

OTHER CUSTOMERS

DON'T GET FREE GIFTS

As the 'big four' high street banks stretch out their arms – and free gifts – to new student customers, spare a thought for other bank 'customers' who haven't seen such a pleasant face of Britain's best known banks.

The slums of Latin America's great cities may seem a long way from the familiar signs of the 'Black Horse', the 'Listening Bank' and the other high street banks. But there is a very direct link.

Unknown to most of their customers, the main British banks are heavily involved in a chain of lending and debt which is forcing millions of women, men and children into poverty.

In the 1970s and early 1980s the world's leading banks lent heavily to countries in Latin America (and other selected developing countries). The lending was profitable; it was also reckless and uncontrolled. By 1984, Latin America's debt to foreign banks was \$242bn.

The banks did little to ensure that the loans were well used. Much of the money made rich elites richer. Some paid the interest on past debts. Some did promote economic growth, but, as always, hardly any reached the poorest people.

In the 1980s, high interest rates pushed up the cost of servicing the debts. The world recession has made it even harder for countries to pay. But the banks still demand payment.

To keep countries solvent, banks and the International Monetary Fund have advanced new loans. At a price.

Borrowing countries have had to introduce harsh austerity measures. Desperately low living standards have fallen further – by up to a half – as wages are cut and subsidies removed from food, transport and other services. At the same time, Latin America has transferred over \$100bn to the rich countries of the advanced industrial world in the last four years.

The poorest people didn't benefit from the loans. But now they're paying them back. Preventable diseases such as influenza, diarrhoea, TB and heart disease cause 40% of the deaths of women aged between 25 and 40 in South America. 300,000 Brazilian children die of malnutrition every year. Half of all Bolivian children are malnourished. Over half the Peruvian workforce are unemployed or under-employed. Across the whole of Latin America, 150 million women, men and children live in absolute poverty.

Interest payments on Latin America's debts have averaged \$35bn a year. Payments which helped the British banks make record pre-tax profits of over £2.5bn. in 1985.



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