.S. to run the plant. They have a better work ethic. If we do these things, we will be able to provide dependable electricity for those who can pay.

Campesino #1: We live far from town so our rates went up. We can no longer afford electricity. *Give light bulb to GE*

IMF: The second SAP condition is to promote Export-led Development. This country needs cash and the best way to get it is to increase exports. There are two main ways you can do it:

1. Develop some kind of export product that can be produced in the cities , and:
2. Find another agricultural export

If you are serious about joining the global economy, you have to get some serious crops that can be sold on the international market.. Here is a special IMF AgroChem Loan Package to help you develop a whole new export market - Fresh-cut flowers. *Give IMF Dollar to Presidente.*

Presidente: *Take the DOLLAR from IMF and give an IOU to IMF. Give the IMF DOLLAR to AgroChem in exchange for a CAN OF PESTICIDES and PACKET OF SEEDS, give the can and seeds to Landowner.*

Facilitator: *To Landowner* How are you going to get started growing flowers? What's your plan?

Landowner: *To Campesino #1* You haven't paid me back for the last loan, so I am going to have to take back the land. But I will hire you to work in my flower industry.

Campesino #1: *Give your trowel to Landowner. Sit on the floor in front of Landowner who gives you the SEEDS and PESTICIDE.*

Facilitator: That means no more corn and beans. *Take IEAR OF CORN from Campesinos and give 1 BUNCH OF FLOWERS to Campesino #1.*

Campesino #1: *To Landowner* Here are the flowers I've grown.

Landowner: *To AgroChem* How much will you pay for the flowers.

AgroChem: Here's \$1 *Give Landowner \$1*

Landowner: I need to exchange this Dollar for Pesos. *Receive 5 pesos from Central Bank and give 2 to Campesino #1: Here is your pay, 2 Pesos.*

AgroChem: And I can sell the flowers to the United States for \$2. *Facilitator, give \$2 to AgroChem.*

IMF: The other way to increase exports is to set up something called a Free Trade or Export-Processing Zone. This is a special area of Saliagua where investors can come and set up their factories and assembly plants. To get them to come, you will have to give them some incentives – no taxes, free utilities, and you will have to waive any labor or environmental laws. *To Presidente* Tell the international community your plan and see if there are any takers.

Presidente: I'm looking for foreign investors who would like to do business in our Free Trade Zone. You will not have to pay taxes, I'll give you free utilities for 15 years, we'll build the industrial park for you, and we will relax our existing labor or environmental laws to meet your needs. Our young women are a ready labor force. There are many women in the campo who will be willing to move from their farms into the factories. They will work cheap and won't complain.

Facilitator: Nicaragua's official "Pronicaragua" website brags of its lowest wages in Central America (44 cents per hour) anti-strike laws, and declining union membership.

Generally Electric: I have been looking for a place to move my Light Bulb Packaging plant where I can get cheaper labor.

IMF and Presidente: *Help GE set up two chairs in front of GE to form a Free Trade Zone.*

Campesino #2: We have no more land and very little food. We will work anywhere. *Campesinos #2 and #3 Move to "free trade zone."*

Facilitator: *Remove the last 2 EARS OF CORN and BASKET* Now let me ask the Saliaguans what are you eating these days?

Campesino #1: Since we no longer grow food, we have to go to the store and buy our food. *Go to AgroChem.*

AgroChem: We have a special new line of food called Luck Grub, Lucky Cornos and Lucky Beans, only 1 Peso per can.

Campesino #1: *Buy 1 can of Cornos and 1 can of Beans for 2 Pesos.*

Facilitator: I see that it took all of your money to buy the food. Maybe you could ask for higher wages?

IMF: Wait, wait, wait. Pay attention. (Pointing to the 3rd point of the SAP chart) Low wages help hold down the price of your flower exports so that you can be competitive with other countries. El Presidente, you better do whatever it takes to make sure that they don't start to organize a union to demand higher wages.

Facilitator: He's right. You may want to use that gun you bought earlier to ensure that no union organizing takes place.

IMF: The fourth Structural Adjustment condition is to cut social spending. Saliagua is in a tight situation right now as the economy is beginning to take off. What money you have in government should be spent instead to encourage industries that will earn dollars, like tourism. So you will have to cut excess programs from your budget; like social subsidies for basic food, public transportation, gasoline, schools and hospitals; everything not helping Saliagua increase its exports to pay back the debt. It's time you all start tightening your belts down there.

Facilitator: Without those social subsidies prices have gone up on education, healthcare and electricity. Campesinos, how have you dealt with this?

Campesino #2: We can't afford to go to the doctor any more, and many families can no longer send their children to school. *Facilitator: Take back the ASPIRIN and NOTEBOOK.* But what is hardest is that our families are being torn apart. In our village, many men have left to find work in other countries.

Campesino #4: *Go out of the circle to represent going to the US.*

Campesino #2: Some of us women and have gone to the cities to work in maquiladoras. We have heard of some who have turned to prostitution and selling drugs. We don't know where to look for hope.

IMF: *To Presidente* Well, I am really proud of the way you in Saliagua are adhering to SAPs. We just have one more condition. Devalue Saliagua's currency. What does devaluing mean? It means reducing the value of your peso in relation to other currency, like the dollar. So people and corporations with dollars will buy more here, because they'll get more for their dollar.

Central Banker: *Change your sign to read 8 to 1*

Facilitator: Now your exports are cheaper, and the cut flower industry is really taking off, ...BUT your imported machinery, goods and products, like this imported food, all costs more pesos. In fact, they have just skyrocketed! *Give AgroChem the can of Cornos priced at 2 pesos.*

Facilitator: So here we are at the end of the 80's. How are things going? What does the IMF think?

MegaBank: *Turn off the timer*

IMF: I'd like to offer my congratulations, Senor Presidente, your country has finally entered the global economy. You have already moved from peasants in the country to workers in factories for global corporations making t-shirts, tennis shoes and teddy bears! Just think of the future.

Facilitator: Sounds great doesn't it? What do the rest of you think? How has your situation changed? What are your options?

Campesino #3: We are in poverty. We have lost our land and our way of life. Our families are separated. The men have no work and often drink too much and beat their wives and children, who have to work on the streets or in the maquiladoras or as domestic workers in foreign countries. Many have died from pesticide exposure. AIDS is beginning to be a problem in our country because the men spend so much time away from their families and many women and young girls have turned to prostitution to earn money.

Facilitator: The largest cash-earning export product of the Philippines is the export of Filipina domestic workers.

Landowner: Although I have done alright because I switched to the flower industry, I am not really better off. My expenses are way up and I have had to expand my operation greatly in order to make the same amount of money. I have one relative who has become very rich, but also have friends who have gone broke and have had to go to work in the factories. And the general political situation seems very unstable.

Presidente: I personally have some money stashed away, but the country is in a mess; we have no money for anything besides debt payments.

IMF: *Show IOU's.*

Presidente: I don't really have any authority anymore; the IMF sets all of the countries policies.

Central Bank: I was forced to devalue the currency. Everyone blamed me for the financial crisis. I wish I had another job, but not in the maquiladoras.

MegaBank: We made lots of money off our original \$1 Billion loan. *Show the money that MegaBank has accrued on interest.* We continue to worry about the slow pace of progress here. We have to work hard to convince the President and the people to stay the course.

AgroChem: Our **Flowerama** and **No More Pests** divisions are doing very well, and our **Lucky Grub** division has begun to show a profit. It has taken time for the people to get used to our products, and they don't have much money to spend on them.

Generally Electric: Our Light Bulb packing plant is generating great profits. We now own the old Electric power plant and are attempting to run it efficiently, but there are many problems, like the make-shift neighborhoods on the outskirts of the city that are illegally stealing power. We are passing these costs, and the cost of public lighting of streets to all of the consumers, but there is growing resistance to this policy. The disaster with the nuclear power plant didn't help our public image. Of course we made a bundle on the nuclear power plant, but we have a lot of public relations work to do here in order to keep our profits.

Rambo Guns 'R' Us: We made good profits here in Saliagua. We're not sure what the future will bring, but wherever there are natural resources to acquire, or wherever there is too great a divide between the rich and the poor, there will likely be a market for guns. Some on our board are thinking of diversifying and expanding into the prison industry.

(possible discussion)

PART III: The 1990's

GLOBALIZATION: THE NEW WORLD ORDER

MegaBank: *Set your timer to go off less frequently, every 5 minutes, to represent lower interest rates*

IMF: We have really worked hard these past 20 years solving the debt crisis. One of our worries has always been that the belt-tightening measures would backfire and governments would fall to revolutionary movements and would adopt a socialist system, like that of Cuba or the Soviet

Union. We have relied heavily on the military presence of the US to keep this from happening.

Facilitator: But with the fall of Communism in the Soviet Union, the revolutionary movements lost much of their financial backing. President George Bush declared that there was now a New World Order and the US stepped up its policy of promoting “Democracy” and “Free Market Capitalism,” known in most of the world as Neo Liberal Economics.

IMF: I am calling a meeting of all of the multi-national corporations operating here in Saliagua. *Go over to the International Community, MegaBank, AgroChem, Generally Electric, Rambo Guns ‘R’ Us, and have a short meeting.*

AgroChem: *To Presidente.* I am speaking on behalf of the multi-national corporations doing business here in Saliagua. For years we have been concerned about the rebels in this country. We think with the help of the international community, a negotiated settlement with the rebels might be reached. We suggest that you promise amnesty and some democratic reforms in exchange for peace. If you do this, we promise that we will give your party money and we will get the United States to apply political pressure so that you will be sure to win the elections.

Presidente: I’ll do it. *Go to Campesino #5 and shake hands. Facilitator, give him a PEOPLE’S PARTY sign.*

Campesino #5: *Take off your HANDKERCHIEF and hold up your PEOPLE PARTY sign.*

Facilitator: At the time of the 1962 Cuban missile crisis, Sen. Hubert H. Humphrey told Congress ...”Castroism will spread like a plague through Latin America unless something is done about the price of raw materials produced there.” That year the U.S helped create the International Coffee Agreement that imposed strict limits on how much coffee each nation could produce. The agreement propped up prices for nearly three decades. But when the Berlin Wall collapsed in 1989, which meant that revolutionary movements could no longer rely on East Germany and The Soviet Union for financial support, The US backed out of the Coffee Agreement.

Landowner: Presidente, I have a concern. I have heard that the US is going to pull out of the International Coffee Agreement. I still have some land planted in Coffee. What will this mean for us?

MegaBank: Artificially regulating the economy always restricts the profits. The Free Market principles will work out so that everyone benefits. Saliagua has not been able to grow as much coffee as it is capable of, so now it can expand its production and earn more money.

Facilitator: *Give Landowner another coffee bag.*

Presidente: I have been invited by the President of the United States, to a meeting in Miami, in December of 1994. Who can tell me what it’s about?

AgroChem: The United States is proposing a new trade agreement with all of the countries of the Hemisphere, except Cuba. It will be called the FTAA, or Free Trade Area of the Americas. The plan is to have it accepted by all countries in 2005. The US already has such an agreement with Canada and Mexico called NAFTA. This is great news. Now we can get in on the benefits of Free Trade.

Presidente: Now I'm hearing about a World Trade Organization. I need someone to help me with all these Trade issues. *To Central Banker, Will you be my Trade Representative?*

Central Banker: Sure, but I need advice.

AgroChem: We in the business sector understand these issues. We will be a board of advisers.

Facilitator: The WTO went into effect in 1995. It was created out of the GATT talks, or the General Agreement on Trades and Tariffs. It functions as a worldwide constitution or Bill of Rights for corporations, limiting the kind of laws countries can pass. It allows a country which thinks its businesses are restricted by the laws of another country, to sue that country. NAFTA and the proposed FTAA have parallel language.

Meanwhile, here in Saliagua the interest, although not as high, continues, and privatization continues: Health Care has been privatized and there are user fees for schools. *Give the PRIVATE HOSPITAL SIGN to the Doctor.* The privatization of water is now being discussed. Let's check in on the people in the country. How are you managing to survive?

Campesino #3. I don't know what we would do if we didn't get money sent to us by my brother who works in the US. My brother doesn't earn much, but he sends all he can.

Facilitator: *To Campesino: #4* How is your life in the US.

Campesino #4: Getting here was tough. Finding jobs is easy because the citizens here don't want the jobs we take. They can work us hard and pay us illegal wages because we have no rights. Many of us work two jobs because expenses are very high. There are 8 of us living in a small apartment. We can't be visible or we will get deported. Our children can't go to college because they are charged the out of state tuition rates. But the people of Saliagua depend on us so we do what we have to do. The banks charge 9% - 15% to send the money, but we do it.

Facilitator: Here is your pay. *Give \$1 to Campesino #4*

Campesino #4: *To MegaBank* I want to send this to my family in Saliagua. *Give \$1 to MegaBank.*

MegaBank: *To Central Banker, Giving \$1.* Give me 1 Peso for my fee, and the other 7 Pesos to that Campesino. *referring to Campesino #3.*

Central Banker: *Take the Dollar, Give 1 Peso to MegaBank, and 7 Pesos to Campesino #3.*

Campesino #3: I owe 2 Pesos to the Electric Company and I need food. *Give 2 Pesos to Generally Electric, and go to AgroChem.*

AgroChem: *To Campesino #3* Lucky Cornos are now 2 Pesos. But we now have a new product, infant formula. It's very good for babies; see how healthy this baby looks! And this will allow someone else to take care of your baby so you can spend more time at work. It's on special now for only 1 peso. *Campesino #3 gives 3 peso to Lucy Grub for 1 can of Lucky Cornos and 1 box of formula.*

Campesino #3: *Go back to maquiladora seat, then go to Doctor and give him your last 2 pesos* My child is sick. I'm afraid she'll die.

Doctor: It's probably because the water you mix the formula with is contaminated. Some babies have died. The World Health Organization has studied this problem and created a code on

infant formula marketing which bans the depiction of healthy, fat babies on the packaging. Over 100 countries have already adopted this law.

Presidente: I propose that we adopt this law too.

AgroChem: Wait. That was before the WTO. Now the rules on Intellectual property rights require countries to give precedence to corporate trademarks over other national priorities.

Presidente: Sorry, I didn't know.

Facilitator: This in fact happened in Guatemala where Gerber Foods threatened action under the newly formed WTO and Guatemala backed down. The biggest effect of the WTO and NAFTA has been on action not taken and laws not passed from the fear of suits. Since NAFTA went into effect, Canada has passed only 2 environmental laws, and both were challenged by US companies.

Now let's see how the coffee business is doing.

Landowner: I have given up. I can only get 50 cents a pound for my coffee beans now and it costs me 80 cents to grow them. I have stopped harvesting and my land is turning into weeds.
Facilitator, take away the 3 coffee bags.

Facilitator: In the 1990's, without the quotas of the International Coffee Agreement, coffee production doubled worldwide. The big buyers were able to play growers against each other and the price dropped to one third of its former price.

MegaBank: Presidente, we have a problem. I know that I said that relaxing the rules on the transfer of money in and out of the country would create the opportunity for more investment, but the reverse is also true. The word on the street (Wall Street) is that Saliagua's economy is a little shaky.

Presidente: Don't talk so loud. Others may hear you and pull out their money.

AgroChem: What did you say. Did you say the economy is shaky? I'd better exchange my pesos for dollars.

Central Bank: *Change sign to read 15 to 1*

Facilitator: *Give AgroChem Lucky Beans Can that says 4 Pesos.* In 1998 Argentina experienced a recession that quickly spiraled into a disaster as international money speculators pulled their money out. Today, Argentina now accounts for one-fourth of all third world debt.
But there are signs of hope.

Campesino #5: I just went to the World Social Forum in Brazil. It was really amazing to be among people from so many countries who are organizing to resist the Neo Liberal Economic model. Let's organize the teachers to go on strike. They haven't had a raise in years, and prices keep going up. *Chant and walk in a circle with Campesino 1 and 2 following and joining in. Fair pay for teachers, fair pay for teachers, fair pay for teachers. Continue the picket line, but stop chanting.*

Presidente: Elections are coming up. *To AgroChem:* You promised to help. Things aren't going so well so you'd better help big time. It will take a lot of money to buy the media coverage and pay people to come to rallies.

AgroChem, GE, Doctor, Landowner, MegaBank: *Give some Pesos to the Presidente.*

Campesino #5: (Campaign Speech) Another World is Possible. We need to provide health care and education for our people. We need to resist the IMF policies.

Presidente: We can't do it alone, we will be swallowed up by the global economy. Besides, the US ambassador said publicly that the Peoples Party is known to have dealt with terrorist leaders in the past, and if they get elected the US might consider Saliagua a terrorist country. Do you want your sons and daughters to be at war again?

Campesino # 1: *agitated:* How dare the US tell us what to do.

Campesino #2: *shrinking back* I don't want war again.

Facilitator: *To Campesino #5.* So how did the election go?

Campesino #5: We lost the presidency, but made some gains in local elections. But what is encouraging is that other countries have elected Presidents who are willing to stand up to the IMF, World Bank, and the US sponsored Neo Liberal economic model.

Central Banker (Trade Rep): Presidente, the WTO will be meeting this year in Cancun and talking about agriculture. The Northern countries will want us to lower our tariffs. But they all give huge subsidies to their farmers so they can sell their corn and rice cheaper than corn and rice grown in Saliagua. If we don't charge a tariff, all of our farmers will go out of business. I have heard from other countries here in the South, that they are resisting any new agreement on agriculture. What do you think, should we join them?

IMF: I would advise against it. These coalitions have never stood up before. The Northern forces are too strong, and there may be financial repercussions from the US.

Presidente: I know, but I don't think I can win another election unless I pay some attention to the people. I'm going to stand with the other countries in this.

Facilitator: At the 2003 WTO meeting in Cancun, the United States and European Union submitted an agricultural proposal which was challenged by a Coalition of 21 countries, led by Brazil. Despite attempts to shatter the coalition – by offering special deals to key countries, and publicly attacking Brazil – the bloc held together. The Kenyan delegation, disgusted by the strong-arm negotiating tactics of the United States and European Union, abruptly pulled out of the talks, bringing the meetings to a screeching halt.

Campesino #5: We have started to educate ourselves about the political situation. There have been some victories. In addition to stalling the expansion of the World Trade Organization, the proposed Free Trade Area of the Americas was stalled at the Miami meeting in November. But the U.S. is still pushing ahead with smaller Free Trade Agreements, like the Central America Free Trade Agreement. But the tide is changing. We have felt our power and will continue to resist the powerful economic interests of the North.

We tell this to you in the U.S., not so that you feel sorry for us, but so that you understand that what has happened to us can happen to you as well. Have you noticed that your government is cutting and privatizing its services? Does the government say that there is no money for social programs anymore? Have you noticed that there is a growing divide between the rich and poor in your country? Does your government waste its money on military security? Our people lost their way of life, in the campo. Are there still family farms in your country? I know that you became a rich and powerful country with many jobs in

manufacturing. How are those jobs now? What jobs will you lose in the future? The structural adjustments are happening in your country as they happened in ours.

I think that we have more in common with you than you might think. I hope that what we have in common is not the destiny of poverty and degradation, but the will to resist what is wrong, the patience to organize, and the spirit of dignity, of justice, and hope.

PROPS

BASKET with 5 EAR OF CORN,
5 TROWELS,
LIGHTBULB
TIMER
FLOWER SEED PACKET
PESTICIDE CAN,
2 LUCKY BEANO CANS, *1 marked 1 Peso, 1 marked 4 Pesos*
2 LUCKY CORNO CANS, *1 marked 1 Peso, 1 marked 2 Pesos*
BOX OF INFANT FORMULA W/ BABY PICTURE ON IT
TOY GUN
BUNCH OF FLOWERS,
3 COFFEE BAGS
ASPIRIN BOTTLE
NOTEBOOK

Clothing

Sash, with word PRESIDENTE on it.
SHAWL
BANDANA
3 STRAW HATS
FANCY STRAW HAT
HAT (for Presidente)

Signs:

IOU \$1 BILLION AT 5%
CO-OP
ELECTRIC PLANT
NUCLEAR POWER PLANT
DOCTOR
BANK OF SALIAGUA: Exchange Rate: 5 (underneath, 8, 10, 15) Pesos = \$1
MEGABANK
AGROCHEM
GENERALLY ELECTRIC
RAMBO ARMS 'R' US
IMF
PRIVATE HOSPITAL
PEOPLE'S PARTY

Currency

PESOS
DOLLARS
IMF DOLLARS
IOU'S

Charts

WHAT HAPPENED TO THE \$\$\$\$\$?

- 1. Development Projects Didn't meet expectations**
- 2. White Elephants**
- 3. Corruption**
- 4. Capital Flight**
- 5. Military Build-up**
- 6. Interest Rates Rose**

The International Monetary Fund (IM) presents: **STRUCTURAL ADJUSTMENT PROGRAMS (SAPS)**

- 1. Privatization**
- 2. Export-led Development**
- 3. Low Wages**
- 4. Cuts in Social Spending**
- 5. Currency Devaluation**

SALIAGUA

Grandmother: *Some kind of clothing like a SHAWL to indicate her character*

INTRODUCTIONS

Facilitator: The following drama is an exercise illustrating how the Neo Liberal economic policies of the last thirty years have affected the poorer countries in the Southern Hemisphere. The drama begins in the 1960's. Here to introduce you to the setting is a woman I call Grandmother.

Grandmother: I would like to introduce you to our country. It's called "Saliagua." Like the name says, sal y agua—"salt and water"—we are a simple country, most of us just have the bare basics in life. I can remember when all this land used to be ours; we knew how to live off it. Then the Spanish came, took over much of the land, and we were forced onto this little plot of land here on the mountainside. These are my neighbors, fellow campesinos.

.....

Campesino #4: Recently two of us lost our land to the large landowner because there was a bad harvest and we couldn't pay back the money we had borrowed to plant. *Give your TROWEL to landowner.*

Campesino #5: *Give your TROWEL and 1 EAR OF CORN to the landowner.*

Grandmother: This is the local plantation owner from down the road.

Landowner: I come from a well-established, influential land-owning family that has been growing coffee for many generations in Saliagua.

Facilitator: How did you get your land?

Landowner: but when there is a bad harvest and they can't pay, we have to take their land to get our money back.

Grandmother: This is our local Doctor. We have a public health clinic in the town which isn't too far away.

Doctor: This medicine represents the public health clinic in the village. *Placee the ASPIRIN bottle k in the middle of the Campesinos.*

Grandmother: This is our esteemed Presidente. It took us years to get electricity here in the campo. Now that he wants to get re-elected, he claims he is responsible for everything.

Presidente: I am the president of Saliagua. *Give the campesinos the LIGHT BULB in exchange for an EAR OF CORN.*

Grandmother: This is the Central Banker, controller of the national currency. Besides being family of the Presidente, I'm not sure what he does. Tell us again.

Saliagua Central Bank Banker: I am the head of the Central Bank;subsidies, bills, and checks come from me, and loan payments are collected from me.

Grandmother: *to MegaBanker* These people are new to our country. Before we never saw Bank of America, Citicorp, or Fleet Bank. I have no idea what they are doing here. We don't have any money to deposit.

MegaBank Banker: We are a U.S., private, We have a timer because, for banks, "Time is Money." We need to know when to collect interest payments.

Grandmother: *to AgroChem* These people we have seen too much of. We see their imported seeds, their imported fertilizer, their fancy pesticides, even their imported cow manure. Everything at that big coffee farm has their toxic logo on it.

AgroChem Corporation: We are the #1 multi-national agro-chemical company in the Americas;Also we like to work where we can sell the complete package; we're especially looking for new markets for our Lucky Grub products.

Grandmother: *To Generally Electric* These people are from lands far away. We never see them, but the people say they go to visit the Presidente.

Generally Electric: We are a U.S. based companyWe are looking for new, untapped markets where we can promote nuclear power and sell more plants.

Grandmother: *To Rambo* These people are from lands far away. We never see them, but the people say they go to visit the Presidente.

Rambo Arms 'R' Us: We are an international weapons manufacturer.

SALIAGUA

Campesino #1 *STRAW HAT, BASKET with 5 EAR OF CORN*

INTRODUCTIONS

Facilitator: The following drama is an exercise illustrating how the international economic system operates and how it has affected the poorer countries in the Southern Hemisphere. The drama begins in the 1960's. Here to introduce you to the setting is a woman I call Grandmother.

Grandmother: These are my neighbors, fellow campesinos.

Campesino #1: We are peasants in Saliagua like the majority of Saliaguans. We grow everything that we need to eat, but mostly corn and beans – plus some cash crops like coffee for other needs such as clothing and medicine. *Place basket with 5 ear of corn in the middle of the Campesinos.*

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Part I: The 1970's GROWING DEBT

Part II: The 1980's STRUCTURAL ADJUSTMENT

GE: We are a business, not a social service agency.If we do these things, we will be able to provide dependable electricity for those who can pay.

Campesino #1: We live far from town so our rates went up. We can no longer afford electricity.
Give light bulb to GE

=====

Landowner: *To Campesino #1* You haven't paid me back for the last loan, so I am going to have to take back the land. But I will hire you to work in my flower industry.

Campesino #1: *Sit on the floor in front of Landowner who gives you the SEEDS and PESTICIDE.*

Facilitator: That means no more corn and beans. *Take 1 EAR OF CORN from Campesinos and give 1 BUNCH OF FLOWERS to Campesino #1.*

Campesino #1: *To Landowner* Here are the flowers I've grown.

Landowner: *To AgroChem* How much will you pay for the flowers.

AgroChem: Here's \$1 *Give Landowner \$1*

Landowner: I need to exchange this Dollar for Pesos. *Receive 5 pesos from Central Bank and give 2 to Campesino #1: Here is your pay, 2 Pesos.*

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Facilitator: Now let me ask the Saliaguans what are you eating these days?

Campesino #1: Since we no longer grow food, we have to go to the store and buy our food. *Go to AgroChem.*

AgroChem: We have a special new line of food called Luck Grub, Lucky Cornos and Lucky Beans, only 1 Peso per can.

Campesino #1: *Buy 1 can of Cornos and 1 can of Beans for 2 Pesos.*

PART III: The 1990's GLOBALIZATION: THE NEW WORLD ORDER

Campesino #4: I just went to the World Social Forum in Brazil. It was really amazing to be among people from so many countries who are organizing to resist the Neo Liberal Economic model. Let's organize the teachers to go on strike. They haven't had a raise in years, and prices keep going up. *Chant and walk in a circle with*

Campesino 1 and : *Join in with Campesino #4 and chant: Fair pay for teachers, fair pay for teachers, fair pay for teachers. Continue the picket line, but stop chanting.*

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Presidente: We can't do it alone; we will be swallowed up by the global economy.Do you want your sons and daughters to be at war again?

Campesino # 1: *agitated:* How dare the US tell us what to do.

Other Campesino #2: *shrinking back* I don't want war again.

SALIAGUA
Campesino #2 (female) 5 TROWELS

INDRODUCTIONS

Campesino #1: We are peasants in Saliagua like the majority of Saliaguans. We grow everything that we need to eat, but mostly corn and beans – plus some cash crops like coffee for other needs such as clothing and medicine. *Place basket with 5 ear of corn in the middle of the Campesinos.*

Campesino #2: A few of us here own our land, but many people rent from the landowner sitting over there. These farm tools represent people who own a small piece of land. *Place a trowel in front of each campesino.*

Part I: The 1970's GROWING DEBT

**Part II: The 1980's
STRUCTURAL ADJUSTMENT**

Generally Electric: I have been looking for a place to move my Light Bulb Packaging plant where I can get cheaper labor.

IMF and Presidente: *Help GE set up two chairs in front of GE to form a Free Trade Zone.*

Campesinos #2: We have no more land and very little food. We will work anywhere. *Move to "free trade zone."*

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Facilitator: Without those social subsidies prices have gone up on education , healthcare and electricity. Campesinos, how have you dealt with this?

Campesino #2 : We can't afford to go to the doctor any more, and many families can no longer send their children to school. *Facilitator: Take back the ASPIRIN and NOTEBOOK.* But what is hardest is that our families are being torn apart. In our village, many men have left to find work in other countries. *Campesino #4: Go out of the circle to represent going to the US.* Some of our women and children have gone to the cities to work in maquiladoras. We have heard of some who have turned to prostitution and selling drugs. We don't know where to look for hope.

**PART III: The 1990's
GLOBALIZATION: THE NEW WORLD ORDER**

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Campesino #5: I just went to the World Social Forum in Brazil. It was really amazing to be among people from so many countries who are organizing to resist the Neo Liberal Economic model. Let's organize the teachers to go on strike. They haven't had a raise in years, and prices keep going up. *Chant and walk in a circle with Campesino 1 and 2 following and joining in. Fair pay for teachers, fair pay for teachers, fair pay for teachers. Continue the picket line, but stop chanting.*

Campesino 1 and 2: *Following Campesino #5 and joining in. Fair pay for teachers, fair pay for teachers, fair pay for teachers. Continue the picket line, but stop chanting.*

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Presidente: We can't do it alone,..... Do you want your sons and daughters to be at war again?

Campesino # 1: *agitated:* How dare the US tell us what to do.

Other Campesino #2: *shrinking back* I don't want war again.

SALIAGUA
Campesino #3 (female) NOTEBOOK

INDRODUCTIONS

Campesino #2: A few of us here own our land, but many people rent from the landowner sitting over there. These farm tools represent people who own a small piece of land. *Place a trowel in front of each campesino.*

Campesino #3: We have access to electricity, healthcare and education because it is subsidized by the government. It is very important to all of us that our children can attend school. I never had this opportunity. *Place the NOTEBOOK in the middle of the campesinos.*

Part I: The 1970's GROWING DEBT

**Part II: The 1980's
STRUCTURAL ADJUSTMENTS**

Generally Electric: I have been looking for a place to move my Light Bulb Packaging plant where I can get cheaper labor.

IMF and Presidente: *Help GE set up two chairs in front of GE to form a Free Trade Zone.*

Campesino #2: We have no more land and very little food. We will work anywhere. Campesinos #2 and #3 *Move to "free trade zone."*

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Facilitator: Sounds great doesn't it? What do the rest of you think? How has your situation changed? What are your options?

Campesino #3: We are in poverty. We have lost our land and our way of life. Our families are separated. The men have no work and often drink too much and beat their wives and children, who have to work on the streets or in the maquiladoras or as domestic workers in foreign countries. Many have died from pesticide exposure. AIDS is beginning to be a problem in our country because the men spend so much time away from their families and many women and young girls have turned to prostitution to earn money.

**PART III: The 1990's
GLOBALIZATION: THE NEW WORLD ORDER**

Facilitator: The WTO went into effect in 1995. Let's check in on the people in the country. How are you managing to survive?

Campesino #3. I don't know what we would do if we didn't get money sent to us by my brother who works in the US. My brother doesn't earn much, but he sends all he can.

Campesino #4: Getting here was tough. The banks charge 9% - 15% to send the money, but we do it....

. **MegaBank:** *To Central Banker, Giving \$1. Give me 1 Peso for my fee, and the other 7 Pesos to that Campesino. referring to Campesino #3.*

Central Banker: *Take the Dollar, Give 1 Peso to MegaBank, and 7 Pesos to Campesino #3.*

Campesino #3: *I owe 2 Pesos to the Electric Company and I need food. Give 2 Pesos to Generally Electric, and go to AgroChem.*

AgroChem: *To Campesino #3 Lucky Cornos are now 2 Pesos. But we now have a new product, infant formula. It's very good for babies; see how healthy this baby looks! And this will allow someone else to take care of your baby so you can spend more time at work. It's on special now for only 1 peso.*

Campesino #3 *give 3 peso to Lucy Grub for 1 can of Lucky Cornos and 1 box of formula.*

Campesino #3: *Go back to maquiladora seat, then go to Doctor and give him your last 2 pesos My child is sick. I'm afraid she'll die.*

Doctor: *It's probably because the water you mix the formula with is contaminated. Some babies have died. The World Health Organization has studied this problem and created a code on infant formula marketing which bans the depiction of healthy, fat babies on the packaging. Over 100 countries have already adopted this law.*

SALIAGUA
Campesino #4

INDRODUCTIONS

Campesino #3: We have access to electricity, healthcare and education because it is subsidized by the government. It is very important to all of us that our children can attend school. I never had this opportunity. *Place the NOTEBOOK in the middle of the campesinos.*

Campesino #4: Recently two of us lost our land to the large landowner because there was a bad harvest and we couldn't pay back the money we had borrowed to plant. *Give your TROWEL to landowner.*

Part I: The 1970's GROWING DEBT

**Part II: The 1980's
STRUCTURAL ADJUSTMENT**

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Campesino #2: We can't afford to go to the doctor any more, and many families can no longer send their children to school. *Facilitator: Take back the ASPIRIN and NOTEBOOK.* But what is hardest is that our families are being torn apart. In our village, many men have left to find work in other countries.

Campesino #4: *Go out of the circle, behind US Corporations, to represent going to the US.*

**PART III: The 1990's
GLOBALIZATION: THE NEW WORLD ORDER**

Campesino #3. I don't know what we would do if we didn't get money sent to us by my brother who works in the US. My brother doesn't earn much, but he sends all he can.

Facilitator: *To Campesino: #4* How is your life in the US.

Campesino #4: Getting here was tough. Finding jobs is easy because the citizens here don't want the jobs we take. They can work us hard and pay us illegal wages because we have no rights. Many of us work two jobs because expenses are very high. There are 8 of us living in a small apartment. We can't be visible or we will get deported. Our children can't go to college because they are charged the out of state tuition rates. But the people of Saliagua depend on us so we do what we have to do. The banks charge 9% - 15% to send the money, but we do it.

Facilitator: Here is your pay. *Give \$1 to Campesino #4*

Campesino #4: *To MegaBank* I want to send this to my family in Saliagua. *Give \$1 to MegaBank.*

SALIAGUA
Campesino #5 BANDANA

INDRODUCTIONS

Campesino #4: Recently two of us lost our land to the large landowner because there was a bad harvest and we couldn't pay back the money we had borrowed to plant. *Give your TROWEL to landowner.*

Campesino #5: *Give your TROWEL and 1 EAR OF CORN to the landowner.*

Part I: The 1970's GROWING DEBT

Landowner: I am will grow coffee if you will give me some of the money.

Presidente: *Take 2 PESOS out of the Central Bank and give them and a COFFEE BAG to the Landowner.*

Campesino #5: We wish we could get some money or assistance from your government to help with our small farms, but since the emphasis is on export corps, we have received nothing.

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Facilitator, referring to Chart #4. As the economy became worse, some of the landless campesinos joined the rebel forces.

Campesino 5: *Put a BANDANA around your head, and move behind the circle.*

Part II: The 1980's
STRUCTURAL ADJUSTMENT

PART III: The 1990's
GLOBALIZATION: THE NEW WORLD ORDER

AgroChem: *To Presidente.* I am speaking on behalf of the multi-national corporations doing business here in Saliagua.we will get the United States to apply political pressure so that you will be sure to win the elections.

Presidente: I'll do it. *Go to Campesino #5 and shake hands. Facilitator, give him a PEOPLE'S PARTY sign.*

Campesino #5: *Take off your BANDANA and hold up your PEOPLE PARTY sign.*

=====
Facilitator:Today, Argentina now accounts for one-fourth of all third world debt.But there are signs of hope.

Campesino #5: I just went to the World Social Forum in Brazil. It was really amazing to be among people from so many countries who are organizing to resist the Neo Liberal Economic model. Let's organize the teachers to go on strike. They haven't had a raise in years, and prices keep going up. *Chant and walk in a circle with campesino 1 and 2 following and joining in. Fair pay for teachers, fair pay for teachers, fair pay for teachers. Continue the picket line, but stop chanting.*

Presidente: Elections are coming up. *To AgroChem:* You promised to help. Things aren't going so well so you'd better help big time. It will take a lot of money to buy the media coverage and pay people to come to rallies.

AgroChem, GE, Doctor, Landowner, MegaBank: *Give some Pesos to the Presidente.*

Campesino #5: (Campaign Speech) Another World is Possible. We need to provide health care and education for our people. We need to resist the IMF policies.

=====

Facilitator: *To Campesino #5.* So how did the election go?

Campesino #5: We lost the presidency, but made some gains in local elections. But what is encouraging is that other countries have elected Presidents who are willing to stand up to the IMF, World Bank, and the US sponsored Neo Liberal economic model.

=====

Facilitator: At the WTO, abruptly pulled out of the talks, bringing the meetings to a screeching halt.

Campesino #5: We have started to educate ourselves about the political situation. There have been some victories. In addition to stalling the expansion of the World Trade Organization, the proposed Free Trade Area of the Americas was stalled at the Miami meeting in November. But the U.S. is still pushing ahead with smaller Free Trade Agreements, like the Central America Free Trade Agreement. But the tide is changing. We have felt our power and will continue to resist the powerful economic interests of the North.

We tell this to you in the US, not so that you feel sorry for us, but so that you understand that what has happened to us can happen to you as well. Have you noticed that your government is cutting and privatizing its services? Does the government say that there is no money for social programs anymore? Have you noticed that there is a growing divide between the rich and poor in your country? Does your government waste its money on military security? Our people lost their way of life, in the campo. Are there still family farms in your country? I know that you became a rich and powerful country with many jobs in manufacturing. How are those jobs now? What jobs will you lose in the future? . The structural adjustments are happening in your country as they happened in ours.

I think that we have more in common with you than you might think. I hope that what we have in common is not the destiny of poverty and degradation, but the will to resist what is wrong, the patience to organize, and the spirit of dignity, of justice, and hope.

SALIAGUA

Landowner: *FANCY STRAW HAT, 5 PESOS*

INDRODUCTIONS

Grandmother: This is the local plantation owner from down the road.

Landowner: I come from a well-established, influential land-owning family that has been growing coffee for many generations in Saliagua.

Facilitator: How did you get your land?

Landowner: Over the years we have gradually acquired more and more. Our family has been friends with the ruling government and at times that has helped. More recently, we have tried to help the campesinos by loaning them the money to plant their harvests, but when there is a bad harvest and they can't pay, we have to take their land to get our money back.

Part I: The 1970's GROWING DEBT

Presidente: Because of our Colonized background, we do not have the technology, trained labor, or access to materials to compete in the area of manufactured products, so I think we will keep investing in raw material exports like sugar and coffee.

Landowner: I am will grow coffee if you will give me some of the money.

Presidente: *Take 2 PESOS out of the Central Bank and give them and a COFFEE BAG to the Landowner.*

Campesino #5: We wish we could get some money or assistance from your government to help with our small farms, but since the emphasis is on export corps, we have received nothing.

Facilitator: So, how did exporting raw materials work out?

Landowner: In the 1970s there was a global recession. The prices of things we produce in Latin America, declined to 1930 levels, but the price of manufactured goods that we need to produce them, like machines and fertilizer, things produced in the North, rose. It used to take the sale of 4 tons of coffee to buy one tractor. Now it takes 11 tons to buy the same tractor.

Facilitator: Another problem was that countries which invested heavily in one crop were vulnerable to market changes. Chile, which had invested heavily in copper production, had great losses when fiber optics replaced copper wire.

Landowner: Our sugar industry suffered when Coca Cola started using corn syrup instead of sugar. I need more land and cheaper labor to keep my costs down. The campesinos have lost money as well so it will be easy to get more land from them. *Take TROWELS from Campesinos 2 & 3.*

Part II: The 1980's STRUCTURAL ADJUSTMENT

Presidente: *Give the IMF DOLLAR to AgroChem in exchange for a CAN OF PESTICIDES and PACKET OF SEEDS, give the can and seeds to Landowner.*

Facilitator: *To Landowner* How are you going to get started growing flowers? What's your plan?

Landowner: *To Campesino #1* You haven't paid me back for the last loan, so I am going to have to take back the land. But I will hire you to work in my flower industry.

Campesino #1: *Give your trowel to Landowner. Sit on the floor in front of Landowner who gives you the SEEDS and PESTICIDE.*

Facilitator: That means no more corn and beans. *Take 1EAR OF CORN from Campesinos and give 1 BUNCH OF FLOWERS to Campesino #1.*

Campesino #1: *To Landowner* Here are the flowers I've grown.

Landowner: *To AgroChem* How much will you pay for the flowers.

AgroChem: Here's \$1 *Give Landowner \$1*

Landowner: I need to exchange this Dollar for Pesos. *Receive 5 pesos from Central Bank and give 2 to Campesino #1: Here is your pay, 2 Pesos.*

=====

Facilitator: The largest cash-earning export product of the Philippines is the export of Filipina domestic workers.

Landowner: Although I have done alright because I switched to the flower industry, I am not really better off. My expenses are way up and I have had to expand my operation greatly in order to make the same amount of money. I have one relative who has become very rich, but also have friends who have gone broke and have had to go to work in the factories. And the general political situation seems very unstable.

PART III: The 1990's

GLOBALIZATION: THE NEW WORLD ORDER

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Facilitator: At the time of the 1962decades. But when the Berlin Wall collapsed in 1989, so did the coffee deal.

Landowner: Presidente, I have a concern. I have heard that the US is going to pull out of the International Coffee Agreement. I still have some land planted in Coffee. What will this mean for us?

=====

Facilitator:Now let's see how the coffee business is doing.

Landowner: I have given up. I can only get 50 cents a pound for my coffee beans now and it costs me 80 cents to grow them. I have stopped harvesting and my land is turning into weeds.
Facilitator, take away the 3 coffee bags and trowels.

Presidente: Elections are coming up. *To AgroChem:* You promised to help. Things aren't going so well so you'd better help big time. It will take a lot of money to buy the media coverage and pay people to come to rallies.

SALIAGUA

Doctor *DOTOR SIGN, ASPIRIN BOTTLE,*

INTRODUCTION

Grandmother: This is our local Doctor. We have a public health clinic in the town which isn't too far away.

Doctor: This medicine represents the public health clinic in the village. *Placee the ASPIRIN bottle k in the middle of the Campesinos.*

Part I: The 1970's GROWING DEBT

Part II: The 1980's STRUCTURAL ADJUSTMENT

PART III: The 1990's GLOBALIZATION: THE NEW WORLD ORDER

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AgroChem: *To Campesino #3* Lucky Cornos are now 2 Pesos. But we now have a new product, infant formula. It's very good for babies; see how healthy this baby looks! And this will allow someone else to take care of your baby so you can spend more time at work. It's on special now for only 1 peso. *Campesino #3 gives 3 peso to Lucy Grub for 1 can of Lucky Cornos and 1 box of formula.*

Campesino #3: *Go back to maquiladora seat, then go to Doctor and give him your last 2 pesos* My child is sick. I'm afraid she'll die.

Doctor: It's probably because the water you mix the formula with is contaminated. Some babies have died. The World Health Organization has studied this problem and created a code on infant formula marketing which bans the depiction of healthy, fat babies on the packaging. Over 100 countries have already adopted this law.

Presidente: Elections are coming up. *To AgroChem:* You promised to help. Things aren't going so well so you'd better help big time. It will take a lot of money to buy the media coverage and pay people to come to rallies.

AgroChem, GE, Doctor, Landowner, MegaBank: *Give some Pesos to the Presidente.*

SALIAGUA

MegaBank *MEGABANK SIGN, 2 GREEN DOLLARS, TIMER*

INDRODUCTIONS

Grandmother: *to MegaBanker* These people are new to our country. Before we never saw Bank of America, Citicorp, or Fleet Bank. I have no idea what they are doing here. We don't have any money to deposit.

MegaBank Banker: We are a U.S., private, commercial bank like Bank of America or Citicorp.

Facilitator: What are you doing here in Saliagua?

MegaBank Banker: We are interested in the possibilities of loaning and investing money in Third World countries. They are the new growth areas, otherwise called "emerging economies." This is where we can really make money.

Facilitator: And what is that timer for?

MegaBank Banker: We have a timer because, for banks, "Time is Money." We need to know when to collect interest payments.

Part I: The 1970's GROWING DEBT

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Presidente: Our country has had a healthy economy this past decade but we are still not a "developed" country. I have big plans, I just need capital.

MegaBank: *Take 4 DOLLARS, and go to president of Saliagua:* We want to help you "develop". We will loan you money; as much as you want. The current rate is only 5%. Here is One Billion Dollars. *Give 4 GREEN DOLLARS to Presidente.*
=====

Presidente: Who will offer me a safe place for my money with the best interest rates? *Open an account with MegaBank, throw the DOLLAR toward MegaBank.*

Facilitator: That's called capital flight.....The trouble was that interest was at a floating or variable interest rate, which depended on the U.S. Prime Lending rate. So when the interest rates rose in the U.S., the interest rate on Saliagua's loan rose too.

MegaBank: *Change your interest rate – Lift the 5% tag on your SIGN and expose 20% tag.*

Part II: The 1980's STRUCTURAL ADJUSTMENT

Presidente: *To MegaBank* Can I borrow more money to make my interest payments?

MegaBank: You can't make your current payments. How can I give you a new loan? You need help from a larger institution or you're economy will completely collapse and I'll never get my money back. Maybe the International Monetary Fund can help.

Presidente: Yes. I have no choice.

IMF: *Give 1 IMF Dollar to President.*

Presidente: *Give the BILL to the Central Bank*

Central Bank: *Give BILL to MegaBank and give an IOU to the IMF*

Facilitator: *to MegaBank Make sure you collect your interest payments on time. To Presidente That loan basically paid off last month's interest. I hope you can generate some more money in time for next month's payment.*

MegaBank: *Set the timer to 3 minutes. When it goes off, ask Central Bank for the money. If Central Bank has a GREEN DOLLAR, Central Banker gives it to MegaBank. If not, Central Banker and Presidente take an IOU and go to the IMF, who gives 1BILL to the Central Banker in exchange for the IOU. Central Banker then gives the BILL to MegaBank. MegaBank then resets the timer.*

Facilitator: *So here we are at the end of the 80's. How are things going? What does the IMF think?*

MegaBank: *Turn off the timer*

Central Bank: *I was forced to devalue the currency. Everyone blamed me for the financial crisis. I wish I had another job, but not in the maquiladoras.*

MegaBank: *We made lots of money off our original \$1 Billion loan. Show the money that MegaBank has accrued on interest. We continue to worry about the slow pace of progress here. We have to work hard to convince the President and the people to stay the course.*

PART III: The 1990's GLOBALIZATION: THE NEW WORLD ORDER

Megabank: *Set your timer to go off less frequently (5 minutes) to represent lower interest rates.*
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IMF: *I am calling a meeting of all of the multi-national corporations operating here in Saliagua. Go over to the International Communit, MegaBank, AgroChem, Generally Electric, Rambo Guns 'R' Us, and have a short meeting.*
=====

Landowner: *Presidente, I have a concern. I have heard that the US is going to pull out of the International Coffee Agreement. I still have some land planted in Coffee. What will this mean for us?*

MegaBank: *Artificially regulating the economy always restricts the profits. The Free Market principles will work out so that everyone benefits. Saliagua has not been able to grow as much coffee as it is capable of, so now it can expand its production and earn more money.*
=====

Facilitator: *Here is your pay. Give \$1 to Campesino #4*

Campesino #4: *To MegaBank I want to send this to my family in Saliagua. Give \$1 to MegaBank.*

MegaBank: *To Central Banker, Giving \$1.* Give me 1 Peso for my fee, and the other 7 Pesos to that Campesino. *referring to Campesino #3.*

=====

Facilitator: In the 1990's, without the quotas of the International Coffee Agreement, coffee production doubled worldwide. The big buyers were able to play growers against each other and the price dropped to one third of its former price.

MegaBank: Presidente, we have a problem. I know that I said that relaxing the rules on the transfer of money in and out of the country would create the opportunity for more investment, but the reverse is also true. The word on the street (Wall Street) is that Saliagua's economy is a little shaky.

Presidente: Elections are coming up. *To AgroChem:* You promised to help. Things aren't going so well so you'd better help big time. It will take a lot of money to buy the media coverage and pay people to come to rallies.

AgroChem, GE, Doctor, Landowner, Megabank: *Give some Pesos to the Presidente.*

SALIAGUA

AgroChem:

AGROCHEM SIGN, FLOWER SEEDS, PESTICIDE CAN, 2 GREEN DOLLARS, CAN OF LUCKY BEANOS @ IPESO, CAN OF LUCKY CORNOS @ IPESO, BOX OF FORMULA

INDRODUCTIONS

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Grandmother: *to AgroChem* These people we have seen too much of. We see their imported seeds, their imported fertilizer, their fancy pesticides, even their imported cow manure. Everything at that big coffee farm has their toxic logo on it.

AgroChem Corporation: We are the #1 multi-national agro-chemical company in the Americas; combining the best aspects of agriculture and chemical world.

AgroChem: We have 3 main divisions to our company:

4. **Flowerama:** which sells seeds and buys and sells fresh flowers. *Hold up the FLOWER SEEDS.*
5. **No More Pests:** which sells pesticide and fertilizer. *Hold up the PESTICIDE CAN.*
6. **Lucky Grub:** a large agribusiness company that produces processed foods like these. *Hold up the cans of LUCKY BEANOS, and LUCKY CORNOS.*

Facilitator: Why have you targeted Saliagua as a place to do business?

AgroChem: Third world countries are great for us because we can sell out-dated pesticides like DDT which have long since been banned in the U.S. and Europe. Also we like to work where we can sell the complete package; we're especially looking for new markets for our Lucky Grub products.

Part I: The 1970's GROWING DEBT

Part II: The 1980's STRUCTURAL ADJUSTMENT

IMF: The second SAP condition is to promote Export-led Development.

Presidente: *Give the IMF DOLLAR to AgroChem in exchange for a CAN OF PESTICIDES and PACKET OF SEEDS, give the can and seeds to Landowner.*

=====
Facilitator: That means no more corn and beans. *Take 1EAR OF CORN from Campesinos and give 1 BUNCH OF FLOWERS to Campesino #1.*

Campesino #1: *To Landowner* Here are the flowers I've grown.

Landowner: *To AgroChem* How much will you pay for the flowers.

AgroChem: Here's \$1 *Give Landowner \$1*

Landowner: I need to exchange this Dollar for Pesos. *Receive 5 pesos from Central Bank and give 2 to Campesino #1: Here is your pay, 2 Pesos.*

AgroChem: And I can sell the flowers to the United States for \$2. *Facilitator, give \$2 to AgroChem.*

=====
MegaBank: We have to work hard to convince the President and the people to stay the course.

AgroChem: Our **Flowerama** and **No More Pests** divisions are doing very well, and our **Lucky Grub** division has begun to show a profit. It has taken time for the people to get used to our products, and they don't have much money to spend on them.

PART III: The 1990's
GLOBALIZATION: THE NEW WORLD ORDER

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IMF: I am calling a meeting of all of the multi-national corporations operating here in Saliagua. *Go over to the International Community, MegaBank, AgroChem, Generally Electric, Rambo Guns 'R' Us, and have a short meeting.*

AgroChem: *To Presidente.* I am speaking on behalf of the multi-national corporations doing business here in Saliagua. For years we have been concerned about the rebels in this country. We think with the help of the international community, a negotiated settlement with the rebels might be reached. We suggest that you promise amnesty and some democratic reforms in exchange for peace. If you do this, we promise that we will give your party money and we will get the United States to apply political pressure so that you will be sure to win the elections.

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Presidente: I have been invited by the President of the United States, to a meeting in Miami, in December of 1994. Who can tell me what it's about?

AgroChem: The United States is proposing a new trade agreement with all of the countries of the Hemisphere, except Cuba. It will be called the FTAA, or Free Trade Area of the Americas. The plan is to have it accepted by all countries in 2005. The US already has such an agreement with Canada and Mexico called NAFTA. This is great news. Now we can get in on the benefits of Free Trade.

Presidente: Now I'm hearing about a World Trade Organization. I need someone to help me with all these Trade issues. *To Central Banker, Will you be my Trade Representative?*

Central Banker: Sure, but I need advice.

AgroChem: We in the business sector understand these issues. We will be a board of advisers.

Campesino #3: I owe 2 Pesos to the Electric Company and I need food. *Give 2 Pesos to Generally Electric, and go to AgroChem.*

AgroChem: *To Campesino #3* Lucky Cornos are now 2 Pesos. But we now have a new product, infant formula. It's very good for babies; see how healthy this baby looks! And this will allow someone else to take care of your baby so you can spend more time at work. It's on special now for only 1 peso. *Campesino #3 gives 3 peso to Lucy Grub for 1 can of Lucky Cornos and 1 box of formula.*

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Presidente: I propose that we adopt this law too.

AgroChem: Wait. That was before the WTO. Now the rules on Intellectual property rights require countries to give precedence to corporate trademarks over other national priorities.

=====

Presidente: Don't talk so loud. Others may hear you and pull out their money.

AgroChem: What did you say? Did you say the economy is shaky? I'd better exchange my pesos for dollars.

=====

Presidente: Elections are coming up. *To AgroChem:* You promised to help. Things aren't going so well so you'd better help big time. It will take a lot of money to buy the media coverage and pay people to come to rallies.

AgroChem, GE, Doctor, Landowner, MegaBank: *Give some Pesos to the Presidente.*

SALIAGUA

Generally Electric:

GENERALLY ELECTRIC SIGN, SIGN WITH PICTURE OF NUCLEAR POWER PLAN

INDRODUCTIONS

Grandmother: *To Generally Electric* These people are from lands far away. We never see them, but the people say they go to visit the Presidente.

Generally Electric: We are a U.S. based company that builds and sells energy plants.

Facilitator: And why are you here in Saliagua?

Generally Electric: We are looking for new, untapped markets where we can promote nuclear power and sell more plants.

Part I: The 1970's GROWING DEBT

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Presidente: I need to make good on my "Lights for All" campaign promise.

Generally Electric: We can help you modernize your country with one of our new nuclear power plants.

Presidente: I'll take one. *Get 1 DOLLAR from Central Bank and give to GE in return for a NUCLEAR POWER PLANT SIGN.*

Part II: The 1980's STRUCTURAL ADJUSTMENT

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Presidente: *give POWER PLANT SIGN to GE in exchange for \$1 (Green) Bill. Give the \$1 to Central Bank who uses it for next interest payment.*

Facilitator: *To GE* Now that electricity has been privatized, what will your policies be?

Generally Electric: We are a business, not a social service agency. We will have to look at the efficiency of providing services to the more remote parts of the country. For sure, their rates will go up. Also we will need to reduce the work force. We will also be bringing in our own managers from the U.S. to run the plant. They have a better work ethic. If we do these things, we will be able to provide dependable electricity for those who can pay.

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Facilitator: Nicaragua's official "Pronicaragua" website brags of its lowest wages in Central America (44 cents per our) anti-strike laws, and declining union membership.

Generally Electric: I have been looking for a place to move my Light Bulb Packaging plant where I can get cheaper labor.

IMF and Presidente: *Help GE set up two chairs in front of GE to form a Free Trade Zone.*

=====

AgroChem: Our **Flowerama** and **No More Pests** divisions are doing very well, and our **Lucky Grub** division has begun to show a profit. It has taken time for the people to get used to our products, and they don't have much money to spend on them.

Generally Electric: Our Light Bulb packing plant is generating great profits. We now own the old Electric power plant and are attempting to run it efficiently, but there are many problems, like the make-shift neighborhoods on the outskirts of the city that are illegally stealing power. We are passing these costs, and the cost of public lighting of streets to all of the consumers, but there is growing resistance to this policy. The disaster with the nuclear power plant didn't help our public image. Of course we made a bundle on the nuclear power plant, but we have a lot of public relations work to do here in order to keep our profits.

PART III: The 1990's

GLOBALIZATION: THE NEW WORLD ORDER

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IMF: I am calling a meeting of all of the multi-national corporations operating here in Saliagua. *Go over to the International Communit, MegaBank, AgroChem, Generally Electric, Rambo Guns 'R' Us, and have a short meeting.*

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Presidente: Elections are coming up. *To AgroChem:* You promised to help. Things aren't going so well so you'd better help big time. It will take a lot of money to buy the media coverage and pay people to come to rallies.

AgroChem, GE, Doctor, Landowner, MegaBank: *Give some Pesos to the Presidente.*

SALIAGUA

Rambo Arms 'R' Us:

RAMBO ARMS 'R' US SIGN, TOY GUN

INDRODUCTIONS

=====

Grandmother: *To Rambo* These people are from lands far away. We never see them, but the people say they go to visit the Presidente.

Rambo Arms 'R' Us: We are an international weapons manufacturer.

Facilitator: Why are you here in Saliagua?

Rambo Arms 'R' Us: We are actively seeking new buyers for our products. The Third World looks to be a promising market as civil unrest and armed conflict is on the rise.

Part I: The 1970's GROWING DEBT

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Facilitator: Some of the landless campesinos joined the rebel forces.

Campesino 5: *Wrap a BANDANA around your face*

Rambo Arms 'R' Us: *To Presidente:* I see you have a problem. Might you be interested in purchasing arms?

Presidente: I'll take the big one. *Get 1 DOLLAR from the Central Bank and give it to Rambo Arms 'R' Us in exchange for the GUN.*

Part II: The 1980's STRUCTURAL ADJUSTMENT

Generally Electric: Our Light Bulb packing....., but we have a lot of public relations work to do here in order to keep our profits.

Rambo Guns 'R' Us: We made good profits here in Saliagua. We're not sure what the future will bring, but wherever there are natural resources to acquire, or wherever there is too great a divide between the rich and the poor, there will likely be a market for guns. Some on our board are thinking of diversifying and expanding into the prison industry.

PART III: The 1990's GLOBALIZATION: THE NEW WORLD ORDER

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IMF: I am calling a meeting of all of the multi-national corporations operating here in Saliagua. *Go over to the International Communit, MegaBank, AgroChem, Generally Electric, Rambo Guns 'R' Us, and have a short meeting.*

SALIAGUA

summary

Part I: The 1970's GROWING DEBT

The big debt crisis began in the 1970s. It was at this time that OPEC raised oil prices. That meant two things;

1. the cost of “development” or industrialization, would go up, and
2. the OPEC countries deposited lots of money in U.S. Banks. Banks have to pay interest on money deposited with them, so US Banks suddenly had to find a place to loan out large sums of money. What Happened?

1. Development Projects (export of raw material like coffee and sugar) didn't meet expectations

The 1970s saw a global recession. Commodity prices, things produced in Latin America, declined to 1930 levels, but manufactured goods like machines and fertilizer, things produced in the North, rose. For example, in Brazil in 1977, the sale of 4 tons of coffee could buy one tractor. Ten years later it took 11 tons of coffee to buy the same tractor. Another problem was that countries which invested heavily in one crop were vulnerable to market changes. Chile, which had invested heavily in copper production, had great losses when fiber optics replaced copper wire. Countries which had emphasized sugar production suffered when Coca Cola started using corn syrup instead of sugar.

2. White Elephants: i.e. In the Philippines. Marcos paid Westinghouse \$2 Billion (2 times the going price) to build a nuclear plant that never opened, and the Philippine people are still paying back the debt.

3. Corruption: All of this money which the banks were pushing as loans for projects in poor countries created a perfect recipe for corruption.

4. Capital Flight: Capital flight refers to what happens when individuals within a country take their money out of their own country and move it to another country. Mexico's capital flight is about \$56 billion, half of its foreign debt. Banks make interest: on the initial country loan **and** they get to lend that money a second time so they earn interest twice on the same money!

5. Military Build-up: Many countries that received loans were authoritarian and repressive governments: e.g. Marcos in the Philippines, Mobuto in Zaire, and Somoza in Nicaragua. In some countries, governments used up to 60% of the loaned money to buy guns and arms to repress revolutionary movements

6. Interest Rates Rose: Interest on many loans was at a floating or variable interest rate, which depended on the U.S. Prime Lending rate. So when the interest rates rose (from 5% to 20%, in the U.S., the interest rate on foreign loans rose also.

Part II: The 1980's STRUCTURAL ADJUSTMENT

International Monetary Fund: The IMF is an international monetary agency – financed by member countries which pay into a common fund with their country's tax-payer's money. It was established after WWII to help prevent the type of financial instability that the world had experienced in the 1930 depression. It is the “guardian” of the world monetary system. In the 1980s The IMF changed its function from giving temporary loans to countries which are short of cash, to giving long term loans and becoming the overseer of the economies of debtor countries. The U.S., under President Regan, was able to change leadership in the IMF, facilitating this policy change. Loans were made (and are made) to debtor countries with the condition that they accept “Structural Adjustments” based on Free Market or Neo Liberal economic principals.

STRUCTURAL ADJUSTMENT PROGRAMS (SAPS)

1. **Privatization:** Privatization is a great one-shot source of money. Some countries sell off their national forests, their minerals, or their publicly run utilities and services, like electricity, postal services, or health care. In Saliagua, the privatization of the Electric Company resulted in increased rates in remote parts of the country, a reduced work force, and the loss of the better paying jobs to US managers.
2. **Export-led Development:** There are two main ways to increase exports: 1) Find an agricultural export crop like fresh-cut flowers, and 2) Develop some kind of export product that can be produced in the cities, in Free Trade or Export-Processing Zones, called maquiladoras. Foreign investors are given the enticements of: no taxes, free utilities, the promise of low wages, no unions, and in general, little government supervision or enforcement of environmental and labor laws.
3. **Low Wages:** One of the keys to attracting foreign investors is low wages. Nicaragua's official "Pronicaragua" website brags of its lowest wages in Central America (44 cents per our), anti-strike laws, and declining union membership.
4. **Cuts in Social Spending.** To encourage industries that will earn dollars, like tourism, cuts are made in social programs, like social subsidies for basic food, public transportation, gasoline, schools and hospitals; everything that does not increase exports to pay back the debt.
5. **Currency Devaluation:** means reducing the value of the national currency in relation to other currency, like the dollar, so people and corporations with dollars will buy more. Exports are then cheaper, but imported machinery, goods and products, like imported food, all costs more.

Campesino: We are in poverty. We have lost our land and our way of life. We can't afford to go to the doctor any more, and many families can no longer send their children to school. But what is hardest is that our families are being torn apart. In our village, many have left to find work in other countries. Those men who have stayed have no work and often drink too much and beat their wives and children, who have to work on the streets or in the maquiladoras or as domestic workers in foreign countries. (The largest cash-earning export product of the Philippines is the export of Filipina domestic workers).

PART III: The 1990's GLOBALIZATION: THE NEW WORLD ORDER

One of the worries associated with the Structural Adjustment Program was that the belt-tightening measures would backfire and governments would fall to revolutionary movements adopting a socialist system, like that of Cuba or the Soviet Union. The military presence of the US was relied on heavily to keep this from happening. But with the fall of Communism in the Soviet Union, the revolutionary movements lost much of their financial backing. President George Bush declared that there was now a New World Order and the US stepped up its policy of promoting "Democracy" and "Free Market Capitalism," known in most of the world as Neo Liberal Economics.

International Coffee Agreement: At the time of the 1962 Cuban missile crisis, Sen. Hubert H. Humphrey told Congress ... "Castroism will spread like a plague through Latin America unless something is done about the price of raw materials produced there." That year the U.S helped create the International Coffee Agreement that imposed strict limits on how much coffee each nation could produce. The agreement propped up prices for nearly three decades. But when the Berlin Wall collapsed in 1989, which meant that revolutionary movements could no longer rely on East Germany and The Soviet Union for financial support, the US backed out of the Coffee Agreement. Although the US claimed that the free market would help the coffee growers, the opposite happened. In the 1990s, coffee production doubled worldwide. The big buyers were able to play growers against each other and the price dropped to one third of its price. (From article by PETER FRITSCH Staff Reporter of THE WALL STREET JOURNAL)

NAFTA: North America Free Trade Agreement. This agreement, passed in 1993 and put into effect in 1994, is a trade agreement between Canada, Mexico, and the United States. NAFTA allows a corporation from one country to sue, or challenge the laws of, another country. Under NAFTA, Mexico's debt burden has risen, Poverty has increased, industrial wages have dropped, there is more industry-related pollution and destruction of natural resources, and the rural farming community is facing extinction.

The FTAA: In 1994, the United States proposed a new trade agreement with all of the countries of the Hemisphere, except Cuba, called the Free Trade Area of the Americas, or FTAA. It was to be modeled on NAFTA, the North America Free Trade Agreement between Canada, the United States, and Mexico. The plan was to have it accepted by all countries in 2005.

The WTO or World Trade Organization was created out of the 1986 talks of GATT, the General Agreement on Trades and Tariffs, and went into effect in 1995. It functions as a worldwide constitution or Bill of Rights for corporations, limiting the kind of laws countries can pass. It allows a country to sue another country if the economic interests of its citizens are limited by the actions of that government. As an example, Gerber Foods threatened to have the US sue Guatemala for passing a law limiting the depiction of healthy babies on its infant formula. Guatemala was complying with a request of the World Health Organization which was concerned about babies dying from infant formula being mixed with unsanitary water. Guatemala had to back down because the WTO gives corporate trade marks priority over national interests. NAFTA and the proposed FTAA have parallel language, but they allow private corporations to sue governments directly.

Immigrant remittances: The hard part for immigrants is getting into the country. Finding jobs is generally easy because US citizens don't want the lowest paying jobs. Immigrants often receive illegal wages, but they can't complain because they don't want to be deported. Their children can't go to college because they are charged out of state tuition rates. They often live in crowded conditions to save enough to can send money home. The banks charge 9% - 15% to send the money back to their home countries.

Signs of Change: Countries in the Global South are starting to resist the economic policies of the North. This is happening both at the informal level with events like the World Social Forum in Brazil, and at the formal level with changes in governments in Venezuela, Brazil, Argentina, and Bolivia.

At the 2003 WTO meeting in Cancun, the United States and European Union submitted an agricultural proposal which was challenged by a Coalition of 21 countries, led by Brazil. Despite attempts to shatter the coalition – by offering special deals to key countries, and publicly attacking Brazil – the bloc held together. The sticking point was the agricultural subsidies which the North gives to its farmers (\$18 billion/year in the US). The group of 21 refused to lower their agricultural tariffs unless the North halted their subsidies. The Kenyan delegation, disgusted by the strong-arm negotiating tactics of the United States and European Union, abruptly pulled out of the talks, bringing the meetings to a screeching halt.

The following month at the FTAA meeting in Miami, realizing that the same issue would stall the talks, the general framework for the FTAA was changed or watered down. But subsequent meetings have shown that there is no basic agreement on even the basic issues of Free Trade.

Campesino : We tell this to you in the U.S., not so that you feel sorry for us, but so that you understand that what has happened to us can happen to you as well. Have you noticed that your government is cutting and privatizing its services? Does the government say that there is no money for social programs anymore? Have you noticed that there is a growing divide between the rich and poor in your country? Does your government waste its money on military security? Our people lost their way of life, in the campo. Are there still family farms in your country? I know that you became

a rich and powerful country with many jobs in manufacturing. How are those jobs now? What jobs will you lose in the future? The structural adjustments are happening in your country as they happened in ours.

I think that we have more in common with you than you might think. I hope that what we have in common is not the destiny of poverty and degradation, but the will to resist what is wrong, the patience to organize, and the spirit of dignity, of justice, and hope.