

Economics in Brief

Debt

Iceland Referendum: No to Anglo-Dutch Usury

March 8—Despite threats from the British empire that Iceland would be made “an international pariah” by refusing to acquiesce to the demand that it pay \$5.5 billion at 5% interest to the Anglo-Dutch financial predators who lost money in the Icesave bank, the citizens of Iceland voted 93%, in a March 7 referendum, to reject the demand.

While the Iceland parliament had okayed the Anglo-Dutch demands by a one-vote margin in December 2009, an upsurge of popular opposition led President Ólafur Ragnar Grímsson to decline to sign it, and call a referendum.

The referendum asked the citizens whether they approved the Act adopted by the parliament on Dec. 30, which featured amendments dictated by the British and the Dutch governments, that basically threw out all the conditions defending Iceland’s sovereignty which appeared in the Aug. 28 Act on the issue. The “no” vote means that the August agreement stands.

In that agreement, there were several conditionalities crafted to protect the country, which the new Act eliminates. It established a cap on payments at a maximum 6% of the growth of the national GDP, meaning no money would be paid at all if there were no growth. If the debt were not paid by 2024, the remainder would be written off.

Britain

Big Macs More Secure Than British Gilts

March 4—Are McDonald’s Big Macs a safer investment than British Treasury Bonds (gilts)? According to the British website Metro.co.uk, the cost of insuring £6.6 million worth of British gilts, or the “big craps,” is £56,000 a year. The cost of insuring commercial bonds issued by Mc-

Donalds is only £31,000, and only £33,000 for Pepsi Cola.

The pound sterling is continuing a decline over the past week that has reached 4.5% against the dollar. The Bank of England’s Monetary Policy Committee, which met March 4, held rates at 0.5%. They claim that the low pound will help exports.

Meanwhile, at auction, £4 billion of five-year bonds were sold amid “strong interest,” according to the *Daily Telegraph*; the two-year gilt sales foundered, with yields up by 7 basis points.

It’s not as though other nations haven’t noticed. *Spiegel online* headlined its coverage, “Crash Bet Against the Pound,” and *Manager* magazine’s headline was “Death Bell Tolls for England,” over an article saying that “the champion of debt doesn’t sit in Athens but in London.” Neither article, however, goes further than forecasting a drastic devaluation of the pound, and maybe also a downgrading by the rating agencies.

Trade

U.S. Congressmen Seek To Repeal NAFTA

March 6—Twenty-seven members of Congress, led by Rep. Gene Taylor (D-Miss.), unveiled legislation to repeal North American Free Trade Agreement (NAFTA) on March 4. The bill would require President Barack Obama to give Mexico and Canada six months notice that the U.S. will no longer be part of the 16-year-old trade pact. “At a time when 10 to 12 percent of the American people are unemployed, I think Congress has an obligation to put people back to work,” Taylor said, arguing that NAFTA has cost the United States millions of manufacturing jobs and hurt national security by encouraging companies to move production to Mexico.

“I voted against this legislation in 1993 because I knew that this trade agreement would lead to a decline in jobs and our industrial manufacturing base,” Taylor said. A statement on Taylor’s website

notes that the U.S. has lost 29% of its manufacturing base since 1993, and that almost 5 million jobs have left the U.S. and never returned.

“You’ll see the American people rally behind this, in my humble opinion,” said Rep. Walter Jones (R-N.C.), another of the 28 co-sponsors of the bill.

Unemployment

Obama Crows, While Construction Jobs Tank

Wall Street cheered March 5, and President Obama crowed “better than expected.... We’re turning our economy around,” at the report that the U.S. economy lost another 36,000 jobs in February and construction unemployment officially reached an unprecedented 27.1%. The White House continues to spit on the legacy of President Franklin Roosevelt, the Civilian Conservation Corps, and the Works Progress Administration.

Some 64,000 more construction jobs were lost in February nationwide, while other sectors of employment largely stayed flat. The economist of the Associated General Contractors emphasized that February snows were not the problem—the construction collapse has continued at the same rate for the past six months, and 28% of all U.S. construction work, by dollar value, has disappeared over the past two years. And he pointed out that heavy and civil engineering construction—the specific sector which should be boosted by American Recovery and Reinvestment Act (“stimulus”) projects, lost another 1.1% of its national employment in February.

Also in February, according to the Bureau of Labor Statistics, government employment fell by 18,000 jobs due to layoffs by revenue-devastated city and state governments.

There are still over 30 million Americans actually unemployed or underemployed. The only new jobs were “temps,” which went up by 48,000. Average weekly wages are only 1.0% above one year ago.