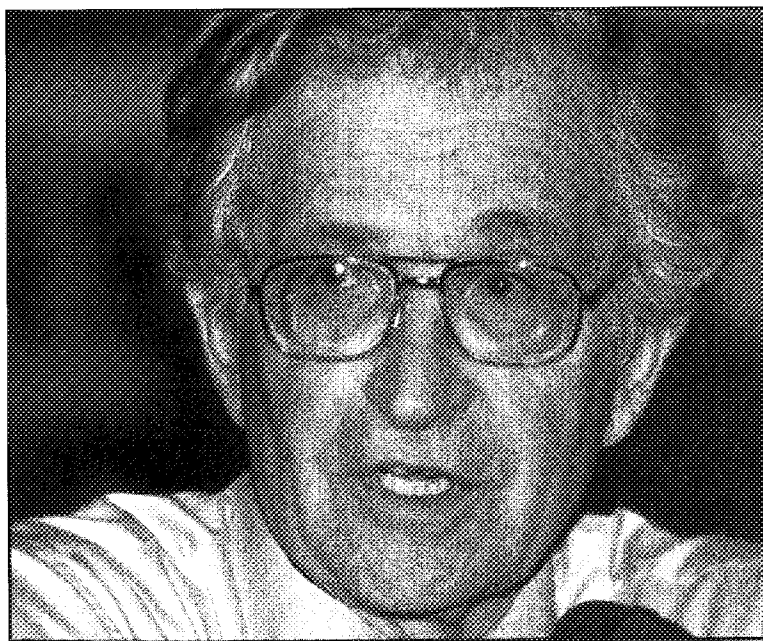


DEBT, DRUGS AND DEMOCRACY

AN INTERVIEW WITH NOAM CHOMSKY



In the Third World, the overwhelming majority of the population had nothing to do with all the borrowing. They got no gains from it—in fact they were probably harmed by it—so why should they pay?

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INTERVIEWED BY MARÍA LUISA MENDONÇA

How do you see the problem of Third World foreign debt? What are the mechanisms through which these countries become increasingly dependent on international financial institutions?

The first thing to bear in mind is that debt is not an economic problem. It's a political problem. The debt is an ideological construction. Say I borrow money

from you, and I put the money in a Swiss bank, or I buy a Mercedes, and then my creditors come and I tell them, "I'm sorry—I have no money. You pay it." That is not the way it works. If I borrowed it, I have to pay it.

Let's take the Brazilian debt. Who borrowed it? Not the peasants, not the working people. In fact the large majority of the population of Brazil didn't have anything to do with the debt, but they're being asked to pay it. That's like you being asked to pay if I spent my money somewhere else and couldn't pay it back. To the extent that there is a debt—if you believe in capitalist principles—the debt ought to be paid by the people who borrowed it. In this case they are mil-

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itary dictators, some landowners and the super-rich.

The Brazilian debt, like most of the Latin American debt, is more or less comparable in scale to capital flight. So, there's an easy way to pay the debt: Bring the capital back.

The other question is: Should debtor countries have to pay at all? The legal concept of "odious debt," which is reasonably well-established in international law, states that they don't have to pay. When the United States "liberated Cuba" in 1898—meaning, prevented Cuba from liberating itself—it cancelled Cuba's debt to Spain on the grounds that it was an odious debt because it had been forced on Cuba by the relations of subordination and power to which it was subject, and therefore had no legal standing.

Other cases have actually come to international arbitration. About 20 years later, Costa Rica refused to pay a debt to the Royal Bank of Canada, claiming it was an unfair loan. The arbitrator, Chief Justice of the United States Supreme Court and former President William Howard Taft, ruled against England—then the responsible authority for Canada—in favor of Costa Rica on the grounds that the debt had been imposed on the Costa Ricans under unfair conditions of power, and therefore had no legal standing.

By this standard, there is very little Third World debt. An economist who is now U.S. Executive Director of the International Monetary Fund, Karen Lissakers, pointed out several years ago that Washington's principles, "if applied today, would wipe out a substantial part of the Third World indebtedness," because it was imposed under unfair conditions of power and subordination.

It seems to me that the right way to look at the debt is to say that for the overwhelming majority of the population there is no debt. They have nothing to pay. They had nothing to do with borrowing it, they got no gains from it—in fact, they may even have been harmed by it—so why should they pay it? It doesn't make any sense. If anybody ought to pay it, it's the borrowers.

Then there's the question of whether that debt even means anything. The whole idea of a debt is an ideological concept having to do with power relations.

We can't overlook power relations—they exist. If somebody's standing over your head with a gun, you can't say, "That's illegitimate, I refuse to do what you say." You've got to live with it. Under existing power relations, there's just no option but paying this illegit-

**The IMF is another form of robbery.
It socializes risk by paying off
investors and transferring the cost of
bad investments to taxpayers in
rich countries.**

imate debt, which is not a debt—it's robbery, basically. Sometimes you have to accept robbery, and that is what's happened with Third World debt. The right approach is to question the people with the figurative gun—the rich countries. They're the ones who have to agree that there's no debt, and they are the ones who

can take the gun away.

This brings up other problems. From the time of colonization, Latin American countries have not been able to control their own wealthy classes. They don't pay taxes and they don't have responsibilities. Latin America is completely different in consumption patterns than East Asia. In Latin America, there are imports—but they tend to be luxury imports for a small group of wealthy elites. There is capital flow by the wealthy to outside. In contrast, in East Asia, in the last 30 or 40 years, the imports have been capital goods designed to construct an economy. It's relatively egalitarian—not totally so, but much more so than Latin America. The wealthy in East Asia have responsibilities. They pay taxes, they are not allowed—up until recently, anyway—to export capital, and they're forced by a powerful state to contribute to the development of the society. That's just not true in Latin America.

Another difference, also going back to the colonial period, is that the links between Latin American countries are still very weak. They are all connected individually to the external power, to France or England last century and now to the United States. But the interaction between countries has been very limited and in a large country like Brazil, there aren't even well-developed connections within the country. They're all oriented toward the outside, so the infrastructure and the culture and the imports and everything else are all separated and related to the imperial powers. Unless these internal problems are overcome, there is no way to get rid of that gun-pointing at peoples' heads. If they are overcome, then Latin America as a whole could just refuse to pay the debt, just as the United States refused to pay Cuba's debt to Spain.

But today countries don't owe money to a particular country. The debt is largely controlled by financial institutions like the IMF.

Yes, but that's another form of robbery. The IMF is a method for paying off investors and transferring the risk to the taxpayers in rich countries. There are two

forms of robbery going on: The populations in the debtor countries are being robbed blind by austerity programs, while the taxpayers in rich countries are also being robbed. It's not as serious for the latter because they're richer, but they're still being robbed. The IMF socializes the risk.

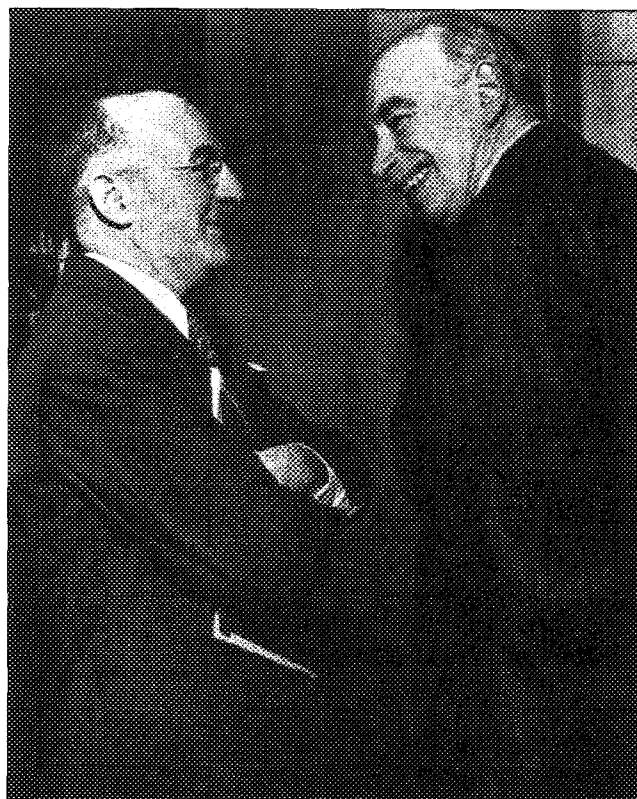
This is quite important. People invest in Third World countries because the yields are very high. So gains are high in a market system if the risks are high. They more or less correlate: the greater the risk, the greater the gain. But here it is largely risk-free. Private investors make enormous profits from very risky investments, but then, through the international financial institutions, they essentially have free "risk insurance." The structure of the system is such that the people who borrowed don't have to pay—they socialize it by making the population pay, even though the population didn't borrow the money. The people who invest—they don't accept the risk, because they transfer it to their own populations. That's the way market systems work—through the socialization of risk and through the socialization of cost, with the IMF acting as "the credit community's enforcer," as Lis-sakers puts it.

What, then, are the consequences for democracy?

Over the last 20 years, power has been transferred to the hands of financial capital, so banks, investors, speculators and financial institutions make policy. The liberalization of financial flows creates what some economists call a "virtual senate": if private investors don't like what some country is doing, they can pull their money out. They in effect come to define government policy. That's the point of liberalization.

There's nothing novel about this. When the Bretton Woods system—the international financial system—was established in the mid-1940s, a fundamental part of it was regulation of financial flows, to keep major currencies within a fixed band close to each other so that there would be no speculation in currencies. There were also restrictions on capital flight—and there were good reasons for that.

It was understood that the liberalization of capital flows harms the economy. Since liberalization of capital started about 25 years ago, the whole international economy has declined seriously. But there's a more serious argument, which was clearly articulated at Bretton Woods, that if you allow the free flow of capital, you undermine democracy and the welfare state. If a government is "irrational"—if it decides to do things for the general population instead of for foreign investors, say, as Itamar Franco was trying to do when he refused to pay his state's debt to Brazil's central government—



Economist and honorary advisor to the U.K. Treasury John Maynard Keynes (right) and U.S. Treasury Assistant Secretary Harry Dexter White at the March 1946 inaugural meeting of the IMF Board of Governors in Savannah, Georgia. They sought to control international speculation by regulating capital flows and exchange rates.

then it can immediately be punished by pulling out capital. So the point of the liberalization of capital and its effect is to diminish democratic control everywhere and to undermine social programs. It ensures that policy will be geared toward enriching investors, the holders of financial capital, which becomes more and more speculative, therefore harming the general economy.

In the European Union, the power given to central bankers is overwhelming. They set policy. That's a strong weapon against democratic control of policy-making in every area, and it's happening more and more. And it's the predictable—and surely the intended—effect of liberalization of capital flows.

There was an interesting article about this in *The Wall Street Journal* a couple of days ago comparing Mexico and Brazil. It said that Mexico is an "economic miracle"—the numbers all look fine, the macroeconomic statistics are great, the growth rate is going up, inflation is down—just perfect, they're following all the rules. It points out that there's only one problem: The population is suffering badly. The poverty rate is going up—it was always terrible but it's getting much worse. Starvation is getting worse,

The liberalization of financial flows, which has occurred over the past 25 years, creates a "virtual senate"—private investors who can pull out their money at any time if they don't like a given country's policies.

people don't have jobs; the population is suffering bitterly but it's called an "economic miracle." Well, there's nothing surprising about that. When Brazil was the darling of the international investors, Brazil's generals said, "The economy is doing fine—it's just the people who aren't."

The article went on to ask, "How come Mexico has been so well behaved? Why does it follow all the IMF policies which lead to these effects?" It argued that the reason is that Mexico is a dictatorship, and therefore they can force the population to accept the outside rules.

Then the article said, "Well, look at Brazil—here we're going to have some problems." Brazil is more disorderly, it's more democratic, people don't automatically follow the rules because they're forced to do so by violent means. They did at one time—in the good old days under the generals—but now it's not working so well. So, it said, maybe Brazil is going to be a harder problem to deal with than Mexico.

Economic austerity and what is called "financial rectitude" can be imposed on countries if it's done forcibly. A more democratic society won't accept it, and therefore the reforms can't be so easily imposed. Take a look at the standard histories of the international financial system. In a recent book, economist Barry Eichengreen points out that in the late nineteenth and early twentieth centuries, the flow of capital investment and trade relative to the economy was not very different from what it is today. By gross measures, globalization is about back to what it was before World War I. But of course there are big differences. One difference, as he points out, is that investors in the pre-World War I period could be confident that currencies would remain stable because if anything went wrong, the cost of adjustments could be forced on the population. This is what's happening in Mexico—transferring the pain to the general population to secure high profits for investors and local elites.

According to Eichengreen, things changed in the twentieth century. Parliamentary Labor parties and

unions emerged, the franchise was expanded, and countries became more democratic, so governments could no longer impose financial rectitude on a helpless population. That, he says, is the basic reason that Bretton Woods was constructed as it was. Governments had to impose financial controls and regulations to compensate for the fact that countries that had become wealthy and industrialized had become more democratic. We can extend his argument to the present: As you now eliminate regulation, you force countries to become less democratic. These things go together. There is no way to impose Mexican-style reforms, in which most of the population suffers so that foreign investors can get paid off, except by some kind of force, and that's just the problem that Brazil is now facing.

You have said that controlling natural resources is a way to exert control over the population. How do you see this problem, given that one of the IMF's most important forms of control when giving a loan is to impose conditions such as the privatization of national industries?

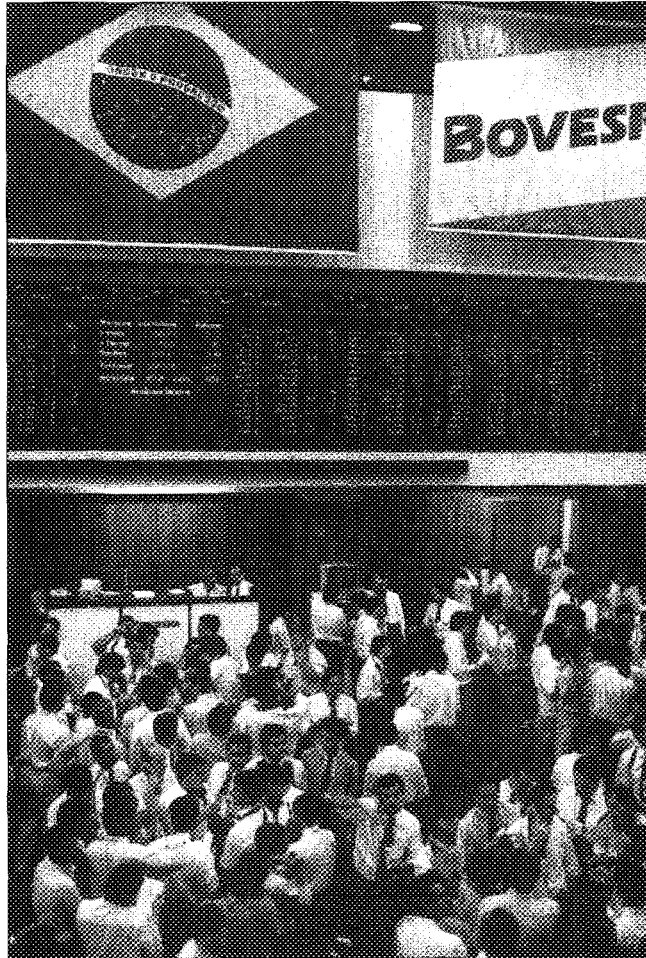
The IMF, of course, means the United States. It basically follows U.S. policy, which is not that different from England's or France's or Germany's. The major U.S. policies toward Latin America were articulated quite clearly in 1945. That's when the new world order was being created. Until World War II, the United States, though it was the richest country in the world, was not a major player on the world scene. It was more or less a regional actor. But after World War II, it was clear it was going to take over most of the world. With regard to the Western Hemisphere, the idea was very explicit: We're finally going to implement the Monroe Doctrine. Up until now we couldn't do it, because Britain and France were strong competitors. But now we'll kick out Britain and France and take the whole thing over ourselves. That was explicit: This is "our little region over here," which we're going to control. At a hemispheric conference in Chapultepec, Mexico in February 1945, the United States laid down the law. It imposed what was called the Charter for the Americas, which banned "economic nationalism"—meaning development along national lines. So, for example, Brazil would be allowed to pursue what they called "complementary development," but not competitive development. In other words, Brazil could develop its steel industry, but not produce anything of high quality such as specialized steel, which the United States was producing.

On the matter of resources, the United States was concerned with what it called the "philosophy of the new nationalism," which it saw as spreading through-

out Latin America, which holds—I'm now quoting—"that the first beneficiaries of the development of a country's resources should be the people of that country." The U.S. government decided it couldn't allow that because the first beneficiaries of the country's resources had to be U.S. investors. And it decided it had to knock out of their heads the idea that the people of these countries should be primary beneficiaries of their countries' resources. We have to "protect our resources," as George Kennan, the head of the State Department planning staff, put it—referring to "our resources" that happen to be located somewhere else. The United States opposed state control of industry, fearing it might be responsive to public interests. The IMF represents that policy. It's been the policy for 50 years.

The way this worked can be seen in the way the United States dealt with Guatemala. Recently, Guatemala has been prominent in the news because of the release of the report of the UN Commission for Historical Clarification. One crucial part of what the UN Commission pointed out is that Guatemala has been subject to socio-economic arrangements imposed on it by the United States and giant corporations. That's the source of the problems. It's not just the 1954 U.S.-backed coup. Of course the CIA coup happened for a reason: to maintain those socio-economic relations. And this holds true throughout the continent. The United States tries to enforce these socio-economic relations as outlined in the Charter for the Americas and numerous other internal documents.

Privatization plays a key role within this system. That's exactly what's happening in East Asia. The West in general, but particularly the United States, is benefiting from the East Asian economic crisis in that



Traders crowd the floor of the São Paulo Stock Exchange, the largest in Latin America.

it's able to pick up financial and industrial assets in East Asia that are now on the auction bloc. These assets were developed by local working people and industrialists and now they'll be picked up and owned by Merrill Lynch and others at very low cost because the Asian economies are in collapse. That's the point. And, in fact, liberalization of capital played a big role in that. South Korea, which was a very successful economy—not a pretty place, but a successful economy—was compelled to liberalize capital flows in the early 1990s and within a few years this caused it to collapse, as we would expect. Big flows of speculation, big outflows, the collapse, and then Western corporations and investment firms come in to pick up the pieces.

What forms of control does the United States use today compared with the Cold War period? Who are the enemies today and how are they being created?

The Cold War was useful ideologically. Every time you carried out an atrocity you could say, "Oh well—Cold War." Take Guatemala. Every newspaper article says, "Yeah, we made a mistake. But of course, it was the Cold War so what do you expect? Guatemala and Central America were Cold War battle fronts." In fact, Central America was no Cold War battle front—there wasn't a Russian in sight! To say that Cuba was involved is like saying that Eastern Europe was a Cold War battle front because Luxembourg was supporting the opposition. That's ridiculous. Latin America was in the pocket of the United States. There was essentially no Cold War issue. It was just the imposition of these larger socio-economic structures. The Cold War was a pretext.

What happens after the Cold War ended? Well, the policies continue without change, because the Cold War had almost nothing to do with it. What happened is that the pretext changed, and it changed very fast.

Every year, the White House presents Congress with a glossy propaganda pamphlet explaining why you have to have a huge Pentagon budget, and Congress passes it. Every year prior to the collapse

of the Soviet bloc it was the same: "The Russians are coming—we need to defend ourselves." The interesting pamphlet to look at was March 1990, after the Berlin Wall had fallen and the Soviet Union was collapsing. Even the most wild fanatic couldn't claim that the Russians were coming. So what did they do? The Bush Administration submitted the glossy pamphlet, same as before—we need a huge Pentagon budget, everything's the same—but the pretext had changed. It's not the Russians. Now it's, and I'm quoting, "the technological sophistication" of Third World powers—that's the new enemy. So the enemy is Brazil getting too sophisticated, so we need a huge Pentagon budget. We also have to protect what they call the "defense industrial base," a term that means high-tech industry. In other words, the public funds high-tech industry via the Pentagon.

They also said that we have to maintain the intervention forces. For years, the intervention forces have been mostly aimed at the Middle East, because that's where the main resources are. There's a huge intervention system that goes from the Pacific to the Azores aimed at the Middle East, and that is to be maintained. And then it had the following interesting phrase: It said the forces have to be aimed at the Middle East, where the threats to our interests "could not be laid at the Kremlin's door." This means that we accept that it's no longer the Russian threat, but the threat of radical nationalism. The people of that country may not agree that the beneficiaries of their resources have to be in New York and London, and therefore we need intervention forces. Notice that the problem was not Iraq at that time. Iraq was an ally—Saddam Hussein was an ally and a friend. So the problem was just those people of the region who don't understand that their resources and wealth have to go to us.

Something very crucial does change, however, especially for the Third World: The collapse of the Soviet

With the collapse of the Soviet Union, Third World countries could no longer play one superpower off against the other. With that space for independence gone, the Third World is much more subject to U.S. power than it was in the past.

Union eliminates the space for non-alignment. Whether it was the Soviet Union or Mars—it didn't matter—the existence of some other power left the space for a degree of independence. Third World countries could be in between the two powers, playing one off against the other. That's how Cuba could survive. Well, that's gone. So the space for independence is gone, which means the Third World is much more sub-

ject to U.S. power than it was in the past. This also means that in Latin America, for example, for the moment military intervention and military coups are not as necessary. They may be ten years from now, but they're not now. And the reason is because of the controls of the virtual senate, the controls provided by ideological constructs like the debt, the liberalization of capital and the imposition of Mexican-style reforms, as is happening in Brazil now.

The cooperation of Latin American elites is a key element. These policies are not being forced on them. They're choosing them. They're enriching themselves. And that, again, is a classical pattern. Just as with the British in India—they didn't run the country with British troops. They ran it with Indian elites who were enriching themselves while the country was falling into disaster. Latin America is a classic example of this and it has been for a long time, especially in the most violent parts of Latin America. Take Colombia—the most violent spot in Latin America at the moment. But that goes right back to socio-economic structures in which a tiny sector has enormous control over land and other resources, and in a rich country, much of the population is starving and living in extreme poverty. Sure, that's going to lead to violence.

And the drug war . . . ?

Controlling the population in the United States is a big problem. In fact, it's the biggest problem: How do you control your own population? Well, one way to control them is by having a foreign enemy. So, if the Russians are coming, then people are scared, and they are obedient. For about ten or 15 years now it's been pretty obvious the Russians aren't coming. You can no longer play that game. So, new enemies have to be concocted: international terrorists, Hispanic narcotraf-

fickers, Islamic fundamentalists, and so on—whoever you want. None of these are credible threats.

Let's take Islamic fundamentalism. The United States has nothing against Islamic fundamentalism per se—after all, one of the leading U.S. allies is Saudi Arabia, the most extreme Islamic fundamentalist state in the world. We're not worried about them. Furthermore, the United States has nothing against fundamentalism. In fact, religious fundamentalism is probably more extreme in the United States than in Iran, so it can't be fundamentalism that's the problem. It can't be Islam that's the problem—Saudi Arabia's just fine. So was Indonesia, the largest (mostly) Islamic state, as long as the corrupt and murderous dictatorship was maintaining control.

The real problem is independent nationalism. Sometimes it takes the form of Islamic fundamentalism. Sometimes it takes the form of the Catholic Church, as in the 1980s when the United States was at war with the Catholic Church in Central America. Who were they killing? There's a picture of Archbishop Romero over there. He wasn't an Islamic fundamentalist. He was a "voice for the voiceless"—so you kill him. The Jesuits who were killed in El Salvador were dissidents who were the voice of the poor, so you kill them. In fact, a good part of the Central American war was a war against the Catholic Church which dared to adopt a "preferential option for the poor."

What about the drug war? The drug war has had no impact whatsoever on availability of drugs or street prices in the United States, but it has had other effects. In Latin America, it's a cover for counterinsurgency. In the United States, it has a dual effect. First of all we must understand that the United States itself is becoming a kind of Third World society—albeit a very rich one. So, a goal of the social policies of the past 25 years has been to create a small sector of extreme wealth and a large mass of people who are somewhere between getting by and misery—that's a typical Third World structure. In a Third World country there's a lot of superfluous people, like street children in Rio; what do you do with them? In Brazil, they can be killed. In Colombia there is *limpieza social*, or social cleansing—a euphemism for killing them. The United States is purportedly a civilized country, so you throw them into jail. So the prison population is going way up, mostly because of drugs—victimless crimes—and it's aiming at the "superfluous people," the people

It's hard to get people to accept declining income, but one way is to keep them frightened. Crime and drugs do that. That's the "success" of the war on drugs.

who don't have any role in profit making in this kind of a society.

And it has another effect: You frighten everyone else. The United States is one of the very few societies—I don't even know of any others—where fear of crime and drugs is used as a method of social control. There is a huge propaganda campaign to make

people terrified of drugs and terrified of crime—which is a code word for being terrified of blacks and Hispanics and so on, because of the class/race correlations. That keeps the general population under control.

In the United States for the past 25 years, maybe two-thirds of the population has seen their incomes stagnate or decline even though they work much harder. Many more hours of work—more than any other industrialized society—for stagnating or declining incomes. It's hard to get people to accept that, but one way is to keep them frightened, and crime and drugs do that. So, it's not that the drug war is a failure; in fact, it's a great success. It has nothing to do with the availability of drugs, but that's not what it's for. It's serving other purposes, and serving them pretty well.

What kind of political and social system would you like to see?

I would like to see a system that eliminates hierarchies and authoritarian structures. It would extend freedom and democratic choices. It would mean that people in workplaces and communities would control everything that's involved in their lives, including the productive apparatus, commerce, planning for the future, distribution of resources and so on. I think people would want a voluntaristic, anarchist society. If they don't—if they would prefer to be ruled by slaveowners and dictators—well, then I'm wrong. But I don't think that's what people want, so I'd like to see the kind of society that is moving in those directions. And that extends to everything from relations within the family to the organization of global society. Patriarchal families are a form of authority and subordination which I don't think are good for anybody, and, I think people wouldn't want if they had a choice. The same is true of international society, which is ruled by either the direct violence of military forces or the indirect violence of global economic institutions, including the IMF, which serves as "the credit community's enforcer." Neither at the global level nor at the local level should such arrangements be tolerated. ■

The Americanization of Global Finance

1. Henry Kaufman, "Structural Changes in the Financial Markets: Economic and Policy Significance," *Federal Reserve Bank of Kansas City Economic Review*, No. 79, Second Quarter 1994, pp. 5-16.
2. Nicholas D. Kristof and David E. Sanger, "How U.S. Wooded Asia To Let Cash Flow In," *New York Times*, February 16, 1999.
3. Erich Helleiner, *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s* (Ithaca: Cornell University Press, 1994), pp. 94, 111.
4. Kristof and Sanger, "How U.S. Wooded Asia."
5. Much of this overview of the U.S. financial system is based on my book *Wall Street: How It Works and for Whom* (Verso, 1998). Assertions not referenced here are fully developed and documented there.
6. Federal Reserve Board, Flow of Funds Accounts, March 1999 release. Raw data at <http://www.bog.frb.fed.us/releases/z1/data.htm>.
7. There are other reasons for going public. Goldman Sachs, the investment banking partnership, did its IPO in part so it could use its stock as currency in buying other firms (that is, by offering shares of Goldman Sachs as payment for the shares of the target firm). Firms, especially in high-tech, also use stock options in compensation packages, and having stock to offer makes the options more appealing. Some Silicon Valley firms do offer options on stock that may exist someday—promises against a future IPO that may never materialize.
8. According to the flow of funds accounts, total financial assets in the United States at the end of 1998 were \$73 trillion, more than eight times GDP. That ratio to GDP is almost twice its 1952-79 average. The figure on venture capital is from "Venture Economics," at http://www.securitiesdata.com/news/news_ve/1999VEpres/VEpres02_03_99.html.
9. James Livingston, *Origins of the Federal Reserve System: Money, Class, and Corporate Capitalism, 1890-1913* (Ithaca: Cornell University Press, 1986).
10. Britain lagged badly behind, as too many firms stayed small and family-run, and much of the vast wealth of the City of London was invested abroad.
11. A portfolio of long-term U.S. Treasury bonds from 1941 to 1981 would have lost 79% of its value in real terms, not counting fees and taxes. The years since 1981 have been very sweet for bondholders, however; such an ideal portfolio would have gained 393% by mid-1999.
12. As a nation's industry becomes more productive relative to its competitors, it is able to buy more of their goods and services than it was before—and its competitors are able to buy less. The currency adjustment corresponding to that changing set of facts is an appreciation—from the more productive country's point of view, other nations' produce has become less expensive, and from the less productive countries' point of view, the more productive country's produce has become more expensive. The exchange rate can be considered a country's price on world markets.
13. For a history of capital-account liberalization, see Helleiner, *States and the Reemergence of Global Finance*.
14. World Bank, *Global Development Finance 1999: Analysis and Summary Tables* (Washington: World Bank, March 1999), especially chapters 2 and 3.

A Beginner's Guide

1. See "The IMF and the World Bank: How Do They Differ?" by David C. Driscoll at the IMF Website, <http://www.imf.org/external/pubs/ft/exrp/differ/differ.htm>. See also, "Statement on the Heavily Indebted Poor Countries (HIPC) Debt Initiative," at the 50 Years is Enough Network Website, <http://www.50years.org/factsheets/hipc.html>.
2. Drawn from IMF Website essay, "The IMF and the World Bank: How Do They Differ?" and the IMF Website fact sheets, "The IMF at a Glance," <http://www.imf.org/external/np/etr/facts/glance.htm> and "Chronology," <http://www.imf.org/external/pubs/ft/survey/sup0998/14.htm>.
3. Drawn from the IMF Website essay, "The IMF and the World Bank: How Do They Differ?"; the 50 Years is Enough Network online fact

- sheet, "The World Bank's Financial Components," <http://www.50years.org/factsheets/structure.html>; and "50 Years of World Bank Group Operation Highlights," at the World Bank Website, <http://www.worldbank.org/html/etdr/backgrd/ibrd/history.htm>.
4. Drawn from *Inter-American Development Bank Annual Report 1997* (Washington, D.C.: IDB, 1998).
 5. See the 50 Years is Enough Network online fact sheets, <http://www.50years.org/factsheets/>; Jubilee 2000 online education packets, <http://www.j2000usa.org/usa/resource.html>; "A Market Solution for the Americas?" *NACLA Report on the Americas*, Vol. XXVI, No. 4 (February 1993), pp. 16-17; and John Williamson, "What Washington Means By Policy Reform," in John Williamson (ed.), *Latin American Adjustment: How Much Has Happened?* (Washington, D.C.: Institute for International Economics, 1990), pp. 7-20.
 6. Drawn from U.S. State Department Website, from a fact sheet prepared by the Bureau of Economic and Business Affairs and released by the Bureau of Public Affairs June 14, 1996, <http://www.state.gov/www/issues/economic/fswtopol.html>.
 7. See, for example, Doug Henwood, "The Americanization of Global Finance" in this issue.
 8. Cited in 50 Years is Enough Network online fact sheet, "Destroying Orissa, Fueling Climate Change: A Joint Project of the World Bank, Transnational Corporations, and the G7 Governments," <http://www.50years.org/factsheets/orissa.html>.
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 10. Drawn from the IMF Website's fact sheet, "The IMF at a Glance," March 1999.
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8. This is the "total disbursed external debt." See Economic Commission on Latin America and the Caribbean, "Preliminary Overview of the Economy of Latin America and the Caribbean, 1998," *CEPAL News* (January 1999). The total long-term debt stood at just over \$586 billion, up from \$380 billion in 1990. See the World Bank tables cited by Doug Henwood, p. 18, in this issue.
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10. Author's interview with Ann Pettifor, Tegucigalpa, Honduras, January 27, 1999.
11. For the details of the HIPC initiative see the designated page at the World Bank Website: <http://www.worldbank.org/html/extdr/hipc/options/>. The Jubilee 2000 Website also has a useful discussion of the HIPC initiative: <http://www.j2000usa.org/j2000usa/edpac/hipc.html>.
12. Author's telephone interview with Carole Collins, May 31, 1999.
13. Author's telephone interview with Carole Collins, May 31, 1999.
14. Southern positions and complaints have been circulating somewhat haphazardly by Email over the past year. This finally led to the convening of a Jubilee South Summit at the Cologne, Germany meetings of the G7, June 16-21, 1999.
15. Author's interview with Ann Pettifor, Tegucigalpa, Honduras, January 27, 1999.
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17. Thomas E. Ambrogio, "Goal for 2000: Unchaining Slaves of National Debt," *National Catholic Reporter*, March 26, 1999.

The Neoliberal World Order: The View From the Highlands of Guatemala

1. *Newsweek International*, February 1, 1999.
2. See, for example, the four-part *New York Times* series "Global Contagion," February 15-18, 1999.
3. *Newsweek International*, February 1, 1999, p. 56.
4. Bread for the World, *Hunger 1990* (Washington, D.C.: Bread for the World Institute on Hunger and Development, 1990).
5. Tom Barry, *Inside Guatemala* (Albuquerque: Inter-Hemispheric Education Resource Center, 1992), p. 97.
6. At current market prices for corn (\$0.11 per pound) and beans (\$0.54 per pound), it would take \$5.20 per day to provide a family of six with the minimal daily required calories (2,900-men, 2,340-women, 1,485-children) based on figures from the National Academy of Sciences. An annual income of \$715 per year covers about 38% of the cost of the basic diet.
7. In an effort to address poverty in the area, the Association pays small coffee growers who meet exacting quality standards the above market price of \$28.50 per 100-pound sack. For more on this effort and other sustainable projects of the community, see John Abell, "Peace in Guatemala? The Story of San Lucas Tolimán," in J. Brauer and W.G. Gissy, eds., *Economics of Conflict Resolution and Peace* (Brookfield: Ashgate Publishing Co., 1997), pp. 150-178.
8. This assumes a ratio of five-to-one raw bean to wholesale (what is known as green coffee).
9. This assumes a yield of approximately 5,000 pounds per acre.
10. This assumes each worker can pick on average 100 pounds per day. The actual day-to-day yield will depend, of course, on the stage in the harvest.
11. Barry, *Inside Guatemala*, p. 104. The exact average is 582.
12. Agricultural data from: U.S. Department of Agriculture, USDA Economic Research Service, an online data service.
13. Guatemala has gone from essentially being self-sufficient in the production of corn, importing only a negligible amount in the 1960s, to importing 25% of its domestic needs in the 1990s from the United States and other countries. Cheap U.S. wheat has swamped the domestic wheat industry such that nearly 100% of all wheat consumed domestically is imported.

Doing Battle Against the Debt

1. See Fred Rosen, "Back on the Agenda: Ten Years after the Debt Crisis," *NACLA Report on the Americas*, Vol. XXXI, No. 3 (November/December, 1997), pp. 21-24.
2. The Jubilee 2000 platform can be found on the group's Website: www.j2000usa.org/j2000/.
3. Jerry Filteau, "Debt Protesters Arrested on Good Friday," *National Catholic Reporter*, April 16, 1999.
4. Michael M. Phillips, "Debt Relief, Long Ignored, Gets Spotlight," *Wall Street Journal*, April 26, 1999.
5. Thomas E. Ambrogio, "Goal for 2000: Unchaining Slaves of National Debt," *National Catholic Reporter*, March 26, 1999.
6. Gustav Niebuhr, "Bishops Urge Rich to Grant Debt Relief to Poor

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