

International banks dooming debtor nations in South America to holocaust

by Valerie Rush

In Peru, one of the poorest countries in this hemisphere, scarce foodstuffs are being taken off the market and dedicated to satisfying the debt demands of the Chicago-based bank, Continental Illinois. A year ago, on May 11, 1984, Conti—seventh-largest bank in the United States—went under. It has since been reorganized, under the watchful eye of U.S. Federal Reserve chief Paul A. Volcker.

Now, Conti is using the model the Soviet Union has also applied to Peru: Snatching food out of the mouths of starving people, in payment of debt.

The Russian model is called, being paid in “nontraditional exports.” The Russians are taking out their debt payment by stealing 2,000 tons of chickens from Peru—in a country where the closest the poor come to eating chicken, is eating chicken feed—and much of the country’s fish catch, and fishing rights. Any dispute Peru wishes to raise over this method of payment, must be resolved in the Moscow court system.

Continental Illinois announced in May that it is negotiating for the same kind of deal, to take out Peru’s \$150 million debt to the bank in agricultural exports. In particular, what is involved is \$14.5 million owed Conti by Electro Peru and Bayovar Company. Debt payments to Conti will be collected by the Agrarian Bank in local currency; the Agrarian Bank, in turn, will buy up agricultural exports, and generate the foreign exchange to pay off Conti.

The picture of the international banks’ rapacity, is the same across the Ibero-American continent.

It was reported April 16, in the French newspaper *Le Monde*, that U.S. Treasury Undersecretary Tim McNamar had declared, in response to a journalist’s question on the possibility of a developing-sector debt moratorium, “Have you ever imagined what would happen to the president of a country whose government was suddenly unable to import insulin for its diabetics?” McNamar’s statement, for all its shock value, was far from rhetorical. Within a week of McNamar’s threat, Eli Lilly Company in Argentina shut down the only laboratory that produced insulin in the country. Now, Argentina’s insulin supply is being imported from abroad, and is subject to just the kind of blackmail McNamar suggested.

Conti’s adoption of the “Russian model,” and Eli Lilly’s shutdown, are the most recent in a whole series of developments that threaten to sink the debtor nations of Ibero-America in a biological holocaust of unforeseen dimensions. Drastic budget cutbacks, especially in the areas of social services and health, as dictated by International Monetary Fund “adjustment” programs, are taking their toll across the continent, as diseases long since eradicated threaten to erupt in pandemic form.

Yellow fever threatens Rio

A textbook case is Brazil, where the major urban centers of Rio de Janeiro and Sao Paulo are currently facing the prospects of a yellow fever epidemic of terrifying proportions. The transmitter mosquito (*aedes aegypti*) has reappeared in Brazil’s industrial heartlands after a controlled absence of three decades, according to Antonio Guilherme Dsouza, director of epidemic control (SUSEM), and its rapid rate of reproduction has enabled it to spread its colonies into every section of Brazil’s two leading cities. SUSEM reports that mosquito infestations have been detected already in 136 of Rio’s 157 neighborhoods, with concentration in the poverty-stricken north of the city. The mosquito, however, has never been known to honor the boundaries of middle- and upper-class communities.

The mosquito is indigenous to the Amazon regions of Brazil, and the 405 yellow fever cases registered in Brazil, up until now, were limited to individuals who had contracted the disease in Brazil’s jungle regions. With the mosquito now spreading through Brazil’s giant metropolitan centers, it is only a question of time before carriers from the Amazon or some other contaminated region in the interior, set off an epidemic of yellow fever in Brazil’s impoverished city slums.

The SUSEM director in Rio, Pelagio Parigot, reports that his agency has totally inadequate infrastructure for dealing with the threat. “We have 400 men and two fumigators,” he said, and added that, to adequately cover a city the size of Rio de Janeiro, more than 2,000 men and at least 10 machines would be required. In Sao Paulo, the *aedes aegypti* mosquito is most heavily concentrated in the southern part of the city, home to three million people.

Yellow fever is not the only disease which threatens to break out in epidemic form. According to the *Daily Jornal do Brasil* of May 9, Brazil is now the country with the second greatest number of officially reported AIDS victims in the world, following only the United States. Dr. Ricardo Veronessi from the World Health Organization's Immunology Committee, reports that, while there are over 300 registered cases of AIDS in Brazil, there are, minimally, an estimated 500 additional cases which remain undetected, or at least unreported.

The majority of the AIDS cases identified thus far, have appeared in Rio and Sao Paulo, with 125 deaths from the disease reported to date. According to Brazilian Health Minister Carlos Sant'Anna, the incidence of the disease has risen dramatically in the past three months, as 80 new cases were diagnosed.

AIDS cases have been detected in at least 10 of Brazil's states, and the Health Ministry has now submitted a bill to Congress urging the adoption of national guidelines for tracking and containing the disease. Nonetheless, panic is setting in: Reports are being made, of doctors who refuse to perform autopsies on the bodies of AIDS victims, and hospitals which refuse to admit AIDS patients—using the argument of inadequate infrastructure for handling the disease.

Starvation in Peru

Reports from Conti Illinois's victim, Peru, show a country on the edge of biological disaster. According to a special supplement published in the April 7 edition of the Peruvian daily *Hoy*: "Today, many of the basic food items such as milk, meat, and eggs are definitively absent from the diet of the majority of Peruvians, thus leading to an alarming reduction of the protein and caloric requirements for the mental and physical health of a human being. . . . In Lima and throughout the interior of the country, a vast sector of low-income, and even middle-income, families have but one meal a day, while the statistics reveal that poor families are consuming a kilo and a half less food today than they were five years ago. . . . 'Faucet soup,' that is, water, is the only thing consumed all day long, and even chicken feed is a thing of the past."

It is an open secret that, in Peru's poorer areas, children are regularly fed a soup made from highly toxic chicken feed. When chicken feed is unavailable—as it is now becoming—cat and dog meat are substituted and, in the port zones, pelicans, seagulls and guano-birds are trapped for food. When there is nothing else to eat, "breaded beefsteak"—highly seasoned, flour-dipped *fried cardboard*—is a common meal.

The author of *Hoy's* feature story on Peruvian poverty, drew the following conclusions: "The economic policy imposed by the [Belaunde] regime, faithful to the dictates of the International Monetary Fund, has accentuated the situation of misery in Peru to alarming levels that cold-blooded statistics alone simply cannot reflect."

But even those cold statistics are horrifying. The rate of inflation since July of 1980, has hit an incredible 2,500%, with a decline of over 40% in workers' salaries—the official calculation. *Hoy* reports: "The monthly family income in many cases only suffices to buy food for the first week or two. . . ." In 1974, the Peruvian population had a daily consumption level of 2,031 calories and nearly 56 grams of protein, levels at the time considered almost acceptable by the United Nations' Food and Agricultural Organization, which had set as an "adequate" daily consumption standard 2,600 calories and 60 grams of protein per capita. Today, however, official estimates in Peru are that per capita caloric consumption is under 1,500 calories, and not more than 38 grams of protein. Peruvians drink an average of 12 liters of milk per capita *per year*, compared to recommended levels of 120 liters.

One out of every two Peruvian children under the age of five is considered malnourished, according to a study by the Peruvian Medical College, and 60% of all infant and young child deaths are directly attributed to malnutrition and related

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conditions. Infant mortality is 100 per thousand live births, one of the highest rates in the world.

Statistics like these are not difficult to understand, when one takes a closer look at employment and housing conditions in Peru. National standards establish that an average family of six needs a minimum \$130 worth of food per month, to stay above the starvation level. And yet, the minimum wage in Lima is \$27 a month. In 1967, the minimum wage covered one-third of a family's food requirements; after years of International Monetary Fund austerity conditions, it now pays for just one-fifth of the food a family needs.

In the poor mountainous regions of Peru, from Cajamarca to Puno, four million people live without running water, sewers or electricity. In some provinces, life expectancy is less than 40 years. Under such conditions, diseases like tuberculosis run wild in Peru, which, over the past five years, has had one of the highest rates of tuberculosis infection in all Ibero-America: 25.1 per 10,000 people. At least 4,000 deaths a year are attributed to the disease, and it is estimated that 36,000 Peruvians are infected with TB.