Are Ukraine Black Death Cases result of IMF Loans

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Global Research, November 26, 2009
26 November 2009

Region: Europe
Theme: Science and Medicine
In-depth Report: THE H1N1 SWINE FLU PANDEMIC

The Ukraine Government has declared a state of emergency and medical examiners describe results of autopsies on dead patients in chilling terms that recall the Black Death descriptions from the Fourteenth Century in Venice. While everyone is calling it "Swine Flu" and the WHO using it to spread their panic and untested vaccines, there is strong evidence that the deaths—almost all from pulmonary conditions—are from a rising incidence of Tuberculosis (TB). Now a Cambridge University study shows that there is a close correlation between rise in TB and the severe austerity measures that go with IMF loans. Are the Ukraine 'Black Death' cases the result of Ukraine's IMF loans?

While attention is turned to the non-proven H1N1 as cause of a recent wave of illnesses and even some deaths across Ukraine, few if any have bothered to look at the public health consequences of Ukraine's program with the International Monetary Fund. When the global financial crisis erupted into a systemic crisis in September 2008, one of the countries most devastated was Ukraine, where foreign lending had created an untenable speculative bubble that burst with a vengeance leaving the Ukraine currency falling like a stone and bankruptcies everywhere in one of Europe's poorest countries.

In November 2008 Ukraine applied to the IMF in Washington for an emergency $16.4 billion loan. The loan is being spoon-fed to the government in chunks of several billion to insure the Government follows the strict IMF "conditionalities" demanded by Washington. The purpose of the IMF loan is explicitly to stabilize the Ukraine currency and support the Central Bank, and not to help the economy or the population come through the crisis. The IMF argues that if the currency restabilizes, then foreign investors will return. That is a fairy tale at best. But in the process, the IMF is demanding savage cuts in pension benefits, public services including health services.

There is where the link between IMF loans and an explosion of TB cases converge.

Cambridge study shows link

A major study undertaken by Britain's respected Cambridge University establishes a clear link between IMF conditions and sharp rises in incidence of TB, a disease related to severe poverty conditions and lack of public health infrastructure and hence most common in Africa or poorer Asian regions.

In every case when the IMF makes emergency loans, it demands a "structural adjustment program." In every case the medicine is the same: The target government must impose severe cuts in spending, including spending for public health and pensions to "control inflation." Some critics have suggested the IMF be renamed the "Infant Mortality Fund" as the practice has been repeated with predictable results so often in African and other countries.

A study by David Stuckler at the University of Cambridge has now analyzed TB data in 21 countries in central and eastern Europe that were involved with the IMF for different amounts of time after 1989 and borrowed different amounts of money. The study was published in the journal PLoS Medicine. [1] It statistically controlled for numerous other factors that affect tuberculosis rates, including the prevalence of AIDS, inflation rates, urbanization, unemployment rates, the age of the population and improved surveillance.

They found these IMF countries had significantly more TB cases, and more deaths from TB than countries without IMF loans. The countries started with TB death rates averaging six per 100,000 of the population. This rose to 12 per 100,000 by 2003 in countries with IMF loans, fully double the rate, but sank in countries without them.

“We found TB rates were falling or steady before the IMF programmes began, and rose during the IMF programs,” then fell again afterwards to almost the rate they had been before the IMF, says Stuckler.

The team found that death rates rose almost 1% for each percent increase in the size of the IMF loan, and by another 4% for each year of IMF involvement.

The TB effect was not associated with other lenders, such as the European Bank for Reconstruction and Development, which invests in Eastern Europe.

The reason the Cambridge scientists found was that IMF loans uniquely demand less government spending, fewer doctors per person, and a cut of nearly half in the number of people with TB that received Directly Observed Therapy, or DOTS.

DOTS is the World Health Organisation’s recommended method of managing TB, in which health personnel directly ensure that TB outpatients always take their medicine. The technique requires investment in public health staff.

TB actually kills quickly when patients do not get proper medical supervision, so death rates are likely an indicator of rapidly declining care, not of events years previously.

The IMF claims the increase in TB was related to the fall of the Soviet Union. But, if that was so, says Stuckler, the effect should have been similar across the old Soviet block, instead of being linked closely to IMF involvement. In Slovenia, which got no IMF loan, he points out, TB didn’t worsen at all.

Ukraine conditions

The conditions demanded by the IMF in Ukraine since November 2008 are precisely the same as those in earlier Eastern European and former Soviet Union countries in the early 1990s measured by Cambridge researchers.

On November 17 this year, the IMF in Washington decided to withhold the next $3.4 billion tranche of its Ukraine loan claiming that the Government and Parliament failed to sufficiently cut social spending!

The governments of France and the UK told a meeting earlier this month of EU foreign ministers in Brussels that they demanded “strict conditionality” before approving the release of the next portion of IMF money to Ukraine. Cynically, French Secretary of State for European Affairs, Pierre Lellouche stated, “There’s real disappointment among many of Ukraine’s friends over the inability to enact reforms.” Lellouche made clear what he meant: Ukraine will have to slash public spending and “undertake serious steps to pay back its debt and demonstrate that it is a reliable partner for investors.” The problem is many of those “investors” come to plunder and leave.

IMF demands have become politicized in the heated Ukranian election battle for early 2010. Prime Minister Julia Tymoshenko has agreed to IMF demands for cuts in public wages and pensions. Her rival President Viktor Yushchenko has rescinded the cuts, putting the IMF loan on hold.

Ukraine’s biggest strategic companies are saddled with crippling debts, including the state gas company which has struggled to meet Russian gas payments, only just managing a $500million payment this month. The global economic crisis has caused the country’s budget deficit to balloon, its inefficient Soviet-era factories to stagger, and international rating agencies have rushed to downgrade their view of economic prospects. The national currency, the hryvnia, has plunged by 60 per cent in a year, foreign direct investment has slowed to a trickle, and bad bank loans have multiplied.

Under the latest IMF loan Ukraine has been forced to slash spending on public health, close hospitals and fire doctors and health professionals. At the same time pensions have been cut or even suspended for lack of funds.

At the same time the IMF has demanded hefty tax hikes to balance the budget, something not even OECD economies are doing and something which only insures more impoverishment and unemployment. The tax hikes “will help to address the fiscal situation. It is now important that measures are taken to prevent the projected deficit of the pension fund,” Ceyla Pazarbasioglu, the IMF mission chief to Ukraine has said in a statement reported by the Wall Street Journal. GDP has fallen in Ukraine by 25-30% in the first two months of 2009 year on year.

The IMF has demanded Ukraine “balance” its pension funds, i.e. slash benefits to retired citizens, something few Western countries dare to do. Unemployment has doubled since September 2008 to 1 million people jobless. There are protests at the situation. Foreign banks control some 20% of Ukraine’s banking. If people wish to find the true “swine” source of rising TB deaths in Ukraine, they perhaps should look to the effects of the IMF loans on the health standards of the population and not to an unproven hypothetical so-called Swine Flu H1N1 virus.

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Endnotes

1. David Stuckler, et al, International Monetary Fund Programs and Tuberculosis Outcomes in Post-Communist Countries, PLoS Med 5(7): e143. doi:10.1371/journal.pmed.0050143.

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