

should **Third World debt** be cancelled?

GRADE LEVELS	7 - 12
SUBJECTS	Civics, Economics, Geography, History
STANDARDS	<p>National Content Standards</p> <p>http://www.mcrel.org/compendium/browse.asp</p> <p>Content standards for each activity can be found on the McREL Web site. McREL standards are national standards developed by a team of highly acclaimed educators and researchers with a focus on Pre-K-16 education.</p>
OVERVIEW	<p>This educational guide focuses on Third World debt and the economic, social and political issues underpinning debt relief. Students are invited to examine the arguments on both sides of the debate, developing critical thinking skills as they work through the activities. Students will learn how to support their arguments with evidence and reason. It is expected that at the end of this guide students will determine where they stand on this controversial issue.</p>
Did you know?	<p>Some say debt relief goes into the same government account that rains money on good and bad uses alike.</p>
	<p>"... countries that spend their savings from lower debt repayments on guns will do little for their impoverished citizens." (Economist)</p>
	<p>In March, 2002, President Bush announced a "New Compact for Development" that would increase the United States' development assistance by 50 percent by fiscal year 2006, adding \$5 billion to U.S. annual foreign aid.</p>
	<p>The Heavily Indebted Poor Countries (HIPC) Initiative was launched in September, 1996, by the World Bank and the IMF. Relief under the enhanced HIPC framework has been agreed to for twenty-six countries.</p>
	<p>Many environmentalists and economists warn that by requiring indebted nations to attempt to pay off their debts, developed nations force poorer countries to destructively exploit their natural resources; the need for foreign exchange has spurred export-oriented mining, logging, and agriculture in developing countries.</p>
	<p>Audits of Third World governments show that debt payments in heavily indebted nations are nearly three times the amount spent on healthcare.</p>

vocabulary

Alleviate	Lessen, lighten, improve.
Debt Relief	Strategies to address the problem of debt and offer assistance.
Developing Countries	More contemporary term for Third World that refers to the poor, often indebted countries of the world that are currently trying to industrialize or develop alternative methods of supporting their populations. The term Third World has been seen as derogatory, suggesting a hierarchy with the First and Second world being superior.
Dictator	Ruler who is a tyrant or autocrat.
Elite	Privileged.
Globalization	Tendency toward a worldwide investment environment, and the integration of national capital markets. It is the newest development in the expansion of capitalism, now occurring on an international, rather than national level. Marked by the expansion of the size and power of multinational corporations. [www.trading-glossary.com]
Provisional	Temporary, short-term, interim.

activities

The activities outlined below are designed to foster critical thinking skills in students across the curriculum. Specific reading, writing, research, presentation skills and hands-on activities are highlighted for each activity.

activity one

Third World nations and expenditure

Step 1:

Direct students to a map of the world, either through the Internet or by using a projector to display a world map onto the classroom wall.

Skill areas:

- Identify at least 20 countries to whom debt relief has been agreed. Can you identify the 27?
- What do they have in common?
- Why are these countries described as *Third World*?
- Why is the term “developing countries” often preferred?

*Compare/contrast
Investigate/research
Interpret information
Graphical skills*

Step 2:

Have students work in small groups to research two of the countries identified.

Students should investigate:

- Why these countries are in debt.
- Who manages the debt?
- What is the country doing to reduce their debt?
- What are the consequences of debt?
- How much do they spend on education, healthcare and the military?
- What type of government does the country have?

Have students record responses, and invite each group to share their findings with the whole group.

Step 3:

Challenge students to create a chart representing education, healthcare and military spending in the countries researched. In groups, have students compare and contrast the relative amounts. Discuss why this is so.

activity two

Organizations + Research studies

Skill areas:

Research Extracting key points Evaluate information Report Writing

Step 1:

Divide the class into two groups. Within each group students can divide into small subgroups. The first group will identify the key acronyms in the **You Decide** Web site to include UNICEF, NEPAD, IMF, and HIPC.

Students should clarify:

- What does each acronym stand for?
- What are the objectives of the organization?
- What is the role the organization plays in Third World debt?

The second group should also divide into small subgroups to identify two of the research studies or publications identified in the **You Decide** Web site (e.g. Jubilee Research or Worldwatch 47 etc.).

Students should clarify:

- The research organization and what it does
- The research study and the key themes
- The impact of the study – if it is possible to gauge

Step 2:

Have each group share information with the class.

Step 3:

Have students write a 500-word summary report on their research.

activity three

Role Play

Step 1:

Have the group research the following questions:

- What are the causes of Third World debt?
- What are IMF Structural Adjustment Programmes (SAPs)?
- What are Poverty Reduction Strategies?
- Have these strategies been successful?

Skill areas:

Research
Take notes
Evaluate information
Argue a view
Role play

Discuss findings with the whole group

Step 2:

In small groups, have students research publications that comment on the debt of developing countries; e.g. World Development Movement (WDM) has published three “States of Unrest” reports, or the Third World Resurgence magazine published by the Third World Network etc.

Have students take notes on the differing viewpoints on Third World debt.

Step 3:

- Role play a radio talk show inviting representatives from developing countries, from the IMF or the World Bank, from UNICEF and from major aid-giving governments like the US.
 - Allow student representatives time to prepare their arguments. They can work in small teams to do this.
 - Videotape the talk show to review.
 - Invite students to discuss the exercise and the viewpoints expressed in the debate.
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activity four

Credit and debt

Step 1:

Ask students the following questions:

- Have you ever borrowed or taken a loan from someone?
- Were you ever in debt?
- Were you ever unable to pay back the amount borrowed?
- If not, what were the consequences?

Skill areas:

*Research
Deductive logic
Evaluate evidence
Form an opinion
Argue a view*

Step 2:

To learn more about credit and debt (at a personal level), have students work in groups to research different types of credit (i.e. retail credit, credit cards, loans, etc.).

Ask the groups to respond to the following questions:

- What are two reasons people use credit?
- How do you get credit (credit cards)?
- How old do you have to be to get a credit card?
- How old do you have to be to take out a loan?

Share responses with the whole group and record the answers on the board.

Step 3:

Have the student groups move on to the following more complex questions:

- Compare making a credit purchase and taking out a loan.
- Contrast the advantages and disadvantages of repaying a loan over a longer period of time.
- Identify the major sources of loans (student loans, auto loans, etc.)
- Compare and contrast the different kinds of charge accounts.
- Describe the costs associated with using credit cards.

Step 4:

Obtain 5 – 10 different types of credit card applications. Make copies and provide one for each student to complete. When doing so, have each student identify:

- The criteria for obtaining the card?
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- When payment is due (monthly)?
 - If the full balance is due each month or only a portion of the balance?
 - What is the total amount you can borrow?
 - What is the rate of interest?
 - What regulations are associated with the card? Is there any 'fine print' to read?
 - What are the consequences if the card cannot be paid?

Have students share their research with one another.

Step 5:

Have students work in groups of 3 or 4 to share their viewpoints on using credit. Can credit be dangerous? Is it part of modern living?

Conclusion

Finally

Step 1:

Summarize the case **for** or **against** canceling Third World debt.

Skill areas:

Step 2:

Review the above activities and think about whether or not your opinion has changed.

Synthesize

Analyze arguments

Evaluate evidence

Form an opinion

If you have not come to a decision about the topic (either **for** or **against**) what additional information do you need to know to help you come to a decision?

How would you go about finding this information?

think about

Additional questions to be used for extension activities to include; essays, debates, and discussion points

- What if you knew that many experts fear developing nations would simply succumb to new debt, or would use their new-found funds for weapons, rather than social and health services?
 - What if you knew some analysts recommend alternative approaches to repayment or reduction of Third World debt, rather than outright cancellation?
 - What if you knew that many believe free trade practices with Third World countries could alleviate their debt burden?
 - What if you knew that the HIPC initiative has proven successful in aiding some Third World nations?
 - What if you knew that there is a correlation between extreme debt and environmental destruction?
 - What if you knew that many believe Third World debt is the direct cause of child mortality and rampant disease in Third World nations?
 - What if you knew that many experts assert that global initiatives -- like the HIPC Initiative and the IMF's "structural adjustment programs -- are not working?
 - What if you knew that many believe the Third World debt puts some nations' democracies at risk and could incite terrorism?
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resources

<http://www.kqed.org/youdecide/pop/worlddebt/sources.html>
