

The Debt Game.

A role-playing game to teach about the issue of 'third world' debt.

The first version of this game was written by Chantal Finney of NEAD, it has been modified over several years, with major inputs from Sandy Betlem of NEAD, John Cameron of the University of East Anglia, and innumerable NEAD staff and volunteers. The game was adapted for younger players by Feargal Smith of NEAD. The versions presented here have been rewritten and edited by Stephen Fairbrass for NEAD's 'Just Business' project.

The Debt Game is intended as an introduction to the topic of 'third world' debt. It requires a minimum of one-hour playing and initial debrief time (ideally as one session). It requires a minimum of 14 players, and has been successfully used with groups of up to 50. It can be used as the basis of a number of follow up activities on debt and/or related topics.

There are two versions of the game. The basic difference between them is the amount of detail and the level of language contained in the role cards. The full version was originally written for use by a year 12/13 group. The simplified version was written for an average ability year 9 group. The games have been successfully used with groups from year 8, to adult postgraduate students. Teachers considering using the game should read the role cards carefully first and decide whether to adapt the language of the game depending on the aptitude of the prospective participants.

The game assumes no prior knowledge of the issues by participants, but where such knowledge exists the game is enhanced. The game is suitable for specialist students of Economics and Business Studies, or for a more general audience.

No resources are required for the game except the contents of this pack, a board or flipchart for debriefing if desired, and a 'microphone'... or some suitable imitation such as a marker pen, or rolled up magazine.

***If the game is pasted to card and laminated
it is re-usable without wasteful further copying!***

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1. Instructions for playing the game.

These instructions will need to be adapted according to precise group sizes and time available. This version assumes 18 players plus the teacher/facilitator, and is planned for a single session of 1 hour 15 minutes. The instructions are based on the full version of the game, facilitators should modify as necessary for the simplified version.

Introduction. *(10 minutes)*

(a). **With participants seated in a circle**, the facilitator should announce the purpose of the session, i.e. to explore the issue of 'debt'. The facilitator should then seek to initiate some brief discussion about debt, perhaps using a series of questions such as: 'What is debt?' 'Is anybody here in debt?' ('Who to?', 'What does it feel like to be in debt?') 'Is anybody here owed debts?' ('Who by?' etc.) *(5 minutes)*

(b). The facilitator should then seek to ascertain what level of knowledge, if any, the participants have about the issue of international, or 'third world' debt. Again brief questions are the best way of doing this, e.g. 'What is third world debt?', 'Who owes money to whom?', 'What is the International Monetary Fund?' *(NB. For the role playing part of the exercise it is important that the Assistant Director of the IMF and the Prime Minister in particular are confident and articulate individuals. In selecting candidates for these roles - see below - the facilitator might consider who has been most outspoken during these preliminary discussions.) (5 minutes)*

Background information and beginning the game. *(30 minutes)*

(a). Read out, or summarise, the information contained in the '**Facilitators Briefing Sheet 1**'. The first section of this outlines the history of the debt crisis, the second outlines the background of the game. *(5 minutes)*

(b). Distribute role cards, get participants to sit in small groups with the other members of their 'team' and allow them a few minutes to silently read their role. *(NB If there are more than 18 participants it will be*

necessary for two or more participants to 'share' a role. If there are fewer than 18 participants, roles should be discarded in the following order. 1. Finance Minister, 2. Consultant, IMF, 3. Any rural person, 4. Any urban person. You can continue to discard players to progressively reduce the roles to 12, which is the absolute minimum for the game to remain viable.) (5 minutes)

(c). Invite participants to discuss their role with other members of their team. *(While this is happening the facilitator should speak briefly with the IMF team to ensure they are sure of their role. It is crucial to the game that they hold firm to a hard line on structural adjustment conditions for the loan.) (5 minutes)*

(d). The facilitator should now take on the role of 'Journalist'. The purpose of this role is firstly to circulate around the groups and ensure that roles are understood, and secondly to provoke activity, in particular meetings and discussions within and between groups, if this does not happen spontaneously. The groups should be allowed to make their own decisions. NB that the **only** people that the IMF will talk to are the Government, but that everybody else should be encouraged to talk to each other, and the Government in particular should be encouraged to discover the views of their people, perhaps by different ministers going to talk to different sections of the population. In the first instance the Prime Minister should go to the rural people, because they are his/her electorate. For similar reasons the Trade and Industry Minister should go to the land and factory owners, the Social Security Minister to the urban people and the Finance Minister should begin by meeting the IMF delegation.

(The best way to play the 'Journalist' role is to approach a group, and announce yourself as a Journalist with 'XYZ' newspaper, whose readers want to know what is going on in this country. Then place a 'microphone' in front of a player and begin to ask questions, e.g. 'Who are you, what is the situation in your country, how do you feel about this, who do you blame, what can you do about it, do you think the government should accept the loan from the IMF, who can you talk to about this?' It may seem incredible, but the 'microphone' device is astonishingly effective at persuading even the most reluctant students to speak up.) (15 minutes)

Bringing the game to conclusion. *(15 minutes)*

(a). The facilitator should inform the Government that the 'Global Newsnight Broadcast' is due, and they must quickly make a decision about whether they are going to accept the loan offered by the IMF, because they need to make an announcement. The facilitator should then arrange seats for the 'broadcast', with the facilitator, flanked by the IMF delegation on one side, and the Government on the other, facing the 'audience' of urban and rural people and the business community. The audience should be brought to their seats, followed by the Government, and finally the IMF. *(5 minutes)*

(c). The facilitator should 'chair' the newsnight debate, taking on the role of 'Jeremy Paxman', using '**Facilitators Briefing Sheet 2**' as a script or prompt. *(When interviewing participants the 'microphone' should be held in front of the speaker by the facilitator. This artifice proves very effective at prompting people to play their role and talk.) (10 minutes)*

And finally... *(20 minutes)*

(a). At the end of the game the participants should get up and put their chairs back into a circle, sit next to somebody who was not in their group, hand in their role cards, and be told that they are now 'out of role' for the debrief. *(2 minutes)*

(b). The facilitator should lead the debrief. There are many possible ways for this to go, some suggestions are contained in '**Facilitators Briefing Sheet 3**'. *(18 minutes)*

2. (a) Facilitators Briefing Sheet One, The Introduction.

(NB This briefing sheet is written as a 'script' which can be read out by the facilitator. An experienced/knowledgeable facilitator may choose to modify this to suit her/his purpose.)

Section One. Background.

The present debt crisis in countries of the South has its origins in the 1970's, and in particular with the formation of OPEC, the Organisation of Petroleum Exporting Countries. In 1973, because of falling oil revenues due to the fall in the value of the dollar (oil is priced in dollars on international markets), OPEC limited the output of oil, resulting in a quadrupling of its price as demand outstripped supply. The OPEC countries made massive profits, which they subsequently deposited in Western commercial banks in order to earn interest. The banks needed to loan this money out again in order to earn money to pay the OPEC depositors. *(NB that banks earn profits by lending money at a higher rate of interest than they are paying to borrow it.)*

The banks began to aggressively promote loans to the governments of low and middle income countries in the South. The International Monetary Fund and World Bank encouraged governments to take these loans. Interest rates were low. Loan finance was used for agricultural and industrial development projects, some was used for building hospitals and schools. Some, however, was unwisely used, on 'prestige' projects such as embassies, airports and dams, (often on the advice of foreign 'experts') or on military hardware. The countries taking the loans expected to be able to repay them from the income they received from selling their traditional 'primary' products, and from sales of the output from the new industries they were investing in.

In the 1980's circumstances turned against the 'developing' countries, through no fault of their own. Prices of their raw material exports, which are determined by 'market forces', began to fall in both absolute and

relative terms on world markets.¹ (In 1987 African countries had to grow six times more cotton than in 1972 to buy an imported truck). At the same time, due to economic problems in the countries of the North, interest rates began to rise rapidly. The indebted countries were having to pay out higher and higher amounts of money to repay loans, whilst the income they were receiving from the sale of their goods was falling. Countries reached the situation where they were having to borrow more money just to pay the interest on their existing loans.

In 1982 Mexico, one of the most indebted nations, announced it could not pay its debts and threatened to default. This sent shock waves around the international financial community, fearful that other countries might take the same action. The IMF and the World Bank stepped in with offers of new loans, and packages to 'reschedule' the debts (i.e. give the countries more time to pay). Their purpose was primarily to stop the collapse of the western banking system, rather than concern about Mexico's problems.

Similar offers of 'assistance' have been made now to many indebted countries. Fresh loans are made by the IMF, and/or existing loans are rescheduled. In return the indebted countries have to accept a 'Structural Adjustment Programme' (SAP), to reorganise their economy so that it can earn foreign currency to repay the debts. A 'SAP' involves higher domestic interest rates, cuts in public spending, currency devaluation (making exports cheaper and imports more expensive), removal of state subsidies, privatisation, encouraging production of goods for export such as cash crops and encouraging investment from overseas.

Critics have argued that Structural Adjustment Programmes are really designed for the benefit of the rich nations, rather than for the indebted countries, and have resulted in increased suffering for poor people.

¹ *Economists might be familiar with the concept of the 'agricultural problem', caused by the low price and income elasticity of demand, and low price elasticity of supply, for agricultural products as an explanation for this process.*

Section Two. The Game.

Latasica is a hypothetical indebted country of the South. Three years ago Latasica accepted a loan and a Structural Adjustment Programme from the IMF, but the country's problems have actually got worse. The government has become quite unpopular with its people, and is facing a General Election in six months time.

Now a team of 'experts' from the IMF have flown into the country prepared to offer the government another loan, but with very strict conditions attached to it. The government has to decide whether to take the new package offered by the IMF.

The government has to find a way out of the economic crisis and will need to consult with the IMF and listen to the views of the people on how best to do this. The people need to talk to each other to discover how each of them is affected by the crisis and to discuss what they think the government should do.

The world's media are very interested in what is happening in Latasica. Journalists are interviewing as many people as possible for their opinions, and Jeremy Paxman has arrived to host a live 'Global Newsnight' TV programme, that will be broadcast to the whole world.....

Distribute the role cards and let the game begin...

2.(b) Facilitators Briefing Sheet Two, The 'Global Newsnight' Broadcast.

(As with the previous briefing sheet, this is written as a script, but facilitators should feel free to adapt it as they wish. As the broadcast proceeds the facilitator, as 'Jeremy Paxman', will need to 'ad lib' in role)

Ladies and Gentleman, 'Global Newsnight' is here in the troubled country of Latasica to discover the facts about the debt crisis that is facing the government and people. On my left I have representatives of the government of Latasica, and on my right a team from the International Monetary Fund. They are faced by an audience of people from Latasica who want to know what is going to happen next.

- Prime Minister, let me turn to you first, what is going on in your country?

(ask such subsequent questions as are necessary to explain the story)

- Assistant Director of the IMF, what have you got to say in response to the Prime Ministers statement?

(again follow up questions may be required)

- Well let me turn to the people of Latasica, you sir, can you tell me who you are?..... How do you see the situation in your country?..... Who do you blame for this?..... What do you think the government should do?.....

(ask similar questions of a cross section of the audience, covering rural and urban people and the business community... then come back to the panel..... ad lib from here until time allows or the debate seems to have been fully explored)

- Well I'm afraid that's all we've got time for in this live broadcast from Latasica, I'm getting a message on my headphones that the Producer is cutting to live coverage of the very important Manchester United football match.....

2. (c) Facilitators Briefing Sheet Three, The debrief.

Only approximate guidance can be given for the debrief.

It is important that facilitators handle the debrief sympathetically and allow maximum opportunity for the participants to express their views. The facilitator should resist the temptation to 'give all the answers' and dominate the discussion.

The objective of the debrief is firstly to explore what the participants have learned from the game. It could be greater factual awareness, it could be empathetic understanding of the situations experienced by ordinary people, by government ministers and by IMF personnel. It could be something about their own priorities and values. The important point is to let participants talk openly about this.

It is also important for participants to recognise that problems such as debt are not just 'out there', but are soluble by the actions of individuals like themselves. The facilitator should explore with participants what can be done about the debt situation. This may be raised by the participants themselves as a question, if not the facilitator should provoke it. The facilitator should steer this discussion away from what 'others' can do, towards what 'we' can do. Participants should recognise that debt is not only a problem for the indebted, and that the solutions are not 'there', but 'here'. Participants might consider; letters to MP's, letters to newspapers, joining campaigning groups like Jubilee 2000.....

The facilitator should seek to encourage discussion, questioning, the examining of opinions, attitudes and values. The facilitator should be prepared to answer questions of fact about the real world situation, and in particular about the consequences of debt, and its role in sustaining poverty. (Some suggestions for background reading are given in part 4).

Useful points to consider in the discussion.

- It is worth noting that the governments that originally took out the loans have in many cases since departed. In some instances former corrupt dictators have smuggled much of the money away into foreign bank accounts leaving their successors, and in particular poor people

who never benefited from the loans in the first place, to bear the costs. Arguably western governments should pursue these individuals for repayment.

- The amounts of money that were originally borrowed have been paid back, sometimes several times over. It is now the interest on the interest that is being demanded. The creditor nations are effectively acting like 'loan sharks'. Costa Rica borrowed £4m from the UK in 1973. It has already paid back £7m, and still owes £1m.
- Mozambique's debts are over 4 times its annual income. In the continent of Africa twice as much money is spent on debt repayment as on healthcare. For every £1 given in grant aid to poor countries, £9 is paid back to lenders in debt service. It has been estimated that the cost of cancelling debt is less than the amount of money the USA spends on pet food in a year.
- Many commercial bank creditors have already recognised, and made provision for, the costs of 'unpayable' debts, writing them off against profits, and receiving tax allowances. Accordingly cancelling these debts would involve no further cost to taxpayers in rich countries.
- The UK receives about £75 million a year in debt repayments from the poorest 52 countries. Cancelling these debts would cost £2 a year for each taxpayer.
- The positive consequences of debt cancellation for the North are not fully appreciated. If poor countries were relieved of their debt, and allowed the opportunity to invest the money saved in their economies, they would experience economic growth. As incomes in those countries increased they would wish to purchase goods and services produced in the North, leading to the creation of employment here, and consequent positive multiplier effects.
- Debt is one of the major causes of environmental degradation in the world. For example a heavily indebted country's major resource may be the timber of its rainforest. Because of the need to make debt repayments it may cut down that forest at an unsustainable rate in order to earn foreign currency. Rainforest destruction is a major cause of global warming. Cancellation of debt can therefore be seen as beneficial to the global environment.

3. Role Cards.

There are five 'groups' of roles in the game.

1. **The International Monetary Fund.**
2. **The Government of Latasica.**
3. **The Business Community.**
4. **The Rural People.**
5. **The Urban People.**

1. The IMF 'team' includes the 'Assistant Director', a 'Consultant' and a 'Regional Representative'. *(3 players)*
2. The Government 'team' includes the 'Prime Minister', the 'Minister for Trade and Industry', the 'Finance Minister' and the 'Social Security Minister'. *(4 players)*
3. The Business Community consists of 'Daodi', a Company Director, and 'Fabio', a Landowner. *(2 players)*
4. The rural people are Mashana, Maya, Mercedes and Chelo. *(4 players)*
5. The urban people are Hermitanio, Texas, Carlo, Florence and Maria. *(5 players)*

(Many of the role cards are based on the words of real people living in indebted countries, describing their conditions of life. These 'Southern Voices' show the real effects of structural adjustment.)

Assistant Director, International Monetary Fund (IMF).

You are part of a team from the IMF that has just flown into the country of Latacica. You know that the country is in a severe financial crisis and that it cannot afford to repay the loans it took out in the 1970's and 1980's, or even the new loan given by the IMF three years ago.

You despair of this country. Even though it agreed to operate a Structural Adjustment Programme (SAP) three years ago, its financial system doesn't seem to have improved. You need to find out if they ran the programme effectively.

- Did they devalue the currency enough to increase exports?
- Did they cut public spending enough so that more government money could be used to repay the debts?
- Did they cut the power of the trade unions enough to attract foreign companies to invest?
- Did they cut bureaucracy so that the more efficient private companies could increase profitability?
- Did they do enough to encourage firms to produce goods for export, which could earn revenue to pay the debts?

These are just a few of the things you need to establish before you agree to any new loans to help them to get out of their mess. If they want your help they need to help themselves first by more effective management of their own economy. Your records show that SAPs have been effective elsewhere, they have helped a number of countries to repay their debts.

Consultant. International Monetary Fund (IMF).

You are a European commercial banker who has been employed by the IMF as a consultant on this delegation, visiting the country of Latasica. You represent the banks that are still owed money by this country. You believe in the freedom of the market. It is a very efficient system, one that has made your bank, and you individually, very wealthy.

You want to see the debts repaid. They were offered in good faith and you expect them to be repaid in full, with all of the back interest. If people were allowed to get away without repaying their debts then business confidence, and thus the entire world economic system, could suffer.

If this country refuses to repay the debts or refuses to take on the new Structural Adjustment Programs (SAPs) they will get no more loans from the international banks. They will also get no aid from richer European countries, the European Union or the other richer nations who control the IMF.

Other countries that have threatened to default (not repay the debts), or refused the SAPs have been subjected to international economic boycotts and even threatened with armed interventions. Countries like Tanzania, who in the 1970's refused the IMF terms, eventually had to come back and accept them.

You want this country to honour its obligations, and you might have to point out the possible consequences to them if they don't accept what the IMF is offering. You will meet only senior members of the Latasican government.

Regional Representative, International Monetary Fund (IMF)

The country of Latasica that you are about to visit is in a financial mess. It cannot afford to meet its debt commitments. It cannot even afford to repay the interest on loans it took out in the 1970s and 1980s. Three years ago, in a similar crisis, it took a loan from the IMF, and agreed to adopt a Structural Adjustment Programme. The Government obviously failed to properly carry out this Programme, or they would not be in the present situation.

You are in a position to offer the country further financial assistance (a new loan), to enable them to repay their present debts. The country's government has virtually no bargaining power in its negotiations with you. You need to show little or no flexibility in your dealings with them regarding the new loan. They must realise there is no alternative to what you are proposing.

You must convince the government to accept the IMF proposals for a new Structural Adjustment Programme. This must include:

- Cuts in government expenditure, so that tax revenues can be used to repay the debt.
- Currency devaluation, to make the country's exports cheaper for foreign consumers to buy, therefore increasing demand for these goods, and earning foreign currency that can be used to repay the debt.
- Less government interference in the economy including removal of all price controls and subsidies and removal of minimum wage limits (but placing controls on trade union activity) to make industry more efficient and profitable, and encourage foreign investment. Also tax relief on investments for foreign firms.
- Encouragement to domestic farmers to grow crops for export, e.g. tobacco and flowers, rather than food and other crops for the home market.

You will as usual meet only senior government officials. You must remember that as an IMF representative you must not get involved in local issues, you must respect the rights of the government to deal with its own people. You are only concerned with economic matters.

Prime Minister. The Government.

You are the Prime Minister of your country. You came to power some years ago. Your family have been landowners for many years, your father was a tribal chief, and you were elected by the rural people. You have always been a popular politician, but people are beginning to blame you for the crisis and insist that you do something.

Your country is in severe financial difficulties. In order to pay back some of the loans a previous government took out in the 1970s from commercial banks in Europe and North America, you negotiated for new loans from the International Monetary Fund (IMF). The IMF made it a condition of these new loans that your country introduced a Structural Adjustment Programme (SAP).

In the three years since then the economy has not improved. You tried to implement the SAP. You devalued the currency to increase exports and limit imports, but your cash crops, the agricultural products you sell, are earning less on the world market because of competition from other countries. You have tried to encourage overseas investment in your country, particularly from the transnational companies, with tax incentives. This has been partially successful, but there are other countries nearby with lower wages, fewer trade union problems and lower health and safety standards so most of the investment has gone there.

You have cut public spending drastically, privatised state companies to raise revenue and increase efficiency, and reduced subsidies on things like basic food products. Still your country finds it hard to pay the interest on the debt, let alone repay the loaned amounts.

Now the IMF is coming again and is offering new loans, but only if you take on a new three year SAP. With the elections only a few months away you must decide whether to accept this programme or find a new solution for your country.

Minister for Trade and Industry, The Government.

You are the government minister responsible for policies to do with trade and industry. Your political support comes from land and factory owners. Your country is mainly dependent on agricultural products, but you also have some manufacturing industry.

You have seen a huge drop in the world price of some of your countries main exports, products like cotton and tin. This is beyond your control because these prices are determined in commodity markets in rich countries. It is likely that prices will remain low for some time yet because of excessive world wide production and new synthetic alternatives. Meanwhile the products you import have gone up in price, partly because of earlier devaluations of your currency.

The land and factory owners are very anxious about the state of the economy at present.

Plantation owners and large rural farm owners are concerned that the imported chemical fertilisers and insecticides they desperately need in order to produce a sufficiently large crop have become far too expensive. They want you to offer them subsidies to help them buy more cheaply.

Factory owners complain that they cannot afford important spare parts for their machinery, which are manufactured abroad. Also their workers are demanding both higher wages and better health and safety standards. They tell you that internationally, competition to produce cheap manufactured products is enormous, and costs must be kept down if they are to remain in business.

You want to build up your country's industry to make it globally competitive. You feel that this could be done with investment from multinational companies, which you believe would stimulate economic growth. It is important that your country pursues the kind of policies that would make these companies want to invest.

At the moment the biggest problem that your country faces is the need to repay the debts that you owe. A team from the International Monetary Fund has recently flown in with a package of proposals they are recommending to help you out of your present crisis.

Social Security Minister. The Government.

You are the government minister responsible for policies to do with health, welfare and education. You grew up in the city and once worked in a factory. You were elected by the urban people.

You know that your country should be spending more money on essential services but has been unable to do so because of the need to repay the debts that you owe to foreign governments and bankers. The Structural Adjustment Programmes (SAPs) you have been forced to adopt by the International Monetary Fund (IMF) only seem to make matters worse. Your country has low literacy and numeracy rates, a low life expectancy and high infant mortality rates. Despite this you have had to introduce policies to charge people for medical services, for much needed drugs, and for even basic schooling.

You have been a member of the government for some time and you know that everyone in the country is suffering at the moment, but the economic crisis is hitting the poorest hardest. People are leaving the country areas because there is no work since the mechanisation of the agricultural plantations. Factory wages have been falling because more people have been moving into the cities to look for work and are therefore competing for the few available jobs. Essential goods like foodstuffs are in short supply and their price is constantly rising.

You know that the present crisis was caused by the need to repay loans that were taken out years ago by the previous corrupt government. They wasted money on prestige projects like the new airport, the presidential palace and the new opera house. Ordinary people never benefited from these projects, but now they have to bear the costs. This you believe is completely unjust.

In fact your country has already paid back more money than it originally borrowed, but because of the high interest rates will still be in debt for many years to come. There seems to be no way out of this mess, the debts seem to just keep growing. But what can you do if the IMF, and the governments of the rich countries insist on the loans being repaid? And what more damage will a new Structural Adjustment Programme cause?

Finance Minister, The Government.

You are the only member of your government with formal training in Economics. You come from a rich family background and went to University and Business School in the USA. You know that Latasica is in economic trouble mainly because of its huge debt burden. Your government must find a solution.

At present 40% of the country's export earnings are swallowed up instantly in order to service debts. This money is not being used to repay the debt, but simply to pay off the interest on the loans. International interest rates have risen considerably since the debts were negotiated. The commercial banks, which were so ready to lend money in the 1970s, are no longer willing to help you.

Prices of imported goods are rising, and your exports are earning less foreign currency. You have severe balance of payments problems. There is unemployment in both the cities and the rural areas, and inflation, particularly of basic foodstuff prices, is out of control. There has been no economic growth for the last six years. It is becoming increasingly apparent that the economy is approaching crisis point. It seems your only hope is to ask the International Monetary Fund (IMF) for help.

Support from the IMF is conditional. It is dependent on your country agreeing to a Structural Adjustment Programme (SAP), an 'austerity package'. Only if you accept this SAP will the IMF help you to negotiate with the international banks and/or the other countries that have loaned you money, to reschedule your debts. If you accept the SAP you might be able to negotiate lower interest rates and even further loans.

The IMF insists that your country should adopt 'free market' supply side policies to rebuild your economy, e.g. cutting government spending, reducing taxation (especially of business), reducing trade union power, abolishing subsidies and minimum wage legislation and cutting bureaucracy and red tape that discourages investment.

You might, by accepting the programme, convince transnational companies and other international investors that your government is committed to reform, and this might encourage them to invest in your country.

Daodi, Company Director.

You own a garment-producing factory in the central capital of Latasica. You are mainly making jeans at the moment. Your jeans are sold in London and all over Europe. They don't carry your label (though in time you'd like to do that - imagine DAODI JEANS!) because at the moment they will only sell well if they have a fashionable British shops name. The agents who buy them from you say it's to do with 'brand loyalty'.

Recently sales haven't been quite so good. There's been a recession in Britain and Europe. Some times you've been forced to sell your garments at lower prices. The agents say that if you won't cut prices they will buy from elsewhere.

There are lots of competitors in this business here in Latasica and in other southern countries, so you have to keep your costs down to stay in business. It's good that price of cotton has fallen. You think you pay and treat your workers quite well. If they don't like the pay and conditions here they are free to leave. You can always get more workers. More people are arriving in the city every day, migrating from the rural areas, and are glad of any job.

Your main problem is the high running cost of machinery. This is mostly imported and new machines, or even spares for the old ones, seem to cost a lot more these days. You may have to cut costs even more to stay competitive.

Some workers have been trying to form trade unions, and the Social Security Minister in the government wants to introduce health and safety legislation that will increase your costs. The purchasing agent has also been going on about something called the Ethical Trading Initiative, but you don't see what it has to do with you. The last thing you need is government and other busybodies telling you how to treat your workers and bringing in new laws like this.

The Minister for Trade and Industry seems good, talks your sort of language. He says that the government can't afford not to agree to the new International Monetary Fund (IMF) Structural Adjustment Programme. So long as it doesn't affect your business you agree with him. You think everybody will just have to try a bit harder in this country. Everyone can succeed if they want to.

Fabio, Landowner.

Your family have owned several hundred hectares of land in the North of the country for several generations. At present the land is all devoted to growing cotton. Some of this is sold to local factories that make garments, the rest is exported. Your government has been encouraging you to grow more for export. They say it's important to earn foreign currency.

A long time ago you had tenant farmers on your land, producing a mixture of cotton and a range of subsistence crops. People were almost self-sufficient then, but they were still poor.

Now you apply modern high productivity farming methods, involving a lot of chemical fertilisers and insecticides, and produce better quality cotton in much larger quantities. The subsistence crops have gone. The new farming methods mean you need less labour, so many people have become unemployed, and some have left the rural areas to search for work in the city.

Lately things haven't been going as well as you as you had hoped. You had some good years - the new methods were working very well - but then there was a drop in the price of cotton in the world market. You tried to produce more in following years, expecting to bring your earnings back up to previous levels, but prices went down even further. To make things worse the price of imported fertilisers, which are essential to the new farming methods, have been going up in price.

These increased import prices have been caused by the devaluation of your country's currency. The devaluation was part of the Structural Adjustment Programme (SAP) your government had to adopt to satisfy the IMF. Now the IMF is offering your government a new loan, but they are insisting on a new SAP. This might involve more devaluation.

Things seem to be getting worse everywhere. On TV there are stories about unemployment increasing, people starving and children dying. But you feel that everybody should tighten their belts during this economic crisis. The government must stand firm, it must meet its debts, and allow the IMF reforms time to work. The newspapers say these free market policies have worked in the rich countries like Britain and the U.S.A.

Mashana, rural man

You are a cotton farmer. You are a tenant on land owned by a rich man. You have to earn enough from your crops to pay your rent and keep your family. You were encouraged by the landowner to use new high productivity farming methods to increase your output. These methods mean that you can now produce twice as much cotton than you did using the more traditional methods – and it is better quality cotton.

However, the new methods require the use of a lot of pesticides. You are concerned that since you have been using these, your health seems to be deteriorating, you are having breathing difficulties. You have also noticed that many of the other wild plants that grew in the area seem to be disappearing, and there is not so much wildlife around as there used to be.

You sell your cotton to a publicly owned trading company, set up by the government, who set the price each year before the growing season. The price you are receiving now is unchanged from last year, but the goods you have to buy, including the fertilisers and pesticides to keep your crops growing, and food to feed your family, seem to be going up in price.

Your country has severe financial problems. You do not really understand what is going on, but the government has said that everything will be fine eventually. In the meantime everybody will have to make sacrifices. You are not really sure there is anything you can sacrifice ! You have no spare resources or money.

Maya, rural woman.

You live in a village with Aswan, your son (16), and your daughter Margaret (12). Your husband was killed in a mining accident 10 years ago. You work for a farmer as do most of the other villagers. The farm produces cotton that is sold for cash, much of it to overseas purchasers.

Over the last few years you have noticed many problems on the farm. Plant diseases caused by pests and insects seem to be increasing. The pesticides you have been using seem no longer to be effective. Salesmen say the farmer should buy new pesticides, but these are more expensive. The farmer says that before long the production costs for the cotton will be greater than the value of the cotton produced. There is a rumour that the farmer will not harvest this year's crop at all. This means you will lose your job and won't be paid. This work is your only means of earning money to support your two children.

Prices of food are always rising, and there is a rumour that the government is considering putting a new Structural Adjustment Programme in place so that they can get a loan from the IMF to pay off their debts. This would mean that the subsidies the government currently gives to keep food prices down would disappear.

It also seems likely that the amount of free education the government provides will be cut, if people want their children to go to school they will have to pay. Your son is hoping to train as an agricultural advisory worker, but how will you pay for his education if you have no job?

You feel that things were better in the old days, when you grew crops to feed yourself on the land instead of growing crops to sell. Maybe if your country went back to the old ways things would be better, at least you never went hungry then.

Mercedes, rural woman.

You are married with five children and live in a rented hut in a village just on the edge of town. The village used to be prosperous, thriving on the timber felled in the surrounding forest that was sold for export. However, the logging companies were greedy and bulldozed everything in their path. The forest has now almost gone and many timber yards have closed. Your husband used to be a timber worker, but now he is unemployed.

You have to provide for the family. You have become a street trader, and sell home-made rice cakes at the bus station. Your work requires little equipment, but you must have money to buy ingredients and kerosene fuel. That money is difficult to come by. To make things worse, the prices of these things keep going up.

To stay in business, you were forced to borrow money. The banks were unwilling to lend, so you went to the moneylender. You found that you would have to pay a minimum of 25% interest and often much more. The tiny profit you make on each day's work is swallowed up in repayments. You are now trapped in a cycle of debt. You have to keep working to pay the moneylender but you are not getting enough left over for your family's needs.

Your country seems to be in a similar position to you! They owe money to foreign governments and banks. To help pay its huge debts, your country has had policies forced on it by the International Monetary Fund (IMF). People say that it is because of these policies that prices of food keep rising. There is a rumour that the government is still unable to repay its debt, and that it is currently negotiating yet another structural adjustment programme with the IMF. Some say that this will mean the government will have to cut spending on things like schools and healthcare. What will happen then?

Chelo, rural man.

You worked for a rich landowner from when you were a young child. However a few years ago you developed tuberculosis. When you grew weaker, you were fired and you and your family were told to leave your home - a small simple house of mud bricks - which you had built yourselves. You have a wife and an 11 year old son.

Your government is in a crisis with international debts. It has been borrowing money from foreign governments, the world's biggest commercial banks, the International Monetary Fund (IMF) and the World Bank. The government has been forced to accept the IMF's structural adjustment programme that introduced cuts in food subsidies, health services and education.

Your son recently fell ill with appendicitis which almost killed him because the village clinic had been closed due to the governments health cuts. The clinic has been replaced with a mobile primary health care team. You had to use all your family's savings to pay for travel to the next big town and for an operation.

Your government is still unable to repay the money borrowed from international financial institutions. It is now being forced to re-negotiate its loan conditions with the IMF. The IMF would only lend money if the government accepts another structural adjustment programme - an austerity package.

Hermitanio, urban man

You are a tin miner, as was your father and his father. Tin has always been your country's lifeblood. But that was before all the troubles.

Things are really terrible in the mines now. The price of tin has collapsed, it used to be worth over \$12,000 a tonne but now it's less than half of that. The machinery in the mines breaks down all the time because it's so old. The Mine Company can't get spare parts because there's no money to import them. This country used to depend on tin exports to buy everything abroad. Now that world tin prices have fallen so much they want to close down the mines. But what's going to happen to miners like you?

The country needs to export something because the government owes massive amounts of money to other governments. You can't understand where the debts have come from. What have they bought? Nothing to make your family's life easier, that's for certain. The government says that it wants to grow more cash crops for export but you're a miner not a farmer. Your family have always been miners, what do you know about farming? Are they going to retrain you and give you land?

To save money, the government have introduced cuts in their spending, This doesn't just affect miners but everyone in the country. All the food subsidies have gone and lots of government workers lost their jobs. In your local area you now have to pay school fees and pay to see nurses, you don't have a doctor any more.

You've heard that all these cuts have been introduced because of the loan conditions your government negotiated with the International Monetary Fund (IMF). The government can't repay, and the rumour is that they are now negotiating another loan. But if they take the new loan even more cuts will be demanded by the IMF.

Texas, urban man.

You are 22 years old and you have always lived in the capital city.

You left school when you were 7. Your father died when you were only 12 months old, and later when your mother started drinking, there was no one to pay your school fees. Your sister was twelve and she tried to support you. She got a job at a factory making clothes that were sold in shops in Britain. She worked really hard but she didn't get paid very much, and with all the overtime she made herself too ill to work.

You can't write and you can't read very well. After you left school you tried all sorts of things to earn money, but nothing worked out. You don't have a job.

During the economic crisis a few years ago the government increased the price of your staple food, maize meal, by a massive amount. All the local people rioted and went on the rampage. You stoned the buses belonging to the United Bus Company. You even hijacked a bus and drove it around the city. Lots of the state owned properties and shops and supermarkets were looted. After this the government backed down. They brought prices down again, but only for a few weeks, and then they started to creep back up.

On TV they say that the structural adjustment programmes forced on your government by the people like the IMF and the World Bank are the cause of the price increases. The TV programme also said the reason the tin mines were closing was because people in other parts of the world produce tin more cheaply, so nobody wants your tin. Your government borrowed lots of money and now can't pay it back. They must be stupid! Now you hear that they are trying to borrow even more, but to do that they need to impose another IMF structural adjustment programme. You think this will make people angry again. What will the riots be like this time?

Carlo, urban child.

Your name is Carlo. Your father was a truck driver delivering subsidised food, but he was made unemployed when the food subsidies were taken away.

Food soon cost double after that. Your father started getting drunk a lot, and then one day he walked out and didn't come back. You are the youngest in the family and you, your older brother and your sister had to drop out of school when the government said you had to pay school fees and pay for your uniforms. You also lost your home and then you lost touch with your mother and your sister.

Your brother and you were working for a big foreign company making shoes for sale in shoe shops in England. Your brother had been gluing leather sandals for a long time before you started to work in the factory. Then he began to have trouble with his breathing. Somebody told you that the glue was making him ill. He got weaker but you couldn't afford medicines or treatment. When he died you left the factory because you didn't want to end up the same way.

You live on the street with your friends now. You work wherever you can, just odd jobs, but often there is no work. You never get paid much. You look for scrap from the garbage try to sell that to earn cash. When you have been unlucky with money you go to the back door of the restaurants and search the bins for leftover food to eat. Sometimes the police chase you away from the smarter parts of town. You don't understand what you have done wrong, you're only trying to live.

You would really like a safe place to sleep in and three big meals a day. You would really like to go back to school. People who can read and write get better jobs, earn more money and can eat better.

Florence, urban woman.

You live in the poor quarter of the city. Your husband and you were both working in offices. Then you lost your job as a secretary when the company you were working for tried to cut costs by reducing staff. It became increasingly difficult to survive on your husband's salary as a junior clerk in a government office because prices of food and other essentials have been rising rapidly for four years. You were desperate for any work to earn money to make ends meet. You now work as one of 300 women, breaking stones to lay the foundations for a new road.

By the time you got the job stone breaking, your family had to survive on one meal a day, with meat on payday only. Around this time you discovered that you were pregnant which increased your worry about how to feed every one.

Your husband recently told you that due to the IMF's structural adjustment programme, the price of maize meal, your staple food, is going to double because the government has to remove the food subsidy to comply with IMF guidelines.

The government is struggling to repay its debts, and you've now heard it is talking about accepting another IMF austerity package in order to negotiate a further loan. What will this mean for your future?

Maria, urban young woman.

You live in a slum area of the capital. Anyone can see the poor quality of much of the housing and the desperate poverty of many of the people there. Your house, if you can call it a house, is so fragile it can easily be blown over. Also, because all the houses are squashed together in one place, there is a constant danger of fire. The area is dangerous for children because all the traffic makes play almost impossible. There are two busy roads just nearby, leading to the main highway.

Before you came to the city you lived in the country. Your father worked on a coffee plantation. Then he got sacked during the first economic crisis, when coffee prices fell on the world market. Your father and two brothers left the village to look for work in the city. You only heard from them once, and you have no idea where they are now.

You came to the slum ten years ago with your mother. Your mother got a job as a maid in the city. She has to leave home at five o'clock each morning, and doesn't return home in the evening until nine o'clock when it's dark. But she is lucky to have a job. Most people in the slums can't get regular work and have to make do by collecting and reselling bottles, rags, cardboard, or by selling cigarettes and matches in the streets, or simply by begging. You have to help your mother a lot by doing most of the housework. When she comes home in the evening, you share your one meal for the day of rice and beans.

You are sixteen now. You hope to become a teacher and get a job working with children from the slums. Your mother has been working really hard to raise money to send you to college, but it is so expensive to go to college these days.

You know that your country isn't well off, but you don't understand why the IMF can come into your country and tell the government what to do. All the things they suggest only seem to make things worse for you. If you do become a teacher you plan to teach your children how to survive by themselves, other people just seem to make things worse.

4. List of useful resources for follow up reading and activities.

Straightforward reference texts.

- *"Breaking the Chains."* Jubilee 2000 Coalition. 1999.
- *"In Our Own Backyard – Britain and the Debt Crisis."* Jubilee 2000 Coalition. 1998

(Both these titles, and a selection of free campaign materials and posters are available from Jubilee 2000, PO Box 100, London SE1 7RT 0171 739 1000)

More complex academic readings.

- *"The Debt Boomerang. How Third World Debt Harms Us All."* Susan George. Pluto Press, 1991.
- *"Free Markets and Food Riots. The politics of global adjustment."* John Walton and David Seddon. Blackwell, 1994.
- *"Trade, Development and Foreign Debt" (Vols 1 and 2)* Michael Hudson. Pluto Press, 1992.
- *"Adjustment in Africa."* Edited by Ishrat Husein and Rashid Faruquee. World Bank, 1994.
- *"Multilateral Debt – an emerging crisis?"* Percy S. Mistry. Fondad. The Hague, 1994.
- *"The Continuing Debt Crisis of the Developing Countries."* Report of the Non Aligned Movement Ad Hoc Advisory Group of Experts on Debt, 1994.
- *"The Oxfam Poverty Report."* Oxfam Publications, 1995.
- *"Unravelling Global Apartheid. An overview of world politics."* Titus Alexander. Polity Press, 1996.