Economics in Brief

Austerity

Greece: Deep Wage Cuts Now and Retroactively

Feb. 23—The Greek government is immediately slashing wages, affecting hundreds of thousands of workers. The cuts, euphemistically called "unified payroll," for contract workers in the public sector, are retroactive to November 2011. As a result, up to 64,000 workers—21,000 teachers, 13,000 municipal employees, and 30,000 civil servants—will work without salary this month, or even be asked to give back wages.

As of March 1, the monthly minimum wage will be slashed by 22%, with workers under the age of 25 suffering a 32% reduction. Since minimum-wage earners pay taxes and contribute to the unemployment funds, the cut will lead directly to a loss of no less than a EU6.5 billion drop in revenues every year.

A new report forecasts another 180,000 company bankruptcies with the loss of 240,000 jobs, to take place by the end of 2012.

The Greek people are not giving up without a fight. Yet another demonstration was called by the country's two major trade union federations, which brough 6,000 to 10,000 demonstrators out in front of the parliament in Athens, as well as in Thessaloniki, despite bad weather. Doctors and medical workers held a 24-hour strike Feb. 23.

Glass-Steagall

Seattle Times Calls For FDR's Policy

Feb. 23—The Eurozone crisis is going "to bite us," and the remedy is go back to Glass-Steagall, the *Seattle Times*, editorialized today. This is not the first time this paper has pushed for President Franklin Roosevelt's anti-Depression policy.

"European bondholders are eating tons of public debt," writes the paper, "as the Greek government promises to slash its payrolls and benefits. More than half of its debt obligation to private creditors will be axed. In the meantime, the ability to grow the economy through exports or afford imported goods diminishes by the second.

"All of the gut-level fears about Greece are compounded by those who know the grim details about Spain and Portugal. Even Italy....

"How will all this bite the U.S. economy in the backside? No one seems to be sure, especially since the universe of investment devices and financial links is studiously opaque. Our economy was whacked by mortgage-backed investments with tendrils around the globe. The U.S. housing market caught pneumonia and Iceland went under.

"The future for Greece et al. is the scary part. Bad things would happen in the wake of a big default, now avoided. Bad things might happen as a result of the cure.

"As the U.S. gropes in the dark with the eurozone, how can Congress refuse to add transparency to our own economy? For starters, bring back all three-dozen pages of the Glass-Steagall Act."

Mexico

$13 Billion Spent on Food Imports in 2011

Feb. 23—In 2011, Mexico spent over $13 billion on food imports, bringing the total spent during 11 years of PAN party governments to over $87 billion, according to information released this week by the official statistical agency, Inegi. With only $12 billion, less than the cost of one year of food imports, Mexico could have financed the building of the Northwest Hydraulic Plan, or PLHINO, the sister project of NAWAPA.

But that's just the monetary shadow of the British imperial policy of the intentional *physical economic* destruction of Mexico's agricultural sector, under the supervision of the nazi World Wildlife Fund (WWF) and IMF. In 1982, at the end of President José López Portillo's term in office, Mexico was on its way to food self-sufficiency. Over subsequent decades, London's free-trade policies ripped apart Mexico's existing agricultural sector; and urgently needed water projects such as the PLHINO were prohibited by the combination of the WWF's greenie insanity, and the IMF's budgetary tourniquet.

As a result, Mexico's food production has plummeted; millions have been driven off the land to flee to the cities or across the border to the U.S.; and the current drought is now beginning to produce African-style starvation.

Infrastructure

So. Africa Goes Nuclear To Counter World Crisis

Feb. 23—The South African government's National Treasury Budget Review released Feb. 22, proposes to spend 300 billion rand (nearly $40 billion) on new nuclear power plants between now and 2029, in order to put 9,600 MW of new capacity on line (equivalent to 10 full-sized plants). South Africa currently has the only nuclear power plant in Africa.

The nuclear build is part of a 3.2 trillion rand set of 43 major infrastructure projects that are listed in the budget, including water, transportation, housing, telecom, education, and hospital projects. The projects were identified by the Infrastructure Coordinating Commission, set up by President Jacob Zuma last year. The Treasury has allocated more than $110 billion for the projects through 2015. "No good project will be short of funding," Finance Minister Pravin Gordhan told the Parliament.

The day before the budget release, Energy Minister Dipuo Peters reported that the task force established to reassess the country's nuclear program after Fukushima will have its report out "soon." The government decision on the specifics of the nuclear plan is in its "final stages" of determination, she said. The first new reactor should come on line in 2024.