

many senators, deputies, town councilors and union leaders. Soon, tens of thousands of Chileans filled the military's concentration camps.

Lucía Pinochet needs to invent a war for herself because otherwise she could never look her father in the eye. She needs to believe that he is a "political prisoner" because she cannot conceive of him as a criminal. I understand that, and I pity her. I have no need to tell myself lies when I remember my father's honest expression. Nor does Fedora Peña need to explain herself when she sheds a few tears during the concerts that pay homage to the great maestro who was her father.

—Patricia Verdugo

U.S. "Practice" Bombing Kills Puerto Rican Man

SAN JUAN—Deadly U.S. military bombing errors are not just taking place far across the Atlantic in Yugoslavia. They are happening right here at home in Puerto Rico.

On the evening of April 19, 35-year-old David Sanes Rodríguez was killed and four others wounded after U.S. F-18 fighter planes dropped two 500-pound bombs on the Puerto Rican island town of Vieques during practice runs for combat in the Balkans. The victims worked as security guards in an observation tower used to monitor military exercises on the island.

The Navy acquired three-quarters of the island, which is situated between the main island of Puerto Rico and the U.S. Virgin Islands, in 1941 and has been using it as a firing range ever since. Vieques has been subjected to relentless bombardment from both sea and air. The sounds of heavy artillery, missiles and low-flying warplanes are often heard in residential areas.

This is not the first accident caused by U.S. "practice" bomb-

ing. In 1955, 13-year-old Chuito Legrand was killed by an unexploded ordinance. In the mid-1970s, a cruise missile fell next to a Vieques school, and in October 1993, four 500-pound bombs were dropped just a mile away from the Isabel Segunda village, missing their intended target by ten miles.

But bombs and missiles are not the only danger. Military personnel have brought along with them drug addiction, prostitution and street violence, which were virtually unheard of on the island in the pre-Navy years. Brawls and riots involving U.S. Marines are not uncommon.

The people of Vieques have had enough. On April 21, a group of local fishermen and supporters from both Vieques and the main island of Puerto Rico entered the restricted Navy area and set up a permanent vigil demanding demilitarization of the island.

The protesters were joined by Puerto Rico Senator Rubén Berríos, president of the Puerto Rico Independence Party. The Senator was one of a dozen people arrested for several months in 1971 after camping out in a target

practice area then used by the U.S. Navy in another Puerto Rican island town, Culebra, which lies to the north of Vieques. But their protest worked: In 1975 the Navy finally left Culebra.

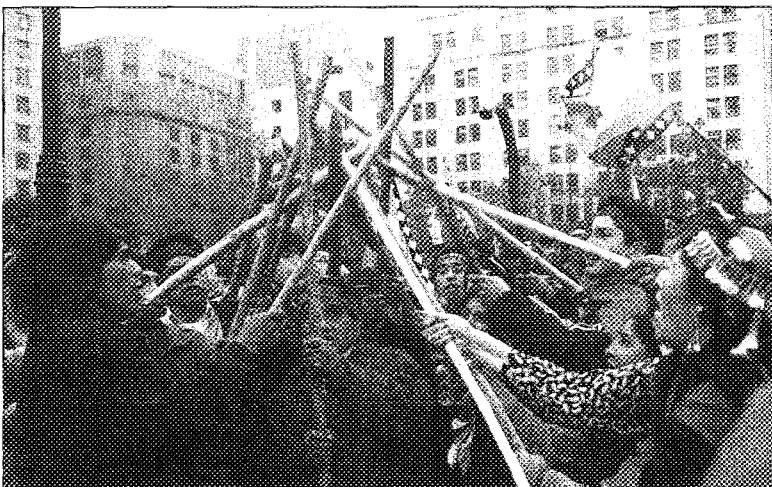
In the name of peace and democracy, the U.S. military is wreaking havoc, not just in the Balkans, but also on Vieques. The war is hitting closer to home than many people think.

—Carmelo Ruiz

Wall Street Chief Meets With Colombian Rebels

LA MACHACHA—Richard Grasso, president of the New York Stock Exchange (NYSE), flew into southern Colombia on June 26 where he met for an hour and a half with spokesperson Raul Reyes of the Revolutionary Armed Forces of Colombia (FARC), the country's largest leftist rebel group. Grasso was accompanied by Finance Minister Juan Camilo Restrepo and presidential commissioner for peace Víctor Ricardo. Grasso, whose presence in Colombia was kept secret until the

Continued on page 49



SANTIAGO—Mapuche Indians raise their chuecas, an instrument used to play palin, an ancestral sport similar to field hockey, as they face police during a demonstration on June 21. Some 300 Mapuche Indians arrived in Santiago, Chile on June 20 after marching more than 400 miles to demand that the government recognize their land rights and their constitutional status as an ethnic group. The march, organized by the Council of All the Lands, began on May 27 in Temuco.

AP PHOTO/SANTIAGO LLANQUIN

The Americanization of Global Finance

- 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.
- Nicholas D. Kristof and David E. Sanger, "How U.S. Wooded Asia To Let Cash Flow In," *New York Times*, February 16, 1999.
- Erich Helleiner, *States and the Reemergence of Global Finance: From Bretton Woods to the 1990s* (Ithaca: Cornell University Press, 1994), pp. 94, 111.
- Kristof and Sanger, "How U.S. Wooded Asia."
- 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.
- Federal Reserve Board, Flow of Funds Accounts, March 1999 release. Raw data at <http://www.bog.frb.fed.us/releases/z1/data.htm>.
- 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.
- 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/VEpres_s02_03_99.html.
- James Livingston, *Origins of the Federal Reserve System: Money, Class, and Corporate Capitalism, 1890-1913* (Ithaca: Cornell University Press, 1986).
- 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.
- 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.
- 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.
- For a history of capital-account liberalization, see Helleiner, *States and the Reemergence of Global Finance*.
- World Bank, *Global Development Finance 1999: Analysis and Summary Tables* (Washington: World Bank, March 1999), especially chapters 2 and 3.

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- 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>.
- 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/exr/facts/glance.htm> and "Chronology," <http://www.imf.org/external/pubs/ft/survey/sup0998/14.htm>.
- 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/extdr/backgrd/ibrd/history.htm>.
- Drawn from *Inter-American Development Bank Annual Report 1997* (Washington, D.C.: IDB, 1998).
 - 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.
 - 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>.
 - See, for example, Doug Henwood, "The Americanization of Global Finance" in this issue.
 - 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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 - Drawn from the IMF Website's fact sheet, "The IMF at a Glance", March 1999.
 - Drawn from the 50 Years is Enough Network's online fact sheet, "Statement on the Heavily Indebted Poor Countries (HIPC) Debt Initiative," and the Jubilee 2000 online education pack, "HIPC: The Official Debt Relief Program," <http://www.j2000usa.org/usa/edpac/hipc.html>.

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- Zanny Minton Beddoes, "Global Finance: Time for a Redesign?" *The Economist* (London), January 30, 1999, p. 6.
- As cited in Bernard Lietaer, "Global Currency Speculation and its Implications," p. 15.
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- Author interview, IMF, April 27, 1999.

14. See the IMF Website at <www.imf.org/external/np/speeches/1999/030199.htm>.
15. Speech by Manfred Bienefeld, "Can Finance Be Controlled?" Economic Sovereignty in a Globalizing World Conference, Bangkok, March 24-26, 1999.
16. CEPAL, *Preliminary Overview*, p. 87.
17. Ha-joon Chang, J. Gabriel Palma, and D. Hugh Whittaker, "The Asian Crisis: Introduction," *Cambridge Journal of Economics*, No. 22 (November 1998), p. 651.
18. Yılmaz Akyüz, "East Asian Financial Crisis: Back to the Future," in Jomo KS (ed.), *Tigers in Trouble*, p. 37.
19. Jeffrey Sachs, "Global Capitalism: Making it Work," *The Economist*, September 12, 1998, p. 24.
20. Paul Krugman, "Will Asia Bounce Back?" March 1998, <web.mit.edu/krugman/www/suisse.html>.
21. For a fuller version of these proposals see Duñcan Green, "Human Development and the Asia Crisis," <http://www.cafod.org.uk/human_development_crisis.htm>.
22. Remarks to the Council on Foreign Relations, New York, September 14, 1998, as cited in Robert Blecker, *Taming Global Finance*, p. 2.

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. Ambrogi, "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

- Nations," *New York Times*, April 25, 1999.
7. Author's telephone interview with Carole Collins, May 31, 1999.
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.
9. Doug Henwood, "The Americanization of Global Finance," in this issue.
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.
16. Author's telephone interview with Carole Collins, May 31, 1999.
17. Thomas E. Ambrogi, "Goal for 2000: Unchaining Slaves of National Debt," *National Catholic Reporter*, March 26, 1999.

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