
Economics in Brief

Austerity

Dutch Labor Party: No To EU Fiscal Compact

March 15—The Dutch Labor Party has announced that it will vote against the European Union Fiscal Compact if the government of Prime Minister Mark Rutte capitulates to the EU-mandated deficit of 3% this year, which would require more cuts. (The 3% figure is a step in the direction of the zero-deficit clause included in the Fiscal Compact). With the right-wing anti-Islam Freedom Party having already announced its intention to vote against the Pact, Rutte's minority government would lose the vote.

This comes after the Spanish government of Mariano Rajoy announced that it would not meet similar deficit targets for Spain; and French Socialist Presidential candidate François Hollande had announced that he would renegotiate the treaty if he is elected President.

Labor

2.5 Million Germans Earn Poverty-Level Wage

March 14—Under European Union policy, now more than 23% of the German working population (almost 8 million people) are subsisting on an income of less than EU9.15 (\$12) an hour, a study by the Institute for Work and Skills and Training (IAQ) of the University Duisburg-Essen shows.

This is defined as a “low-wage level limit,” or two-thirds of the mean wage. From this gross amount, taxes, social security, etc. are deducted. Germany does not have a minimum wage, but in neighboring France, for comparison, it is EU9.22.

In reality, the median low-wage income is much lower: in the western states of Germany, people earn EU6.68/hour, in the east, EU6.52. Some 2.5 million hourly employees are earning less than EU6/hour, and almost 1.4 million do not even earn EU5. Almost half of

these low-wage earners work full-time, and some 800,000 full-time employees earn less than EU6. The biggest increase of low-wage earners took place in the western German states, where the numbers have jumped in the last 15 years by 68%; in the East, where wages were already lower, the rise in numbers was 3%.

Education

U.S. Student Loans: The New ‘Debt Bomb’

March 11—U.S. National Association of Consumer Bankruptcy Attorneys chief William Brewer reports that the rising inability of college graduates to land jobs, while having huge student loans which have been co-signed by their parents, means families are losing everything to collection agencies. “This could be the next debt bomb for the U.S. economy,” said Brewer.

The outstanding volume of student loans has burgeoned from \$100 billion to \$867 billion in a few years, as existing loans go unpaid and are loaded with interest, penalties, and fees. Student loan interest rates are significantly higher than for mortgages, and have risen during the Obama Administration, while almost all other rates have fallen. This is larger than the \$704 billion in outstanding credit card debt in the United States, according to the Federal Reserve of New York, and is about one-tenth of total mortgage debt. It is securitized, and nearly 15% of it is now delinquent.

World Food Supply

Obama: Export More, as U.S. Output Collapses

March 16—A string of new food globalization initiatives has come from the Obama Administration in recent weeks, aimed in particular at busting up national-prerogative agriculture actions in China

and India, especially those restricting entry of U.S. meat products. At the same time, U.S. meat production is declining. In 2012, U.S. beef output is headed for at least a 4% drop; chicken output is also in decline for 2012, the second annual decline since that of 2009. (Before then, there had been no annual drop since 1973.)

To conduct an “export expansion drive” for beef and poultry under these circumstances, is just another feature of a *de facto* famine policy. What is required, is to take both emergency and long-term measures to shore up and expand U.S. agriculture production, and that of other nations.

These are a few of the latest features of the imperial Obama food trade binge:

- Obama issued a Presidential Executive Order in late February, to establish a new Interagency Trade Enforcement Center to unleash coordinated action by the Departments of Justice, Treasury, Agriculture, and Homeland Security, with the U.S. Office of Trade Representative, to go after targeted nations for “unfair” trade restrictions, especially on food.

- On March 6, the United States filed a case against India at the WTO, charging that India's ban on imports of U.S. poultry must cease.

Transportation

Yakunin: Bering Strait Crossing Will Be Built

March 17—Russian Railways CEO Vladimir Yakunin announced in London this week that Russian Railways will soon begin a campaign to sell 70 billion rubles worth of ruble-denominated bonds and raise another 30 billion rubles (\$1 billion) through foreign currency-denominated eurobond issues.

Yakunin said, “I am certain that the prospects for extending our railways to Kamchatka and beyond, to connect with North American railways through a tunnel, are a project that can be realized in the not very remote future,” the Russian business daily *Vzglyad* reported.