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Promoting Social Justice, Human Rights, and Peace

"A Fate Worse Than Debt"

Written and narrated by Susan George (1989)
Edited version (46 minutes)
Edited and Transcribed by Darrell Gene Moen

John Cavanagh (Institute for Policy Studies, Washington D.C.)**:** "The debt crisis is undoubtedly the most severe crisis that has affected the Third World for the last 50 years. The Third World debt crisis has produced a kind of low-level violence in the Third World. It's the kind of violence where you watch your children die slowly."

Robin Broad (*U.S. Treasury Department economist*, 1983-1985)**:** "The debt has reached such gargantuan proportions that now the poorer countries of the world are giving aid to the richer countries."

Barbara Bramble (*International Director, National Wildlife Foundation*)**:** "Unless the countries which hold the vast amount of rainforests receive serious debt relief in the next couple of years, there is no chance to save the tropical rainforest."

Julius Nyerere (*President of Tanzania*, 1962-85)**:** "These countries can't pay it, so they'll collapse. We'll have chaos in the South. But the South is so big that if you have chaos, you know, you're not likely to remain stable in the North, are you?"

Susan George: The riots, the burning forests, the dieing children, the river of money coursing from the Third World to the money centers of the North, are all bound together by the debt crisis. Since the beginning of the 1980s, this crisis has caused unparalleled misery for untold numbers of people. Yet, we rarely hear about it unless we read the financial pages of our newspapers. But the debt is less a financial problem than a political and a human problem. Third World debt stands at 1 trillion 300 billion dollars ($1,300,000,000,000). The crisis is ravaging dozens of countries. We visited three: Mexico, the Philippines, and Tanzania. The debt crisis was triggered in 1982 when Mexico couldn't meet its interest payments. Our banks had lent too much money to Latin America and the financial system was on the brink of collapse. Today, it's secure because countries like Mexico have sacrificed their own economies to pay ever-rising interest charges. The price has been malnutrition, child mortality, and a halving of living standards for ordinary Mexicans.

Professor Luis Calva [subtitled]**:** The cuts in workers' real wages have been so drastic, it seems like science fiction.

Susan George: The unraveling of Latin America's most stable political system by the crisis alarms some Mexicans.

Adrian Lajous (*Director General, Mexican National Foreign Trade Bank, 1979-1982*)**:** Things might eventually not get too peaceful. Everything is possible. I hope (knock on wood) that we won't have the riots. This is a country that's too close to nature; the veneer of civilization is too thin. And once it's broken, and we've shown that in our past social upheavals, terrible things can happen and it's very difficult to put Humpty Dumpty back together again.

Susan George: The Philippines is a classic case of the price democratic governments pay for debts run up by dictators like Ferdinand Marcos. The Aquino government must now rely on force to contain rural and urban unrest, and has put debt payment above health, housing, and education.

Professor Leonor Briones (*Freedom from Debt Coalition*)**:** It's the largest item of expenditure in the national budget. For 1989, for example, it constitutes 44% of the entire national budget, over 100 billion pesos. On the other hand, our Constitution provides that the highest item of expenditure should be for education. Therefore, the debt service is unconstitutional. Such a hemorrhage cannot but fail to exert a heavy toll on people, and this is indicated in the fact that poverty incidence is growing, unemployment is growing, we have more people that don't have houses, and the quality of life in general is deteriorating. [This is] because resources which should be going to our people are going to our creditors [in countries like Japan and the United States].

Susan George: In Tanzania, a two-thirds drop in real wages and the collapse of many industries means that workers like David Mafaumi become part-time street sellers to earn extra money. His cotton factory is barely functioning and in desperation, he may be forced to uproot his family from Dar es Salaam.

David Mafaume [subtitled]**:** The factory is grinding to a halt so I may be forced to return to the village. But it's too late for me to make a go of it there now.

Susan George: Sub-Saharan Africa's debt totals only 150 billion dollars ($150,000,000,000), and unlike Latin American debt, it's mainly owed to our governments and public financial institutions like the I*nternational Monetary Fund* (*IMF*). Some has been written off, but many of the world's poorest countries are expected to pay off their debts by increasing their exports and reducing public spending, especially on social services. The women recuperating on the floor after undergoing Caesarian sections are the lucky ones. The maternal death rate in this major hospital has shot up since 1988. Tanzania's health care system, once one of the best in Africa, is going steadily downhill.

Laetitia Van Den Assum (*Country Representative, United Nations Children's Fund*)**:** If you look around in some of the health institutions, in some of the schools, in some of the universities, the other institutions of learning, you see a very rapid decrease in the infrastructure. You see school buildings falling down, you see a general deterioration of moral, and decreasing level of services to people who depend very much on these services.

John Cavanagh (Institute for Policy Studies, Washington D.C.)**:**For the first time, really since the Great Depression, the standards of living of the vast majority of people in Latin America, in Africa, and in parts of Asia, has been declining. There have been fewer and fewer people who have access to health care and education, more and more people who die without ever having any health care, without ever seeing a doctor. In the Philippines, we've calculated that more than one child each hour dies because there are not enough resources to go into health care because of the debt crisis.

Susan George: Like most Third World cities, Manila is ringed by shanty towns built by desperate people fleeing rural poverty and trying to create a better life for themselves in the city. Last year, Margie Amblon left her village to live with her aunt in Nova Liches. By Manila standards, it's a prosperous area, it has electricity. But lack of government resources means that it's long overdue for drainage, clean water, and even rudimentary public health care facilities. Before she left her village, Margie's youngest child had already died from measles. Not long after she came to the city, her oldest child also caught measles [and died due to lack of money for medication].

Margie Amblon [subtitled]**:** We borrowed 200 pesos from y sister to go to the doctor. By the time we arrived [at the clinic], the child was too ill to be treated. The doctor wouldn't accept the child as a patient even though we begged him to do everything he could because we only had one child left. Our youngest had already died because of our poverty. My husband did everything he could, but it was too late. The child died of measles [with proper medication, an easily treatable childhood illness]. There is no [public] health center. It there had been our child wouldn't have died. It is very painful for me, as a mother, to lose a child.

[Caption insert]: UNICEF ESTIMATES THAT HALF A MILLION CHILDREN DIE EACH YEAR BECAUSE OF THE DEBT CRISIS.

Susan George: In the 1970s, Arab countries shot to world attention when they twice increased the price of petroleum. Money flowed into *OPEC's* coffers as both industrialized and developing countries had no choice but to pay. *OPEC* leaders received more money than their countries could possibly absorb while the rest of the world was starved for capital. *OPEC* deposited its billions of petrodollars in the major banks, and let them worry about how to invest them. Banks were eager for profits, and raced to lend billions to the Third World at low interest rates, which later rose with catastrophic consequences for the borrowers. For example, the banks were fighting to lend to Marcos [in the Philippines]. So did public institutions. The *World Bank* even had its conference here [in Manila] in 1976 and lent the dictator 4.5 billion dollars ($4,500,000,000) of public money.

Ferdinand Marcos: Ours is a free-enterprise society with an egalitarian base.

Robin Broad (*U.S. Treasury Department economist*, 1983-1985)**:** The *World Bank* was delighted to invest in the Marcos regime. In fact, it made the Philippines what it called a "country of concentration" because Marcos said to the *World Bank*, "We want your money, we want your dams, we want your highways, and we're happy to do anything you tell us to do." Marcos could make that promise because he had no congress to worry about. He controlled the country by dictatorship. The [private] banks, the *World Bank* and the *IMF* alway say that what they're looking for is stability. And it's much better, they say, to invest in countries that can make the sort of promises that a dictatorship like that of Marcos was able to promise.

Susan George: The Marcos regime commissioned *Westinghouse* [Corporation] to build this nuclear plant at Bataan in an earthquake zone near a dormant volcano. It cost $2,000,000,000, twice the original bid from another company. Although the plant hasn't produced a single watt of electricity, in 1988, it cost the Filipino people $350,000 a week in interest payments. The plant is the subject of a U.S. court case.

Professor Leonor Briones (*Freedom from Debt Coalition*)**:** It's a very expensive white elephant which has not so far given any benefit at all. At present, the government has only filed a case against Westinghouse. But we believe the banks should also be sued likewise because they entered into a transaction, they co-financed a major project without the use of caution that is expected of banks.

John Denham (*War on Want*)**:** The scale of the loans that were made, for example, to the Philippines, or to Argentina under the military dictatorship up until 1982, were so huge, they clearly were not distinguishing between democratic governments and military dictatorships, between governments which were introducing good development policies for the poor and those, as in countries like Argentina, wher virtually all the money left almost immediately as capital flight from the wealthy elites.

Susan George: Marcos was no exception. The cycle of greed and tragedy was repeated all over the Third World. Bankers, governments, and international agencies loaned billions to vicious military regimes like Chile, Argentina, Uruguay, and Brazil. [Caption insert: Military spending in Latin America increased by 12% a year in the 1970s.] Most of the dictators are gone now, but they left a legacy of debt the people are still paying. Zaire's Mobutu still gets loans, though he probably holds the world record for corruption with some $5,000,000,000 stashed abroad. [Moreover], as the case of the Philippines after Aquino came to power shows, it is impossible for newly-elected democratic governments to fulfull the promises made to their people because they won't risk displeasing the banks and being cut off from future credit.

Robin Broad (*U.S. Treasury Department economist*, 1983-1985)**:** They have promised that life would be better for the average person under a democracy, but they also had inherited the promises of the previous governments to repay the banks. Now, unfortunately, faced with this dilemma, most of them have chosen to put the promise to the banks above their promise to their own people.

Susan George: Hooked on big development projects, Mexico and other major borrowers invested in white elephants like this $4,000,000,000 steel plant in Brazil which never opened. Billions were also poured into ecologically destructive dams.

[Caption insert]: Between 1973 and 1980, Third World debt quadrupled to $650 billion ($650,000,000,000).

Gustavo Esteva (Writer and Environmentalist)**:** The Mexican loans in the 1970s funded conventional development, modernization of the country. That means the classical agricultural projects, including big dams that destroyed agricultural land, that destroyed forests. They funded, especially the production of meat, that represented the destruction of four-fifths of our forests to grow cattle and then to produce meat for the middle classes and for export. It was the classical conventional development that created privileged license for some and misery for the majority.

Susan George: Ronald Reagan's military spending boom soon made the United States the world's largest debtor. To attract foreign capital, including capital from the Third World, and to curb its own inflation, U.S. interest rates were doubled. They hit 20% in 1981 and helped to detonate the debt bomb. [Mexico was the first country to threaten default on its loans, and the private banks were on the verge of panic.] The *IMF* simply told the banks how much they had to contribute to the Mexican rescue. The bankers hated it, but they paid up. They knew that if they didn't, their future profits, and indeed the whole financial system, could collapse. In return for the money, Mexico had to agree to a drastic structural adjustment package.

[Caption insert]: *IMF* structural adjustment conditionalities: 1. Increase exports; 2. Devalue local currency; 3. Raise interest rates; 4. Privatize state companies; 5. Reduce public expenditure.

Susan George: To obtain the Fund's blessing, Mexico had to sign a letter of intent accepting a set of stiff economic measures in return for an *IMF* loan. If the intentions are not kept, the loan installments stop. Without the *IMF* seal of approval, no debtor in trouble will get credit from any source. The *IMF* advice may look complex, but it boils down to four words: earn more, spend less. "Adjustment" always hits public spending first. This proud junior graduation ceremony disguises the halving in real terms of Mexico's education budget since 1982. Rosario Tamayo, a teacher, has seen her income decline by 50% since the *IMF* stepped in. The dramatic drop in her living standards testifies to a crisis which has affected nearly every ordinary Mexican, not just the very poor.

Rosario Tamayo [subtitled]**:** Because of the crisis in Mexico, we teachers have to neglect our work to do other jobs such as driving taxis, selling insurance or books, or working in a butcher shop or a dairy selling food. Some even have to hawk junk jewellery in the street.

Susan George: With two children to look after, Rosario doesn't have the option of taking an extra job. She has resorted to pawning her favorite possessions in order to survive.

Rosario Tamayo [subtitled]**:** I don't have a flair for commerce. I'm not a businesswoman. So, right now, I rely on the Monte de Peidad pawn shop. I don't want to lose my books. They are my cultural inheritance and my only assets. So I only pawn them, leaving a deposit so they won't be sold. They are still in good condition, so they are pawned one by one. As times get harder, moere and more things have to go. Today, it's the television. I've even done the unthinkable - I've pawned my daughter's bicyle and one of my son's toys. In my daughter's first year, I was able to buy ten rolls of film of 36 exposures each. By the time my son was born, I couldn't affort to buy any [film]. And now, the camera is pawned, too. It gets worse for us all the time.

Solita Monsod (*Minister for Economic Planning, 1986-89*, Philippines)**:** The IMF would desire to have its recommendations followed in toto, and these recommendations are usually a packaged set of recommendations which essentially are austerity [measures] and never mind who bears the burden. They pay lip service to the poor and poverty alleviation, but in the concrete policy recommendations and policy conditionalities, sometimes those conditionalities, if they were implemented, are going to be inconsistent with social justice or equity.

Susan George: After 1982, the banks virtually stopped lending to Latin America. Country after country had to seek credit from the *IMF*. In exchange, they had to accept drastic structural adjustment packages like Mexico's. The Mexican government has abolished almost all of its traditional food subsidies so rising food prices plus inflation have severely affected people's diets. Mexicans, on average, are eating a third less protein and calories than before 1982. We gave Rosario enough money to show what she could buy on a day's salary before the crisis took effect, and compare it with what she can buy now.

Rosario Tamayo [subtitled]**:** With a day's wages, we couldn't even afford this much anymore. But compared to what we could afford on a day's money before the [debt] crisis, the difference is striking - greater quantity, better quality.

Professor Luis Calva (*National Autonomous University of Mexico*) [subtitled]**:** A reduction of internal demand for food has caused food prices to increase more slowly than other prices in the economy. Consequently, profit margins for farmers have dropped by more than 40%. Farming is no longer commercially viable and more than 2 million (2,000,000) hectares of arable land have been taken out of cultivation.

Susan George: Before the debt crisis, many small Mexican farmers used to grow grain. But an 80% cut in public spending on agriculture has made it impossible for them to get credit for essentials like fertilizer. Mexico has now had to increase its grain imports [mostly from the United States].

Lazaro Maldonado [subtitled]**:** The problem with basic grains was that we couldn't get credit. That restricted the amount of land we could cultivate, so we stopped growing grain.

Susan George: Lazaro and his family were encouraged by the government to grow mangos for export. But Lazaro's undercapitalized orchard has faced overwhelming competition from nearby. Every morning, these campesinos are picked up for work by the *Frutico Company* truck. Unlike Lazaro, they have already given up the struggle to get credit or government assistance. They either emigrate to the United States or are forced to work as day laborers for the rapidly expanding new breed of agro-exporters like *Frutico*. By Mexican standards, a *Frutico* worker is well-paid. He can earn up to $7 a day. That's about have the price of a large mango in Japan, where some of these fruits will be sold. But as casual labor, he can be hired and fired at the whim of the employer, and the crisis insures a plentiful supply of cheap labor.

Gonzalo Espinosa (*Managing Director, Frutico*)**:** We have, this week, about 280 people working, but *Frutico* operates three plants at this time of the year. Between the three plants, we have about 700 people working every day. In the last five years, I think our company has grown between 250% to 300%.

Susan George: *Frutico's* success is also based on small producers like Lazaro who sell their mangos dirt cheap to the export companies. They can't afford cleaning equipment or develop international contacts. Lazaro is trapped. He can't go back to growing grain. Nor can he survive just growing mangos. If things get worse, the whole family may lose its economic independence.

Lazaro Maldonado [subtitled]**:** When I was growing grain, I could usually support my family on my own. Now, when the children are old enough, they have to go out to find other work, in addition to helping the family make nets, just to survive as a family. Even with everyone working both on and off the farm, we still can't achieve the same standard of living we had ten years ago.

Gonzalo Espinosa (*Managing Director, Frutico*)**:** We have benefitted from the [debt] crisis, especially in this sense: Now in Mexico, we have learned to find better ways to do things and don't depend too much on Mother Nature to do things for us. We have learned to work better, you know, we have better connections, better communication now with international markets. Now that we have tried to promote the non-petroleum exports.

Susan George: But reducing Mexico's dependence on oil [exports] has scarcely benefitted Mexican workers and campesinos. Over 40% of Mexico's export earnings are devoted to paying off the debt. Some countries, such as Tanzania, have received limited debt relief. But the remaining burden means growing more cash crops and more work for village women. For these economies, it's a catch-22 situation.

Julius Nyerere (*President of Tanzania*, 1962-85)**:** The *World Bank* was right. You have to encourage the producer of a primary commodity with a good price. And of course the idea of a good price is devalue the shilling. But as a method of giving the peasant a good price, devaluation is cheating. It's really a lot of cheating because that is not the price. The price of cotton is paid in dollars outside.

Susan George: Producer countries like Tanzania have no control over the prices their exports will fetch. The value of their cotton, coffee, copper, and other commodities is decided daily on Northern commodity exchanges. We expect Third World debtors to pay off their debts despite the massive drop of nearly one-half in the prices of their exports since 1980.

Julius Nyerere (*President of Tanzania*, 1962-85)**:** I think three years ago, it is true, once we began giving a good price to the cotton producer, they produced a lot of cotton. And there is a year in which they doubled the amount of their cotton [production]. It was almost exactly double. And I listen to these prices. What can I do? I must listen to London and New York and [Tokyo], and what the prices are. One morning, I heard it, I did not believe it! The price [for cotton] was 68 American cents to the dollar, and I heard that morning it was 34 cents. I thought, no, I can't have heard that properly because usually, when a price [for a commodity] falls to that extent, there is an explanation. The price tumbled yesterday, for example, because such and such a reason. And no reason was given [in this case].

So I thought that I can't have heard it properly, until the next morning, [I heard that] it had gone up - to 35 cents! When you have the North fixing the prices of the primary commodities, and they fix the prices of the manufactured goods which we buy, you can't win! How do you win? They fix the price at which they buy our commodities and they fix the price at which they sell their commodities to us. Good heavens! I mean, what kind of arrangement is that? I say, even if you dealt with an angel, you'd still run into trouble. But you don't deal with angels, you're dealing with people who say making a profit is religion.

Susan George: Gold is less vulnerable to the whims of traders than most commodities. The Philippines is one debtor lucky enough to have considerable gold resources, but its extraction takes a heavy toll. No one knows how many miners have died in the notorious *De Walwal* [sp.?] gold mine. Some say it's over a thousand. Cave-ins and hazards like fire are routine. Yet over 350,000 Filipinos have migrated to the fold mining area in De Walwal in one last bid to escape poverty.

Over half the gold extracted at *De Walwal* is smuggled out of the country. But the C*entral Bank of the Philippines*, desperate to obtain gold for foreign exchange is now competing to increase its 30% slice of the action.

Interviewer [subtitled]**:** Are there small-scale miners selling to the *Central Bank*?

Unidentified miner [subtitled]**:** It depends, if a miner gets a large amount of gold, he goes to the Central Bank because the price at the *Central Bank* is higher.

Susan George: Conditions at *De Walwal* prompted an investigation by several doctors.

Dr. Maramba (*University of the Philippines*)**:**We've met teachers and other professionals who are mining there, and they said that what they earn in one day is what they used to earn in one month. Now, they are able to afford college education for their children, and to them, this is getting out of the miserable life that they've been in. So they thought their children would be in a better position to fight for their own survival.

Susan George: Metallic mercury is causing long-term environmental destruction at *De Walwal* and will also destroy the health of many miners in the years to come. They use mercury to separate the gold from the original ore. Once the mixing process is complete, the dregs of the mixture are discharged into the water which runs through the mine camp from above, pouring into the valley below, poisoning rivers and the whole area's food chain.

Dr. Maramba (*University of the Philippines*)**:** The food that they eat is also contaminated because environmental monitoring showed that the fish caught in certain areas of the river have already slightly elevated levels of mercury. And the water they drink, when they drink it, they're also poisoning themselves.

Susan George: Extracting the gold from the mercury amalgam is even more dangerous. When the gold is torched, lethal vapors from the mercury escape into the atmosphere. Two who have already died are three-year-old Akim Torino and this sixteen-year-old torcher.

Dr. Maramba (*University of the Philippines*)**:** Most Filipinos who are poor would rather die like that than die poor. So they go into this knowing fully well that they put their life at stake.

Susan George: The government is trying to improve conditions at *De Walwal*, but can't afford even temporarily to lose vital foreign exchange.

John Cavanagh (*Institute for Policy Studies*, Washington D.C.)**:** Foreign exchange is vital for developing countries at this stage in the debt crisis because the foreign banks to whom they owe money refuse to be paid in anything except hard currencies which means the major currencies of the world, preferably dollars but also yen, deutch marks, pounds. They will not except pesos largely because the Philippine peso wouldn't go very far in New York City or in London [or Tokyo]. So countries are desperate for foreign exchange to get out of the debt crisis.

Susan George: We in the North are paying an environmental cost for the debt as well. All the countries where large rainforests remain are also large debtors, like Brazil. The vast Carijas mining area in the Amazon is one of Brazil's main sources of foreign exchange. Massive Brazilian iron ore exports have forced prices down so now Brazil has moved into pig iron production. The pig iron smelting plants are fueled by wood from the rainforest burnt into charcoal. Conservationists are convinced that countries like Brazil will continue to decimate their forests so long as they are overburdened with debt.

Barbara Bramble (*International Director, National Wildlife Foundation*)**:** I don't think there is any chance whatsoever of saving very much of the rainforest unless the debt crisis is resolved. It's entirely impossible to expect a country which is desperately struggling to meet interest payments to divert funds within their budget to long-term needs, the needs of their own country's people in terms of natural resources conservation much less the needs of us Northerners.

Susan George: The rainforest is also being cleared by migrants from the towns who have lost their jobs in the economic crisis. And they're joined by thousands of small farmers displaced by the conversion of land for cash crops.

Barbara Bramble (*International Director, National Wildlife Foundation*)**:** All of these people are looking desperately for places to live and places to make a scratched livelihood, and many of them end up in tropical rainforests. Very similarly, millions have chosen to move to urban areas trying (again) to find a place to scratch out a living. This has put an intolerable burden on city services, and most Third World capitals and cities of any size are rimmed now with slum areas of hundreds of thousands or millions of people who are living in conditions that are unbelievably unhealthy.

[Caption insert]: By 1988, at least $114 billion ($114,000,000,000) had left Latin Americal in capital flight.

Susan George: People who never benefitted from the loans, who weren't invited to the "petrodollar party," are now paying the cost. The inhabitants of Chalco, Mexico City's newest slum, spend the wet season trying to bail out some of the water and sewage flooding their town, to keep the level as low as they can.

Unidentified woman, Chalco resident [subtitled]**:** All this water comes from uphill, from all the neighborhoods uhill. Because we haven't got drainage or clean water, and we haven't got the support of our mayors, we have to support each other and work together as a community to try to cope in what little way we can with the problems of water pollution.

Pedro Vargas (*Community Leader, Chalco*) [subtited]**:** This is a grave problem for everyone. For their health, in particular, the health of the children, who are the most susceptible to skin and stomach illnesses. No one foresaw the dangers and nothing is being done to solve them. There is no drainage here. Clean water has to be brought in by truck. The schools have practically collapsed. Health clinics don't exist. We think the government's measures to deal with the economic crisis are very limited. They should take more effective action such as altogether defaulting on the debt.

Jesus Silva Herzog (*Finance Minister of Mexico, 1982-1986*)**:** The poor have gotten poorer and I am afraid the same can't be said of the rich - the rich have become richer. We have had to maintain some financial policies, interest rates, incentives to the stock market, that have been very useful for some groups of the business community that have made an enormous amount of money. And this can be said also about Latin

America in general. There has been a polarization of the societies which is also a risky situation.

Susan George: One stock broker built this house just to give parties in. He lives nearby in the new rich neighborhood of Boscas de las Lomas. Protected by their foreign bank accounts, watching satellite T.V., it's not surprising that Third World elites don't want their governments to confront the banks as this would mean their losing access to their precious dollars.

Pedro Vargas (*Community Leader, Chalco*) [subtited]**:** The contrast is savage. This is the seat of money and power [Boscas de las Lomas, residential area of the elite class] of the people who send their money abroad. There's a gulf between here and where the workers live in brutal squalor. It can't go on much longer, because the government's economic plans are going to have serious and explosive consequences.

Susan George: So far, Mexico hasn't had riots. But there have been riots in over two dozen countries in which more than 4,000 people have been killed. Peru and the Philippines may slide into civil war.

[Caption insert]: By 1989, rising interest rates, new loans, and the rescheduling of old loans increased Third World debt to over $1 trillion ($1,000,000,000,000).

Robin Broad (*U.S. Treasury Department economist*, 1983-1985)**:** In the late-1980s, the social fabric in developing countries was coming apart. The debt burden had become so great that Third World countries who had big debts were starting to take actions on their own. In 1987, Brazil stopped paying its debt for a full year. In 1988, Argentina stopped paying its debt, and then in 1989, of course, we had great riots in Venezuela.

Susan George: Riots in Latin America and the risk of massive defaults pushed the U.S. government to devise a new debt strategy [called the Brady Plan. It has not worked and things are getting worse for the Third World poor]. These children had to leave school early to work as street jugglers. David and eight-year-old Marisol have become jugglers, too. Even Racheal, who's only five-years-old, works with Jose [juggling] because their father left home some time ago and their mother can no longer survive on her part-time job.

Concepcion Rivera [subtitled]**:** We need 150,000 pesos a week for food. We eat meat twice a week, but that's because David was complaining that we were eating only beans, eggs, and rice these days. David wanted me to buy vegetables and meat at least once a week. But we can't afford it. I took him to the market the other day just to show him what things cost.

The twins want to stay on at school. You see, here are their school certificates. They want to continue their education, but we don't have enough money so they have to go out to work. They did well at school. The proof is in their certificates; they never got low marks. Their teacher advised me to send them to secondary school, but I didn't have enough money.

The three eldest children don't earn enough for us to survive as a family, so I have to send the youngest out to work as well. I had hoped they would be able to complete their education, but I don't think they will be able to because of the crisis. But we'll see if we can't somehow do something to help at least one or two of them.

Richard Jolly (*Deputy Director of Programmes, UNICEF*)**:** Many people refer to the 1980s as the "lost decade for development." The tragedy is that, in addition, there has been a lost generation who will bear the scars of the crisis and cutbacks of the 1980s, in their bodies and in their minds, well into the 21st. century. If people had grown up in a period with inadequate education, gone through a period of severe malnutrition, not had effective health services to go to, they, I'm afraid, grow up as people less prepared to be fully effective adults. Even more important, mothers who grew up as girls through a period of malnutrition are more likely to suffer higher rates of maternal mortality, and themselves pass on these problems to their own children. There's a lot of tragedy in store for the future because of the global failure to tackle the debt crisis in the 1980s.

Rosario Tamayo [subtitled]**:** I feel my children are going to face a difficult, anguished future. We have put their generation in a cul-se-sac. Their future is black. It is hard for us, it will be harder,blacker, more blighted for them. But they will have to learn that, however hard and bleak their path, they must keep going, because this country mustn't die just for a debt.

Susan George: The debt crisis could be made an instrument of hope and liberation, not of oppression and despair. If we had the courage to write off the debt, we could demand in return that the debtor governments make payments in local currency into national development funds. These funds would be used for people's development projects, and for environmental renewal. We must get the money and the power that goes with it to those who have never had either before. The people and the planet have paid more than enough. We in the North don't need the Third World's pound of flesh.

In fact, most of us would be better off if the South bought our products rather than devoting every last penny to interest payments. The creditors can now well afford to cancel most of the debt, but this shouldn't mean writing a blank check for the debtors either. They should be required, as a condition for debt relief, to devote the freed resources to true democratic development.

Professor Jeffrey Sachs (Harvard University)**:** There are about 40 developing countries in very deep financial crisis, and it gets worse and worse every year in many cases. But it is no longer a crisis of the commercial banks. They have escaped the crisis by now. They've received large payments over the past few years. Now, they can afford to take large losses. There is no banking crisis anymore, only a development crisis.

John Cavanagh (Institute for Policy Studies, Washington D.C.)**:** If the crisis is not resolved, that is, if we continue the same muddling through approach, the prognosis is quite bad. It will be a slow and continuous "silent war," we might call it, against the people of the Third World. We will see living standards continue to fall, we will see malnutrition and hunger rise. And with that, we will see, as we've begun to see already very clearly across the globe in 1989, we will see more and more people in developing countries rising up and saying, "We won't take this anymore."

[Caption insert]: While you have been watching this program, another 85 children have died because of the Third World debt crisis. Third World debtor countries have paid over $30,000,000 in debt servicing [to First World financial institutions] during the last 90 minutes.

Julius Nyerere (*President of Tanzania*, 1962-85)**:** You know, there is a limit to the cow. The cow only has so much milk. You can't go on milking the blood [from the poor in the Third World], you'll be in trouble. And at present, they're really milking blood from the South. These countries can't pay it - so they'll collapse.

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