



# **Information, Activities & Lessons on The Global Marketplace**

**Provided by**



**World Savvy**

The theme for this year's **World Affairs Challenge** is *The Global Marketplace*. In order to start students thinking about this topic, it might be best to start with a term that all the kids have probably heard before: globalization. Globalization is a broad term that encompasses many things, and several definitions are included below. Once you understand that umbrella term of globalization, you can begin to think about economic globalization, which can also be referred to as the global marketplace.

## Globalization

Globalization can be described as '...a widening, deepening and speeding up of worldwide interconnectedness in all aspects of contemporary social life, from the cultural to the criminal, the financial to the spiritual'.

- Held and McGrew, 1999

The compression of the world and the intensification of the consciousness of the world as a whole.

- Dr. Roland Robertson, *Globalization: Social Theory and Global Culture*, 1992

"Globalization" is a term that came into popular usage in the 1980's to describe the increased movement of people, knowledge and ideas, and goods and money across national borders that has led to increased *interconnectedness* among the world's populations, economically, politically, socially and culturally. Although globalization is often thought of in economic terms (i.e., "the global marketplace"), this process has many social and political implications as well. Many in local communities associate globalization with *modernization* (i.e., the transformation of "traditional" societies into "Western" industrialized ones). At the global level, globalization is thought of in terms of the challenges it poses to the role of governments in international affairs and the global economy.

- Social Science Research Council

## So then, what is economic globalization?

Economic globalization consists of the flows of goods and services, capital, and people across national borders. Although globalization has occurred for centuries in each of these realms, it is going through a period of rapid change.

- *Field Guide to the Global Economy*

Economic globalization - the greater global connectedness of livelihoods, and of the production of goods and services.

- UC Atlas, University of California

Increasingly over the past two centuries, economic activity has become more globally oriented and integrated. Some economists argue that it is no longer meaningful to think in terms of national economies; international trade has become central to most local and domestic economies around the world. ...The recent focus on the international integration of economies is based on the desirability of a free global market with as few trade barriers as possible, allowing for true competition across borders.

- Social Science Research Council

***But how can we begin to understand these processes that make up the global marketplace?***

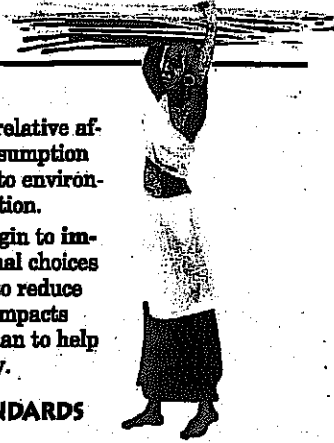
The UCLA Globalization Research Center has come up with one way to think about these complex and intertwining effects of globalization. You can also check the educational materials on their website: <http://www.globalization-africa.org/>

<b>Key Concept</b>	<b>Emergence</b>	When people, places, societies, and cultures change because of the forces of globalization. As the world becomes more interdependent and interconnected, new ways of living and being emerge from encounters between people from different parts of the world. For example, when a group of people move from one part of the world to another, they transform that environment because of the language, economic, historical, political, cultural, and social practices that they bring. They are also affected by the indigenous practices of the people living in that environment.
	<b>Interdependence</b>	The way in which people, places, ecologies, economies, and many other things across the globe are interconnected and interdependent. It means that nothing in this world exists in isolation. What happens in one part of the globe often affects people in other parts of the world. For example, when there is a major natural disaster in one part of the world, it affects surrounding areas and other parts of the world because of the disruption to that environment and the resources needed to help those affected by the disaster. In addition, if the rest of the world is reliant on industries and/or natural resources from the disaster area, they would also be adversely affected if the disaster caused a break in production.
	<b>Dynamic Systems</b>	These are set in motion when people form new or different ways of doing things because of globalization. These systems are complex, dynamic, fluid, complicated, and becoming more internationalized. These systems are often made up of a range of local to international systems that are all very intricately intertwined. For example, there are several global economic organizations such as the World Bank and the International Monetary Fund that have been created to provide loans, advice, and assistance to poor countries around the world. When a country is in economic difficulty, they are able to get a loan from either of these two organizations.
	<b>Time-Space Compression</b>	How our perceptions of time and space have drastically changed because improved communication and transportation technology has made the world a smaller place. Improved technology means that people, money, services, goods, information and even diseases move around the world more easily and quickly. Think about the food you eat – years ago, it would have been grown locally, but now it can be grown in other countries – as far away as Africa or South America and sent to your grocery store because the time to ship items is now so short. Because of email and the Internet, companies can now have offices in countries around the world and communicate instantly, as if they were in the office down the hall.

## Some possible activities for starting to explore economic globalization:

- ❖ Make an informal survey of objects in your home or check the labels of your clothes to determine where they were made. See what items are made where. OR select a meal and list all the components of that meal (also see handout on next page). Where does each component come from? OR take a walk down the food aisle of a local supermarket. Look at the labels and find out the geographic origin of each product on the shelves. For each of these activities, share your findings with the class. What conclusions can you draw?
- ❖ Ask students to share their roots – the ethnic origins of their family members. Identify the routes followed by the movements of these family members/ancestors on a world map, using push pins or other markers to show the composite roots. Share your findings with the class. What observations can be made? What kind of economic goods tend to follow the movement of a group of people to a new area? Why? Cite local examples.
- ❖ Using such resources as *Forbes Magazine* or *The Economist* or their websites, compile a list of the world's 20 largest corporations and a list of their total sales. Using info from the World Bank or CIA World Factbook (<https://www.cia.gov/cia/publications/factbook/rankorder/2001rank.html>), make a list of the world's 20 wealthiest countries (according to GDP). Then combine these two lists, and rank them in order of who makes the most money. Who is at the top of the list? Are you surprised by the results? Are there more countries or corporations at the top of the list? Share your observations with the class. Why do you think this might be?
- ❖ Choose a company that makes a product that you have at home. Find out more about the company, the location of its headquarters and other important locations, the product/s it makes, its history and growth. Check their website to see if they have a corporate code of conduct. Does it explicitly protect the environment, workers' rights and human rights? Write to the company expressing your views about its operations, or your opinion about the produce you have.
- ❖ Track the stock market reports on the financial pages of a major newspaper over several weeks. See how the progress on one world stock market affects others. Share the results with the class. What conclusions can you draw?
- ❖ Additional lessons are given on the following pages.

# SHOP TILL YOU DROP?



## OVERVIEW

In this simulation, students experience how resources are distributed and used by different people based on access to wealth. Students discuss and work toward personal and structural solutions to address environmental impacts of resource consumption and to help alleviate poverty.

## KEY ISSUES/CONCEPTS

- Consumption patterns
- Environmental resources
- Poverty and scarcity

## SUBJECT AREAS

- Social studies
- Geography
- Environmental studies
- Economics
- Mathematics

**GRADE LEVEL: 6-12**

## INQUIRY/CRITICAL THINKING

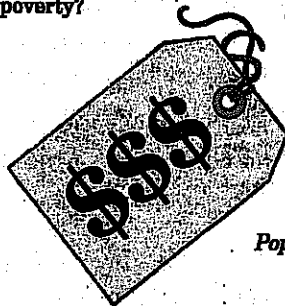
### QUESTIONS

- What are the choices that people with relatively little access to wealth/income can make as compared to people with relatively high access?
- What are the impacts of each of those choices and decisions?
- What personal choices can we make to help reduce some of these impacts, and what actions can we take to help alleviate poverty?

### OBJECTIVES

Students will:

- Determine and explain purchasing/consumption choices.
- Compare different purchasing/consumption choices and their social and environmental effects.



- Describe how relative affluence and consumption patterns relate to environmental degradation.
- Discuss and begin to implement personal choices they can make to reduce environmental impacts and an action plan to help alleviate poverty.

## NATIONAL STANDARDS

### CONSISTENCY

- NCSS: 1, 2, 3
- NES: C, F
- NGS: 2, 7, 14

**TIME REQUIRED:** 1 hour

### MATERIALS

- Teacher master *Global Mall Dollars*, 1 card per student (there are 6 cards per sheet)
- Handout *Global Resource Mall Items*, 1 sheet per student
- (Optional) Teacher master *Global Resource Mall Impacts*, 1 copy as teacher reference
- Butcher paper, 1 sheet per group
- Marking pens, 2-3 pens for each group

### LESSON PREPARATION

1. Make enough copies of the *Global Mall Dollars* sheets so that there is one card for each student. (Each sheet has three \$200 cards, two \$1,000 cards, and one \$2,500 card to reflect income distribution around the world. Therefore, more students will end up with \$200 cards and \$1,000 cards than with \$2,500 cards.) Cut the sheets along the dotted lines and fold each card in half.
2. As a reference, read the chapters titled, "People, Poverty, and Quality of Life" from our publication *Population, Poverty, Consumption, and the Environment*; and/or "Economic and Social Impacts of Population Growth" from *Population: Issues, Impacts, and Solutions*.

## ACTIVITY

1. Have the class brainstorm human needs (food, water, energy, clothing, health care, et cetera).
2. Ask the class, "Who likes to go shopping?" Tell the students that today, as global citizens, they will have a chance to shop for these needs at the "Global Mall." The Global Mall contains all of the resources that humans depend on to live, as well as some "nonessential" items.
3. Pass around a basket with the *Global Mall Dollars* and instruct each student to take one card and not show it to anyone.
4. Pass out the *Global Mall Resource* handout showing the items available. Tell students they can select items from the list to purchase with their *Global Mall Dollars* but that they must first meet their basic needs by selecting items from the categories of food, water, and fuel, and only then can they buy any of the other items.
5. Instruct students to write the items they purchase on the lines on their card (or on the back), along with the cost of each item. (Be sure they do this part of the activity individually.)
6. While students are making their purchasing choices, you should keep the pressure on to instill a sense of urgency. Ask, "Who's done shopping?" Say, "The mall is closing soon!" Students with \$200 *Global Mall Dollars* will likely finish much sooner than those with \$1,000 and \$2,500.
7. When students finish their shopping, have them break into three groups, putting students with the same dollar amounts (\$200, \$1,000, \$2,500) together. (There will be more students with \$200; if necessary, subdivide groups so you have between three and five students per group.)
8. In their groups, have students share and compare with each other what they chose to purchase, and why. Ask them to discuss anything they could not afford to purchase and how not having those items might change their lives.
9. Have each group report to the class on the decisions they made and the impact that these decisions would have on their lives. Ask them:
  - "How did it feel to see what you could and could not afford at the Global Mall?"
  - "How many of you could not afford education? What would your lives be like if you couldn't go to school?" (being illiterate; unable to go to college, buy a car, or own a house, et cetera.)
  - "How would it feel to have to choose between food and health care?"
  - "How many of you have ever been very sick or gone to a hospital? How many of you have friends and family who have? What would your life be like now if you had been unable to get medical care? What might have happened to those family members or friends if they couldn't afford health care?"
10. You can choose to stop the lesson here by initiating a discussion about how poverty and wealth afford us different options. Discuss how roughly one-fifth of all people worldwide survive on less than \$1 (U.S.) a day, how this limits their choices, and the environmental, social, and global security implications of this. Or, continue with the following activity:
11. Give each group a large sheet of paper and some pens, and ask students to list three to five items that members of their group purchased. Have them make two columns titled "Social Impacts" (affects of the choices on people) and "Environmental Impacts." For each item listed, have groups write all the impacts they can think of, positive or negative, for each category. Give them the following example:

"If your group chose 'Firewood Gathering,' you might list such Social Impacts as women and children spending their time gathering wood rather than going to school, harvesting food, cooking, or engaging in recreation activities. Environmental Impacts might include deforestation, habitat destruction, and soil erosion. If your group chose the luxury item 'Surf Vacation,' Environmental Impacts might include air pollution from the flight and conversion of natural habitat to tourism uses, deforestation, and reduction of fresh water. Social Impacts associated with the surf vacation might include local job displacement and stress relief for the traveler, but with a high financial cost."

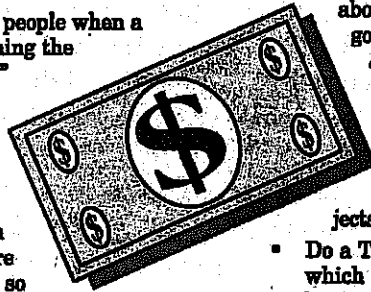
Circulate among the groups and suggest impacts that they might not have considered. Use the handout *Global Resource Mall Impacts* as a teacher reference.

12. Have each group present and discuss their findings with the class.

### REFLECTION

Use the following sample questions to lead a discussion about the human (social) and environmental impacts of different decisions:

- "When you were choosing what to buy, did you think about the environmental impact? For those of you in the lowest income range, did you have a choice about what environmental impact you inflicted? If not, how did it feel to not have a choice? What happens when billions of people don't have a choice?"
- "What were the kinds of impacts generally caused by people with fewer *Global Mall Dollars*, and what were the kinds of impacts caused by people with more *Global Mall Dollars*?"
- "What is the effect on people when a small group is consuming the majority of resources?"
- "How is this game like the real world?" (People on both ends of the wealth spectrum cause environmental damage—often the wealthy cause more because they consume so much more. Impoverished people often do not have the resources that enable them to choose the preservation of the environment over their own survival. However, there are choices available that benefit people and the environment.)
- "Which income group from this game does our country mostly represent? How might we lessen our environmental and social impacts?" (People in developed countries generally have much larger impacts than people in developing countries. For example, an average U.S. citizen has an environmental impact equal to that of 20 Costa Ricans.)
- "What are some specific examples of how to reduce social or environmental harm of some choices? What are three things that every one of us could do in the next week to lessen our environmental impact?"



### CLASS PROJECTS/ACTION IDEAS

- Students can write and illustrate a short story about a family with the same budget they had in the activity. Have them include details about the family's life, choices, impacts, and solutions.
- Students can do a budget analysis of how much they spend on each of these items per month and present their findings to the class.
- Do an "Earth Day Pledge to Reduce My Footprint." Have each student sign a pledge form describing what he or she will do personally to reduce his or her footprint. Download a pledge form from our Creative Action website at [www.creativeaction.org/resourceroom/project/pledgeform.pdf](http://www.creativeaction.org/resourceroom/project/pledgeform.pdf). Post the pledges in the classroom and revisit them throughout the year. Have the students write in their journals about the activity and how their pledge is going.
- Visit our Creative Action website at [www.creativeaction.org/create.html](http://www.creativeaction.org/create.html) and click on the "Reduce Consumption" link to learn more about consumption patterns around the world, critical environmental issues, and action projects to help solve global issues.
- Do a Trickle-Up Service Learning Project in which students raise money to provide small business grants for poor people in developing countries. For a detailed description of this and other service learning projects, visit our Service Learning website at [www.stickyteaching.org](http://www.stickyteaching.org).

### EXTENSION

Assign each group a family from the book *Material World* by Peter Menzel. Have the students analyze what that family owns and brainstorm the relative impact of those items. Have them create a graph of the relative wealth and consumption of each family next to their environmental and social impacts.

# GLOBAL MALL ITEMS

## FOOD

Rice and beans every day, twice a day

\$75

Beans, vegetables, and rice daily, plus meat/dairy about once a month

\$150

Hamburger, French fries, soda, ice cream

\$300

Top sirloin steak, baked potato, salad, fresh milk, strawberries, rich chocolate cake

\$500

## WATER

Untreated water collected from a lake and carried 2 miles by women and children

No cost

Untreated water collected from the village well nine months a year, and from a river the other three months

\$75

Purified water brought by government trucks every week

\$200

Indoor plumbing with hot and cold running water, showers, and bathtubs

\$400

## HEAT/FUEL

Firewood cut from nearest trees, sometimes hours away, work done mostly by children

No cost

Coal purchased in the market and used for cooking and heating

\$125

Oil used for gasoline, cooking, and heating

\$300

Solar panels using the sun's energy to heat home and water; natural gas for cooking

\$700

## EDUCATION

Crowded school one hour away through grade five (free, but you must buy a uniform to attend)

\$50

Elementary, middle school, and high school available in the local village

\$125

Free education through high school with college available to most people

\$400

Graduate degree to allow professions such as doctor, lawyer, professor

\$900

## HEALTH CARE

Walk, or be carried, 10 hours to the nearest village clinic where they have a dozen medicines

\$75

Good medical care available in a city one hour away by bus

\$200

High-quality health care and hospital anytime you are sick and for yearly check-ups

\$500

High quality health care including elective surgery such as knee repair and cosmetic and laser eye surgery

\$700

## LUXURY ITEMS

Radio running on batteries

\$50

Small color television in your house

\$150

Refrigerator in your house and air conditioning

\$350

Hawaii surf vacation, airline ticket, and hotel

\$700



SHOP TILL YOU DROP?—GLOBAL MALL ITEMS  
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# GLOBAL MALL IMPACTS

## FOOD

### *Rice and beans*

Environmental: locally grown, no pesticides  
Social: lack of essential vitamins results in more malnutrition

### *Beans, veggies, meat*

Environmental: may be locally grown/raised, may include some pesticide use  
Social: better nutritional value

### *Hamburger, fries, soda*

Environmental: beef production means high water/feed use, deforestation  
Social: convenient, but unhealthy, high fat related to heart disease

### *Steak, chocolate*

Environmental: beef production, imports use more energy, chemicals, pollution  
Social: cash crops take away from staple food production

## WATER

### *Untreated water*

Environmental: use of lake, stream water degrades habitat  
Social: disease, death, poverty (time spent away from school, work, etc.)

### *Village well*

Environmental: high use degrades aquifer  
Social: disease, death, poverty

### *Water trucked in*

Environmental: truck uses fuel, pollution, global warming  
Social: less disease, more convenient

### *Indoor plumbing*

Environmental: energy use, metal and plastic for pipes may cause erosion  
Social: fast, easy, safe, convenient

## HEAT/FUEL

### *Firewood*

Environmental: deforestation, global warming, desertification  
Social: poverty (time away from school, work, food production), smoke linked to lung disease

### *Coal*

Environmental: air pollution, mining  
Social: easier to use than firewood, but may result in lung disease if cooking area isn't ventilated, miners susceptible to lung disease

### *Oil/Gas*

Environmental: oil drilling, spills, pipeline impacts, pollution, loss of habitat, global warming  
Social: convenient, but results in dependency on oil/gas supplies

### *Solar panels*

Environmental: clean renewable source  
Social: convenient, expensive to install but saves money in the long run, no health risks

## EDUCATION

### *School: 1-hour walk*

Environmental: lack of education related to population growth  
Social: illiteracy, few job skills, poverty

### *School in village*

Environmental: educated people have resources and knowledge to protect environment  
Social: allows access to jobs, money, health care

### *Free education*

Environmental: better able to protect resources, but may be higher consumers  
Social: better jobs, higher income, health care, quality of life

### *Graduate school*

Environmental: better able to protect resources, but high level of consumption  
Social: better jobs, quality of life, but may be more prone to stress

## HEALTH CARE

### *Clinic 10 hours away*

Environmental: high mortality linked to high birth rates, which impact environment  
Social: illness, death, disease transmission, poverty

### *Medical Care*

*1 Hour Away*  
Environmental: low mortality linked to lower birth rates  
Social: less disease, lower mortality, may not get treatment except in critical situation

### *Hospital*

Environmental: low mortality linked to lower birth rates  
Social: less illness, disease, etc., but with high financial cost

### *Elective surgery*

Environmental: may use many resources, medicine, equipment  
Social: cure non life-threatening problems, increase quality of life and social status

## LUXURY ITEMS

### *Radio*

Environmental: energy, batteries toxic to soil  
Social: access to information, enjoyable

### *Color TV*

Environmental: energy resources to manufacture  
Social: entertainment, access to information

### *Refrigerator*

Environmental: global warming, resources to manufacture, energy  
Social: better health, fresh food

### *Surf vacation*

Environmental: air travel contributes to global warming, heavy use of resources  
Social: lower stress, enjoyable, but expensive



# SHOP TILL YOU DROP? ~ GLOBAL MALL DOLLARS

GLOBAL MALL DOLLARS  
**\$200**  
ITEM COST



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\_\_\_\_\_  
\_\_\_\_\_

GLOBAL MALL DOLLARS  
**\$200**  
ITEM COST




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GLOBAL MALL DOLLARS  
**\$200**  
ITEM COST




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GLOBAL MALL DOLLARS  
**\$1,000**  
ITEM COST



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GLOBAL MALL DOLLARS  
**\$1,000**  
ITEM COST



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GLOBAL MALL DOLLARS  
**\$2,500**  
ITEM COST



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## **It's the Age of Multinationals**

By doing this activity you will learn why corporations locate in foreign countries and the potential positive and negative impacts of this.

With a presence everywhere, multinationals influence our world.

Facts about Multinationals:

- There 61,000 multinationals, with more than 900,000 affiliates worldwide.
- Their revenue represents approximately one-tenth of the world's gross domestic product (GDP).
- 90 percent of the top 100 multinational companies are located in the European Union, United States, and Japan.
- 51 of the world's top 100 economies are corporations.

### **Corporate Activities in Foreign Countries**

Discuss some of the facts about multinational corporations given above, then pass out to students the table on the next page, and have them brainstorm some answers together. Some sample answers to the table are given below.

**How corporations benefit:**

- A. Larger customer base
- B. Cheaper labor force
- C. Access to natural resources
- D. Safe political environment

**What host country gains:**

1. Greater revenue
2. Higher employment
3. Transfer of information and technology
4. More choices for consumers

**Potential negative impact:**

- a. Domestic firms crowded out
- b. Resources depleted
- c. Environment damage
- d. Poor working conditions
- e. Dependence of economy on limited number of products
- f. Dominance of political/economic situation by foreign firm

1. Read the examples in this table and brainstorm some of the possible benefits, gains, and negative impacts for corporations who operate in countries around the world:

Corporate Activities	How Corporations Benefit	What Host Country Gains	Potential Negative Impact
Volkswagen, PSA Peugeot Citroen and Hyundai Kia are manufacturing cars in Slovakia where skilled workers earn low wages.			
German industrial giant Siemens is adding and expanding factories in India, a country their engineers associate with quality.			
Aluminum producer U.S. Alcoa has invested \$1 billion in an outsize smelter fueled by its own hydroelectric plant in northern Iceland, a land rich in untapped hydropower.			
Switzerland's Roche, U.S.-based AstraZeneca, Denmark's Novo Nordisk and France's Servier have research and development labs in China where they do clinical trials of new drugs for HIV and AIDS.			
Britain's largest retailer, Tesco, expanded into China in 2004. Known for low prices and collaborating with local partners, the company also has a reputation for crushing local competition and limiting choice.			

2. Read "Getting Up to Speed" to learn how Slovakia is becoming the car manufacturing capital of the world. <http://www.msnbc.msn.com/id/6542782/site/newsweek/>

After reading the article, complete the following statements with information that you haven't used already in the table:

- The car companies benefit by \_\_\_\_\_.
- Slovakia gains \_\_\_\_\_.
- Potential negatives for the country are \_\_\_\_\_.

**BONUS POINTS:** Read and evaluate the positives and potential negatives of another corporation's activities in a foreign country.

Lesson taken from [www.newsweekeducation.com](http://www.newsweekeducation.com)

Sources: Underhill, William. "Getting Up to Speed," NEWSWEEK International, Nov. 29, 2004; Overdorf, Jason. "Future Factories," NEWSWEEK International, Mar. 7, 2005; Underhill, William. "The Icemen Cometh," NEWSWEEK International, May 23, 2005; Simons, Craig with Liu Qing. "Meds and Miracles," NEWSWEEK International, April 11, 2005.

The following lessons are taken from *Get It! Global Education To Improve Tomorrow* by Heifer International and the Center for Teaching International Relations.

There are four lessons:

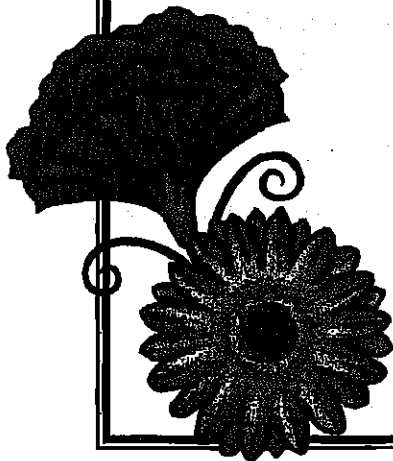
1. **Columbia: The Perfect Place to Grow Flowers (p. 38-39)** – Read through this page to learn about the flower trade in Colombia and how the Andean Trade Preferences Act has affected trade. Then read the following page (Executive Summary from Report on Andean Trade Preferences Act) and answer the questions of who is in support/opposition of renewing the Act and why? Examine how Trade Acts can affect people in many different countries and in many different ways.
2. **Flowchart: The Trail of Flowers (p. 49-50)** – Review an example of a flowchart is on the first page. Then follow the directions on the next page to create a flowchart of the many steps a product takes from its origin to the store. Discuss the steps as a group and take note of what you noticed about the order of the steps. Did any of them surprise you? Were there any steps you did not know about?
3. **Mourning Coffee (p. 58-59)** – Read through this article about the coffee trade in Guatemala. Use the *Taking Notes* page to aid a discussion about the article. Ask your students to discuss the effects of low prices, the causes of low prices and ideas for solving the problems related to low prices.
4. **Focus on Child Labor (p. 66-71)** – Read through the directions for this lesson. There are six pages to this lesson on child labor, including readings on stakeholders in the banana industry, a Human Rights Watch report and an activity on deciding on a corporate policy.

# Colombia: The Perfect Place to Grow Flowers

In just 30 years, Colombia has developed the world's second-largest flower exporting business. Only the Netherlands exports more flowers than Colombia. Around 70 percent of the flowers purchased in the U.S. come from Colombia. A 35-ton cargo plane needs to leave Colombia every three hours to get all of the flowers it produces to consumers. An estimated 75,000 people work in the flower industry, and another 50,000 people work in jobs that help support the industry (transportation, chemicals, marketing). More than 90 percent of the flowers grown in Colombia are sold for export.

In the 1960s, Colombia was identified as an excellent location for growing several kinds of popular flowers. Its climate and soil were well-suited to growing flowers, there was an ample supply of cheap labor, and an international airport had been built in Bogota in 1959. International aid and loans, as well as internal policies encouraging business development, helped launch the commercial flower business in Colombia.

While the industry experienced ups and downs in the 1970s and 1980s, Colombian flower exports grew rapidly in the 1990s. Much of the reason for the growth was the Andean Trade Preferences Act, which became law in the U.S. in 1991. To encourage people in Colombia, Ecuador, Peru, and Bolivia to raise crops other than those used in illegal drugs, the U.S. stopped charging tariffs on goods from those countries. A tariff is a tax charged on goods imported to a country. Without the tariff, imported flowers were cheaper for Americans to buy. The U.S. Trade Act of 2002 extended the trade preferences for Colombia. The European Union also gave trade advantages to products from these countries. In 2001, Colombia exported approximately \$510 million worth of flowers, compared to \$267 million just ten years before.



## Executive Summary from Report on Andean Trade Preference Act

President George W. Bush submitted the following report to Congress on February 6, 2001. The Andean Trade Preference Act gave benefits to Bolivia, Colombia, Ecuador, and Peru, with the goal of decreasing production and trafficking of drugs in those countries.

As you read the report, look for arguments supporting renewing the Act. Also think about who might be opposed to renewing the Act and why.

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As virtually all cocaine sold in the U.S. originates in the Andean Trade Preference Act (ATPA) countries, the ATPA functions as a U.S. trade policy tool that contributes to our fight against drug production and trafficking. By strengthening the legitimate economies in these Andean countries and creating viable alternatives to the profitable drug trade, the ATPA is proving an important component of efforts to contain the spread of these illicit activities. The ATPA has generated significant job opportunities in a variety of sectors, including cut flowers, non-traditional fruits and vegetables, jewelry and certain electronics inputs.

ATPA countries have been making important gains in the fight against drugs. In 1999, Bolivia, Colombia and Peru achieved record levels of coca eradication and as a result, net coca cultivation continued to decline slightly across the region. Alternative development programs in each of the countries have successfully provided former drug-crop producers with viable income alternatives.

Since the ATPA was enacted in 1991, it has had a positive impact on U.S. trade with the four ATPA beneficiary countries—Bolivia, Colombia, Ecuador and Peru. Between 1991 and 1999, total two-way trade nearly doubled. During this time period, U.S. exports grew 65 percent and U.S. imports increased 98 percent. The U.S. is the leading source of imports and the leading export market for each of the ATPA countries. . . .

The ATPA became fully effective for all beneficiary countries at the end of 1993. During the relatively short time since then, during a period in which ATPA countries also experienced serious economic and political difficulties, the ATPA has begun to show important success in meeting one of its major goals: contributing to export diversification in beneficiary countries.

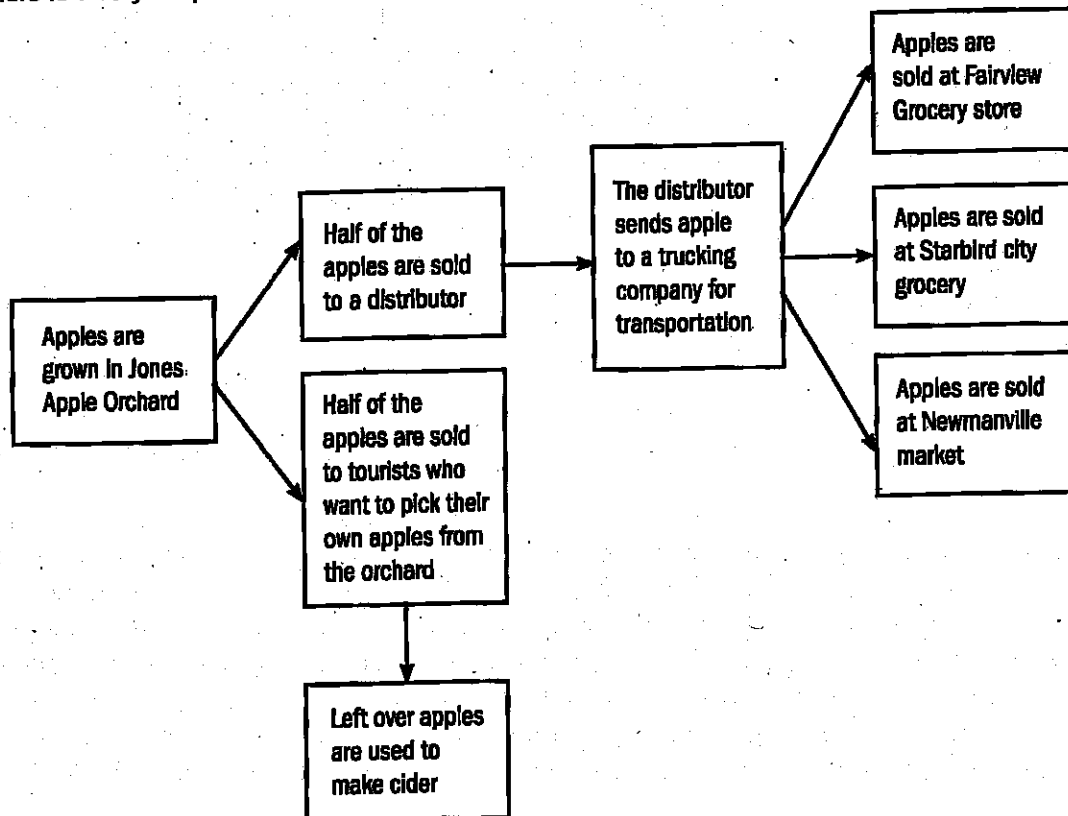
This has particularly been the case in Colombia and Peru. Although traditional exports (such as raw materials and derivatives, including petroleum, and agricultural products, such as coffee and bananas) remain an important component of each country's overall export mix, exports of non-traditional products have grown. Cut flowers remain the dominant import under the ATPA, but its relative importance in the program has been declining in recent years as imports in other categories have increased, such as copper cathodes, pigments, processed tuna, and zinc plates. Imports of non-traditional agricultural products, such as asparagus, mangoes and wood products, have also grown considerably under the ATPA. . . .

Each of the ATPA countries strongly recommends renewal of the program and its expansion to cover currently excluded products. Public comment on the program was generally supportive, although U.S. producers of certain agricultural products expressed some concerns.

# Making a Flowchart

Do you know what a flowchart is used for? You might be able to guess from the name that a flowchart shows flow—the steps in a process. Each step is placed in a box. The boxes are arranged in order and connected with arrows. The process does not have to be a straight line. It can have branches when there are options. It can also have loops, when the process starts over again.

Here is a very simple flowchart for a local apple orchard.



## Your Task

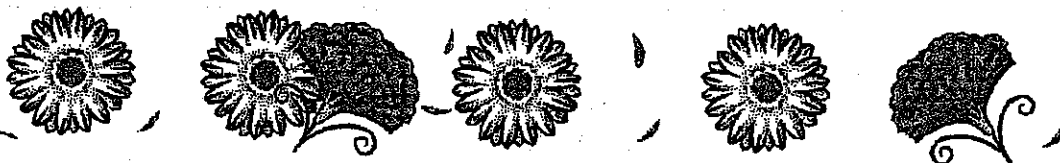
Now make a flowchart for your assigned product.  
(Your flowchart will look different from the one above).

# Flowchart: The Trail of Flowers

Below are the steps taken by various people involved in getting cut flowers from a farm in Colombia to a store in the United States. Read through the steps and decide what order they occur in. Then draw a flowchart showing how the steps occur.

## Steps

- At Miami International Airport, approximately 100 inspectors make sure that imported flowers are not infested with pests or diseases that could hurt Florida's crops.
- Truckers take the flowers from the grower's field to the international airport in Bogota. A new set of truckers take the flowers from the Miami airport to markets around the country. Because cut flowers are fragile, it is important that trucks are available where and when they are needed.
- Wholesalers in the United States buy the flowers and sell them to flower shops, supermarkets, and other stores. The wholesalers sometimes operate auction houses.
- Growers raise the flowers. Some growers serve as their own exporters, arranging transportation.
- Flower shops, supermarkets, and chain stores sell the flowers to consumers. Sometimes these retailers mark up the prices of the flowers as much as 300 percent. Some retailers buy directly from growers or exporters, bypassing the wholesalers.
- Air cargo companies fly the flowers from Bogota to Miami International Airport. Colombia exports enough flowers to fill one 35-ton cargo plane every three hours, year round. One-third to one-half of the wholesale price of the flower goes to pay for the air transport. Because the planes often return to Colombia empty, the cost is even higher.
- Exporters arrange for the flowers to be transported from growers to market. They may buy the flowers from the growers at a fixed price or may take the flowers on consignment, meaning that the grower only gets paid if the flowers are sold.



# Mourning Coffee

San Francisco Chronicle  
May 20, 2001

By Robert Collier

La Reforma, Guatemala ... For millions of impoverished farmers worldwide, coffee has become a cruel business. Producer prices have plummeted in recent months to an all-time low, while prices on the retail end are mostly at an all-time high. ... This is the dark side of coffee, the world's second-most-traded commodity after petroleum.

In many coffee-growing countries, crisis is brewing. International coffee prices have fallen by two-thirds since 1997, and no significant recovery is expected. The collapse has worsened rural poverty, spurred immigration to the United States and, in some areas, raised the specter of civil unrest.

In Guatemala, the world's seventh-largest coffee producer, American java lovers' spending habits seem far away indeed. Large farms, where the average wage is \$3 per day, are laying off workers in droves. The price decline's impact is even harder at small farms—those with gross sales of less than \$5,000 annually, which made up four-fifths of the nation's 63,000 farms before the price crash. Around La Reforma, a town in the southwest coffee region, unemployment is rising fast.

"Go up and down the hills around here, and there are lots of farms that have closed, not just mine," said Gonzalo Varillas, who is laying off the last of the 80 workers on his 220-acre coffee farm. "Lots of people depend on me, but I can't continue to lose money like this."

Varillas explained that, as with other growers in the area, it costs him about \$1 to produce each pound of arabica coffee and send it to an exporting firm. In return, he is paid about 50 cents per pound. ...

Over the past two years, Guatemala's annual coffee exports have dropped in half, from \$600 million to \$320 million, and rural unemployment has soared to an estimated 40 percent. ... Some fear that the economic crisis could help undermine Guatemala's 1996 peace agreement, which ended 36 years of war between the government and leftist guerrillas. ...

According to a report issued last week by the international aid agency Oxfam, similar trouble is occurring in many other nations where coffee forms a large part of earnings and small farms predominate—Nicaragua, El Salvador, Ethiopia and Uganda, to name a few. ...

In Mexico, media reports say tens of thousands of people who once made a living from coffee in southern Chiapas state have migrated to the nation's major cities and the U.S. border. ... Today, the U.S. war against drugs in Colombia is being hindered by the flood of thousands of out-of-work coffee

growers and workers to the southern jungles, where there is work in coca farms and cocaine laboratories. ...

... Analysts say U.S. policy has helped cause the decline of coffee prices. In the late 1980s, opposition from the Reagan administration forced the collapse of the International Coffee Agreement, a decades-old, cartel-like pact between coffee producing and consuming nations that guaranteed relatively high prices. After the pact ended in 1989 and the market was deregulated, prices plummeted.

At the same time, the World Bank and its cousin, the Asian Development Bank, gave generous loans to Vietnam to plant huge amounts of low-quality robusta coffee—in line with international lending institutions' mandate to stimulate low-cost production and end market inefficiencies. The strategy succeeded with a vengeance, as Vietnam went from being one of the world's smallest coffee producers to being second-largest, after Brazil.

Vietnamese exports have tripled in the past five years, flooding world markets and driving down prices. At the same time, Brazil has created vast, mechanized plantations of robusta coffee in the center of the nation, far from the damaging frosts that in previous years often affected southern coffee areas and drove up world prices. ...

What's needed is a new version of producer-consumer price agreements, a "global Roosevelt New Deal to ensure that farmers get a fair price and have a level playing field," said Mark Ritchie, president of the Institute for Agriculture and Trade Policy in Minneapolis.

But any such solution would take place too far in the future to help the people around La Reforma. The region's residents, most of whom are Mayan Indians, tramp the roads looking for work. They knock on gates and wait patiently—the men holding their broad-brimmed hats in their hands, the women clutching their shawls. The answer is always the same. No one is hiring.

"Eating?" said Sebastian Alonso, one such job seeker, when asked what he is able to provide for his family at dinner. He thought for a long moment, his eyes blank. "Tortillas, some salt, some hojasanta," he said, referring to a common herb. "That's all."

"What's happening is a catastrophe," said Dr. Alfredo Cordon, the only medical doctor in the La Reforma municipality, which has 16,000 residents. "There's always been poverty and temporary unemployment, but I've never seen real hunger like I do now—people who literally have nothing to eat but tortillas."

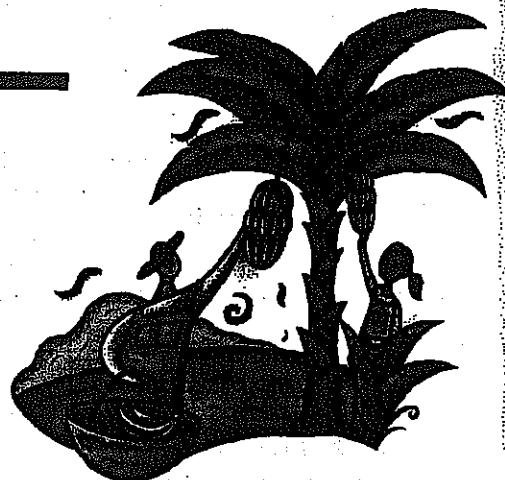
# Taking Notes

As you read the article, take notes in the chart below.

EFFECTS OF LOW PRICES	CAUSES OF LOW PRICES	IDEAS FOR SOLVING THE PROBLEMS RELATED TO LOW PRICES

# 3

## Focus on Child Labor



### INTRODUCTION

The banana industry attracts many "stakeholders." In this lesson, students read excerpts from a report on child labor in Ecuador. They role-play, as corporate executives, to defend the company's labor policies.

### OBJECTIVES

At the end of this lesson, students will be able to:

- Describe the dimensions of the child labor problem in the banana industry.
- Take and defend a position on child labor from the viewpoint of a banana company executive.
- Explain the role of international nongovernmental organizations (NGO's)
- Identify ways consumers in the United States can respond to issues in the banana industry.

### STANDARDS

#### Geography

- **Standard 11:** The Patterns and Networks of Economic Interdependence on Earth's Surface
- **Standard 13:** How The Forces of Cooperation and Conflict Among People Influence the Division and Control of Earth's Surface.

#### Economics

- **Standard 2:** Scarcity
- **Standard 10:** Role of Economic Institutions

#### Civics

- **Standard IVA:** How is the world organized politically?
- **Standard VE:** How can citizens take part in civic life?

#### Science in Personal and Social Perspectives

- **Standard:** Personal health

#### Language Arts

- **Standard 4:** Students adjust use of spoken, written and visual language to communicate effectively with a variety of audiences and for different purposes.



## **MATERIALS AND PREPARATION**

- "Stakeholders in the Banana Business" handout
- "Human Rights Watch Report on Child Labor" handout
- "Deciding on a Corporate Policy" handout

## **PROCEDURE**

### **1. Study Child Labor and Stakeholders**

Ask students if they could quit school tomorrow and get a full time job. (No.) Why not? (Because the United States has laws requiring students to attend school and laws prohibiting child labor.) Point out that not all countries have such laws; still other countries have such laws but do not enforce them.

**Ask Students:** Who would want children to work? Why? (Answers might include companies, who need cheap labor; parents, who need additional income for their families; children, who want to make money.) Who would not want children to work? Why? (Labor unions and other groups that want to protect children.)

Tell students that the people or groups they mentioned are some of the stakeholders in the banana business. Stakeholders are the people or groups who have a vested interest in a business, organization, or issue. In this lesson, students are going to look at how stakeholders in one business—the banana industry—feel about child labor.

Distribute the "Stakeholders in the Banana Business" handout and review the information with students.

**Ask Students:** Do all stakeholders have the same position on issues affecting the banana industry? (No, because their interests are different.)

### **2. Reading and Discussion: Child Labor in the Banana Business**

Tell students that in 2002 a nongovernmental "watchdog" organization, Human Rights Watch, issued a report on child labor in the banana industry in Ecuador. Distribute "Human Rights Watch Report on Child Labor" and explain that it presents excerpts from this report. Allow time for students to read the handout. Then lead a class discussion using the following questions.

- Why might the government of Ecuador allow child labor laws to be violated? (Some possible answers include: Government officials might not have the resources to enforce the law; the economy would suffer if exports fell.)
- Do you think the collapse of Ecuador's economy in the late 1990s might have something to do with the government's actions? (The government might be desperate to increase economic activity.)
- In 2002, the owner of the largest Ecuadorian banana company (and fourth largest in the world), Noboa, unsuccessfully ran for the nation's presidency.



There have been rumors that other Ecuadorian politicians have financial interests in the banana industry. How might this affect enforcement of international child labor laws? *(If government officials profit from the banana industry, they might be less likely to enforce laws that have negative effects on the banana industry.)*

- Why might parents allow their children to work on the banana plantations? *(Because they need the income to pay their bills.)*
- How did Human Rights Watch gather the information included in the report? *(Researchers spent three weeks in Ecuador and interviewed numerous banana workers.)*
- Do you think non-governmental organizations should play an important role in monitoring issues like child labor? Why or why not? *(Answers will vary.)*

■ What should the international community do about information contained in this report and others like it? What should the multinational corporations do in response? *(Answers will vary.)*

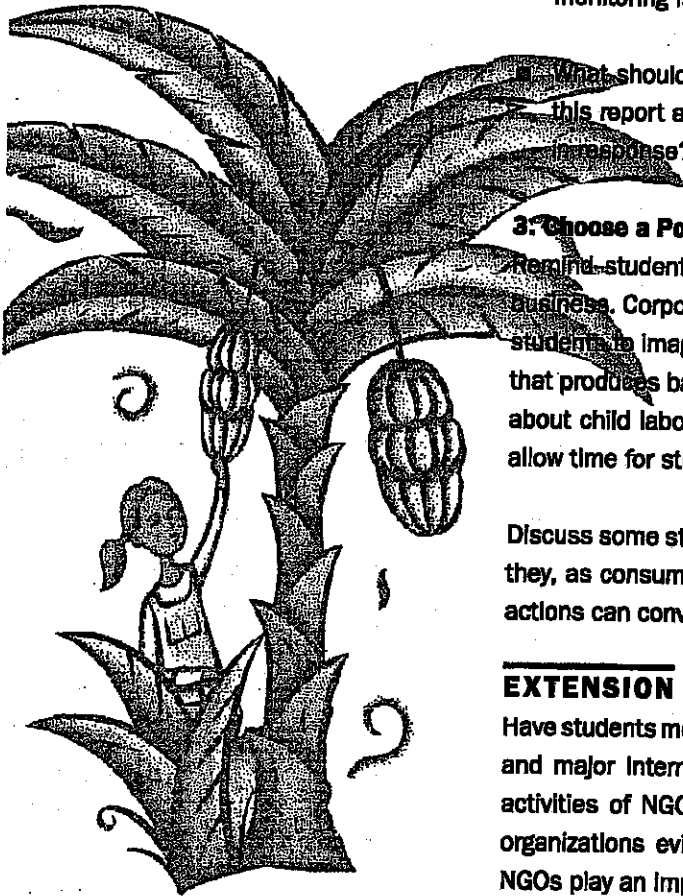
### **3: Choose a Policy for a Fruit Company**

Remind students that corporations are important stakeholders in the banana business. Corporations make decisions that affect many other stakeholders. Tell students to imagine that they are executives of a large multinational corporation that produces bananas in Ecuador. They must decide what their company will do about child labor. Distribute the "Deciding on a Corporate Policy" handout and allow time for students to complete it.

Discuss some student answers. To wrap up the discussion, remind students that they, as consumers, are stakeholders in many industries, and that their buying actions can convey what issues they care about.

### **EXTENSION**

Have students monitor newspapers, newsmagazines, television news broadcasts, and major Internet news sites for several weeks to look for evidence of the activities of NGOs and multinational corporations. Are the activities of these organizations evident in the news? What kinds of activities are covered? Do NGOs play an important role in international relations?



# Stakeholders in the Banana Business

The banana industry has many stakeholders—people or groups with an interest in how the industry runs. The following is a list of some of those stakeholders.

**Multinational Corporations.** Multinational corporations are companies with production and distribution facilities in more than one country. Three American companies—Dole, Del Monte, and Chiquita—are among the biggest producers of bananas in Ecuador. An Ecuadoran company, Noboa, is also a large producer (Noboa sells Bonita brand bananas). The companies' primary goal is to make money. However, companies also recognize that, if consumers do not have a positive image of their company, their profits will suffer. Some company officials are also concerned about environmental and social issues.

**The Government of Ecuador.** The government of any country in which an industry operates is a stakeholder. It is responsible for enforcing its own laws. It is also responsible for enforcing international laws. Unfortunately, corrupt government officials sometimes look the other way when laws are violated because they will benefit personally if the company makes money. The government is also interested in having a thriving economy so that its citizens can earn the money they need for food, shelter, clothing, and the other needs of daily life. Ecuador's economy was not thriving in the late 1990s.

**Labor Unions.** Banana workers need jobs so that they can buy the things they and their families need. Labor unions fight for good wages and safe working conditions for workers.

**Parents of Child Workers.** While parents might prefer to have their children stay in school rather than work, the harsh reality is that many families are so poor that they would not have enough to eat unless the children also go to work. Thus, rather than let the family go hungry, parents sometimes prefer to have their kids work. If they are desperate enough, they might even let them risk working under dangerous conditions.

**Non-governmental Organizations.** Non-governmental organizations (NGOs) are independent associations of citizens who share some common concern or philosophy. They work to advance their views. NGOs often serve as "watchdogs." For example, Human Rights Watch monitors the banana industry in Ecuador to see if it is violating international laws related to human rights. Fair trade groups are also non-governmental organizations concerned about bananas. To be certified as fair trade, bananas must be grown in a way that protects all workers' rights.

**Other Governments.** Governments of other countries are also stakeholders. For example, the European Union has had an interest in supporting the banana industry in countries that were former colonies. Thus, in 1994 the EU established quotas for bananas not grown in former colonies. The United States has an interest in helping its companies achieve profits and therefore fought (and ultimately defeated) the EU's quota system in the World Trade Organization.

**Consumers.** People who buy and eat bananas are also stakeholders in the industry. Some consumers care most about having inexpensive bananas. Others want to know that their bananas were grown in a way that does not harm the environment, or that workers were not harmed in the growing of the bananas.

# Human Rights Watch Report on Child Labor on Banana Plantations in Ecuador

*"When the planes pass, we cover ourselves with our shirts... We just continue working... We can smell the pesticides."*

**Enrique Galfana, a fourteen-year-old working on plantation San Carlos**

Roughly one quarter of all bananas on tables in the United States and the European Union are grown on plantations scattered along Ecuador's coast, where workers' international labor rights are flouted daily. . . . Nor do those laws fully meet international standards. Ecuadoran children as young as eight labor in banana fields and packing plants where they are exposed to toxic pesticides and other unsafe working conditions in violation of their rights, while adult workers toil in the same hazardous worksites, often with little or no job security...

In May 2001, Human Rights Watch conducted a three-week fact-finding mission in Quito and the Guayas and El Oro provinces in Ecuador to investigate child labor and obstacles to freedom of association in the banana sector. During the investigation, Human Rights Watch spoke with seventy current and former banana workers, adults and children, whose real names are not used in this report to protect them from potential employer reprisals.

## Child Workers

Human Rights Watch interviewed forty-five children who had worked or were working on banana plantations in Ecuador. Forty-one of them began in the banana sector between the ages of eight and thirteen, most starting at ages ten or eleven. They described workdays of twelve hours on average and hazardous conditions that violated their human rights, including dangerous tasks detrimental to their physical and psychological well-being. The children reported being exposed to pesticides, using sharp tools, hauling heavy loads of bananas from the fields to the packing plants, lacking potable water and restroom facilities, and experiencing sexual harassment. Children told Human Rights Watch that they handled insecticide-treated plastics used in the fields to cover and protect bananas, directly applied fungicides to bananas being prepared for shipment in packing plants, and continued working while fungicides were sprayed from planes flying overhead. Sometimes the children were provided protective equipment; most often, they were not. These children enumerated the various adverse health effects that they had suffered shortly after pesticide exposure, including headaches, fever, dizziness, red eyes, stomach aches, nausea, vomiting, trembling and shaking, itching, burning nostrils, fatigue, and aching bones. Children also described working with sharp tools, such as knives, machetes, and short curved blades, and three pre-adolescent girls, aged twelve, twelve, and eleven, described the sexual harassment they allegedly had experienced at the hands of the administrator of two packing plants where they worked. In addition, four boys explained that they attached harnesses to themselves, hooked themselves to pulleys on cables from which banana stalks were hung, and used this pulley system to drag approximately twenty banana-laden stalks, weighing between fifty and one hundred pounds each, over one mile from the fields to the packing plants five or six times a day. Two of these boys stated that, on occasion, the iron pulleys came loose and fell on their heads, making them bleed.

Fewer than 40 percent of these children were still in school at age fourteen. When asked why they had left school to work, most answered that they needed to provide money for their parents to purchase food and clothing for their families, many of whom also relied on the nearby banana plantations for their income. Though important for their families, the average income contributed by the children with whom Human Rights Watch spoke was only U.S. \$3.50 for every day worked—roughly 64 percent of the average wage earned by the adults interviewed by Human Rights Watch and 60 percent of the legal minimum wage for workers.

If applied, Ecuadoran laws governing child labor could go a long way to protecting the human rights of these children—preventing them from laboring in conditions that violate their right to health and development. If implemented, the laws could also prevent children from engaging in employment likely to interfere with their right to education. Nonetheless, the Ministry of Labor and Human Resources (Ministry of Labor) and the juvenile courts—from which employers must obtain authorization prior to hiring any child under fourteen—fail to fulfill their legally mandated responsibility to enforce domestic laws governing child labor, and the other governmental entities commissioned to address children's issues do not include child banana workers in the scope of their activities. The result is an almost complete breakdown of the government bureaucracy responsible for enforcing child labor laws and preventing the worst forms of child labor in Ecuador's banana sector.

Excerpted from *Tainted Harvest: Child Labor and Obstacles to Organizing on Ecuador's Banana Plantations* (New York: Human Rights Watch, April 2002). <http://www.hrw.org/reports/2002/ecuador>. Reprinted by permission. Copyright © Human Rights Watch 2003.

# Deciding on a Corporate Policy

You are an executive at a company that buys bananas from Ecuadoran growers. You sell the bananas in the U.S. and Canada. You have read the child labor report from Human Rights Watch. You must decide what to do. Here are some options:

1. You can ignore the problem and continue buying bananas from the growers you are using, even though you suspect they are using child labor.
2. You can announce that you will not buy bananas from growers who use child labor.
3. You can announce that you will not buy bananas from growers who use child labor and send people from your company to monitor the growers.
4. You can announce that you will only buy bananas from companies that use only adult workers and provide a fair wage and benefits to their workers. You also announce you will send people from your company to monitor the growers.

Which policy will you adopt? Think about the costs and benefits of each option. Then write a brief paragraph explaining the reasons for the policy you have adopted.