

Economics Briefs

Farmers Standing Up Throughout Europe

Many of them inspired by the Dutch insurgency, farmers in other European nations are standing up. The Italian Twitter site Radiogenova is covering Dutch, German, Polish, Italian and Spanish farmer actions. It covered Spanish protests July 1 and Polish protests July 5:

“Polish farmers also rise up in Warsaw: ‘That’s enough! We won’t let ourselves be robbed!’ They accuse the political class of destabilizing production by raising interest rates, which does not stop inflation: ‘We workers cannot pay for the crisis created by the politicians!’”

Several independent regional farmers’ associations have started protest actions in Italy. On July 6, farmers in Calabria, supported by colleagues from Sardinia and Latium, staged a tractor demonstration in Lamezia Terme (Calabria), under the slogan, “Stop the Speculators Who Bring Down Farmers.” A press release by the *Movimento Territorio e Agricoltura (MTA)* explains that the action is against “the politicians” who, “instead of listening to producers’ demands,” are protecting those who want to turn Italian agriculture “into a big trading platform in the hands of financial speculation.” Italian farmers cannot survive under the current production costs, especially gasoline, but also fertilizers, seeds, etc. The statement says the Lamezia Terme demonstration will be followed by similar ones throughout Italy.

On its Facebook page, the *MTA* posted several videos and comments such as “This is a revolution!”

Russia Putting North-South Corridor Trade on a Faster Track

The International North-South Transportation Corridor (INSTC), a project which has produced primarily delays and complaints since its announcement in 2000, has been put on a priority track by Russia as it orients its economic development and trade to Eurasia. At the Sixth Caspian Sea Summit, in Ashgabat, Turkmenistan June 29, Russian President Vladimir Putin expressed his “unfailing” support for the partnership of the five nations sharing the Caspian Sea—Azerbaijan, Iran, Kazakhstan, Russia, and Turkmenistan—and saying:

“First of all, we are talking about building the International North-South Transport Corridor, which our colleagues have talked about. I fully agree with these approaches. This is a truly ambitious project, a 7,200-kilometer transport artery from St. Petersburg to ports in Iran and India.”

In the past month, cargos have traveled south on both “branches” of the INSTC for the first time, passing through the eastern branch involving transport infrastructure of Russia, Kazakhstan, Turkmenistan, Iran, and India. Simultaneously, a trade agreement is being negotiated between India and the Eurasian Economic Union (EAEU) countries—Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia. A June 30 report by *The Wire* reports that some other nations along the INSTC, beginning with Iran, have recently been attracted to pursue, or, in Iran’s case, already have signed trade agreements with the EAEU as the

corridor begins to function. These nations are, in addition to India, Turkey, Oman, Syria, Belarus and Ukraine; the Central Asian nations of Tajikistan, Kyrgyzstan, Kazakhstan; and Caucasus nations Armenia and Azerbaijan.

The branches of the INSTC, which converge to pass through Iran and across a part of the Indian Ocean to Mumbai, India, go by land rail/truck and ship through the Caspian Sea, or by rail through Kazakhstan and Turkmenistan (the eastern branch). India’s *Economic Times* reported July 7:

“Russian logistics firm RZD Logistics has stated that it has commenced transportation by full container trains from Russia to India by the eastern branch of the International North-South Transport Corridor (INSTC) involving transport infrastructure of Russia, Kazakhstan, Turkmenistan, Iran and India.”

Economic Times added, “The key driver of the project is the balanced tariff policy of all the participants”; thus, the trade agreements.

This acceleration of the long-stalled project may, in fact, go back to the Dec. 6 meeting in New Delhi of President Putin and Prime Minister Modi, where reportedly they discussed a Russian trade orientation to the Indian Ocean, and an Indian investment orientation north to Russia’s Far East.

UN: 71 Million Fell into Extreme Poverty in Q2, 80 Nations Need Debt Relief

The United Nations Development Program, while insisting on attributing to Russia’s military operation in Ukraine the global inflation surge—which actually started in 2020 due to

Federal Reserve policy, and was accelerated by NATO sanctions—nonetheless reported that inflation threw 71 million people into extreme poverty during the past three months. The UNDP's administrator Achim Steiner reported July 6 that this totaled more people than fell into poverty in the first three months of the COVID-19 pandemic, in the spring of 2020.

Due to China's decades-long campaign to eliminate the two extreme levels of poverty—less than \$3.20 per day per person and less than \$1.90 per day per person—world poverty as defined by the UN had declined to less than 800 million people by 2020. But the severe consequences of border closings, production shut-downs and other disruptions, as COVID-19 spread for two years virtually unchecked outside some Asian countries, raised the numbers in poverty back into the range of 900 million. The runaway inflation, and now interest-rate increases raising the dollar's exchange value, have now spread poverty even more rapidly. According to the UN's Steiner, the worst-hit nations are in Sub-Saharan Africa, Central Asia and the western Balkans.

The World Bank at the same time reported that, in its estimate, 80 nations around the world need debt relief immediately, or they will not import the food and energy commodities to keep their populations alive. But other measures are the effective ones: long-term contracts between producing and importing nations to price commodities outside the speculative spot markets, as put in motion by Russia's President Vladimir Putin this week; and agreements for multinational development bank credits, which are independent of whether recipient nations are in default on previous debts, as in President Franklin Roosevelt's international monetary plans.

June Jobs Report Will Support Fed's Next Big Rate Increase

The U.S. Employment Situation Report for June, released by the Labor Department July 8, is a strange one, but it will provide the justification (or cover) for another big rate increase by the Federal Open Market Committee in the last week of July.

The Report is always based on two surveys, seasonally adjusted—and their results were completely opposed. The survey of "establishments"—employers—reported a job gain of 372,000 in June, some 90% skewed to service jobs. But the survey of "households"—employees—found a loss of 315,000 jobs; an increase of more than 500,000 in eligible Americans out of the labor force, bringing that number back to pandemic levels of a year ago; a shrinkage of the labor force overall by 350,000; and an increase in the average weekly wage from one year earlier that was below 4%, well under half the official inflation rate.

This large anomaly between the Establishment and Household surveys has now occurred for four months' reports in a row, since March, with the labor force appearing to shrink along with the labor force participation rate during that period as a whole. It may indicate a big shift of American workers to holding multiple jobs simultaneously, necessarily each part-time.

Russia Is Now India's Top Fertilizer Supplier

The U.S. and EU sanctions policy is leading to Russia strengthening its economic ties with partners in Asia, in particular. According to a report published by the *Indian Express*, citing industry sources, Russia has leapt ahead of other countries and is now the top supplier of fertilizer to India. Furthermore, "imports came at just the right time as planting began for the rain

season, which will peak in July," the *Indian Express* stated. Russian fertilizer producer PhosAgro reportedly offered Indian companies a heavy discount on its products, while also covering bank commissions for payments transfer.

"The risk in this case has had to be borne by the seller (PhosAgro), since banks weren't willing to open letters of credit (to serve as a guarantee for payment) on the importers' behalf," *RT* reported. "Payments were then made by telegraphic transfer to the seller's account, upon the latter physically presenting the necessary documents (copy of invoice, certificate of origin, bill of lading, insurance policy, etc.) seven to ten days after the cargo had set sail," the *Indian Express's* sources explained."

Bank of England Warns: UK's Economic Outlook Has Worsened

The Bank of England (BOE) issued its [Financial Stability Report](#) July 5, warning:

"The economic outlook for the UK and globally has deteriorated materially.... Prices of essential goods such as food and energy have risen sharply in the UK and globally, and the outlook for growth has worsened."

The BoE report, which of course blamed the crisis on Russia's military operation in Ukraine, went on to warn readers:

"We expect households and businesses to become more stretched over coming months. They will also be more vulnerable to further shocks.... The outlook is subject to considerable uncertainty and there are a number of downside risks that could adversely affect UK financial stability."

That grim report is in fact an understatement. Inflation in Britain is expected to climb to 11% later this year, and the central bank's base interest rate could increase to as high as 3% by the end of 2023, much as is happening in the U.S. as well.