



THE NEWSLETTER OF THE BLOOMSBURG UNIVERSITY ECONOMICS CLUB



FEATURED IN THIS ISSUE

# An Introduction from the Editor

Dave Stanwick

Entering the Fall of 2011, the Bloomsburg University Economics Club continues to grow and develop. With these developments, the Economics Newsletter is finding new ways to bring value to the Economics community. I would like to take a moment to outline the new changes and how they will help us expand the institution of academics at Bloomsburg University.

## Statistics and Economic Indicators

With the introduction of monthly statistics, the Economics Newsletter will be able to consistently provide relevant information to readers. The goal is to present some of the following indicators in a simple and easy to understand format.

- GDP and GDP Growth
- Unemployment Rate
- Inflation Rate
- US Budget Deficit
- U.S. Trade Deficit

## A Welcome to the New Executive Board

We welcome and look forward to a new year with our executive board. These charismatic and hardworking leaders have already managed to keep things organized and rolling through the commotion from the Flood of 2011.

- Taylor Sprenkle, President
- Brittany Banzhoff, Vice President
- Jesse Stratmen, Treasurer
- Stephanie Hendel, Secretary

## Recommended Reads

Every month the Newsletter committee will list three relevant and interesting economics related books. The goal is to promote reading and discussion of economics. See **Page 5** for the list of books and details on which book is the book club pick for this semester.



## The European Debt Crisis

A breakdown of the core issues surrounding the European debt crisis followed by an in-depth look at 'The Tiff over Greek Aid' provides much insight into the continuing crisis. .... **Page 6**

## The World at 7 Billion

On Oct. 31<sup>st</sup>, the world population reached 7 billion. As many begin to realize the pressure of the continued growth rates; what does 7 billion mean for the world, and what happens next? ..... **Page 4**



## Occupy Wall Street

As the 'Occupy' movement continues to spread throughout the United States, find and understand where the movement began, and how the demographics are beginning to change. ... **Page 3**

KEY STATISTICS



**Unemployment rate falls to 9%**

Nov. 4. The unemployment rate fell to 9 percent as the economy added 80,000 jobs. Though fewer than the expected 95,000, October was the 13<sup>th</sup> consecutive month of job gains.



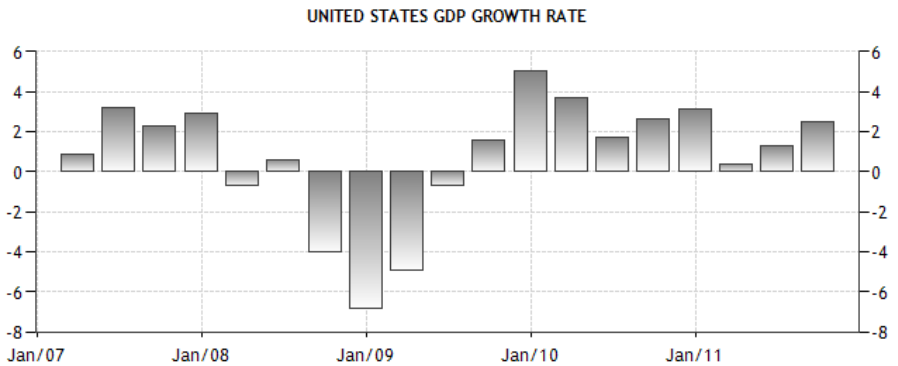
**U.S. Trade Deficit**

In October, the Commerce Department reported that the U.S. trade deficit had narrowed to \$45.61 billion in August. The September trade balance as well as the October import and export price indexes will be released Thursday, Nov. 10.



*Government payrolls dropped 24,000 in October. Belt tightening by state and local governments has been dragging on the economy since the recession. (Reuters)*

Statistics and Economic Indicators



source: TradingEconomics.com; Bureau of Economic Analysis

STUDENT DEBT

70%

Percentage of graduates in Pennsylvania with student loan debt.

\$25,250

The National average student loan debt of college seniors who graduated in 2010. Up 5 percent from 2009.

FOR MORE INFORMATION

Published in November 2011, the Student Debt and the Class of 2010 report is a valuable report focusing on student loan debt.

PROJECT ON STDENT DEBT  
<http://projectonstudentdebt.org/files/public/classof2010.pdf>

**U.S. GDP Grows 2.5% in Q3**

"U.S. real gross domestic product increased at an annual rate of 2.5 percent in the third quarter of 2011 (that is, from the second quarter to the third quarter) according to the "advance" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 1.3 percent." (Trading Economics)

U.S. GDP was \$14.58 Trillion in 2010

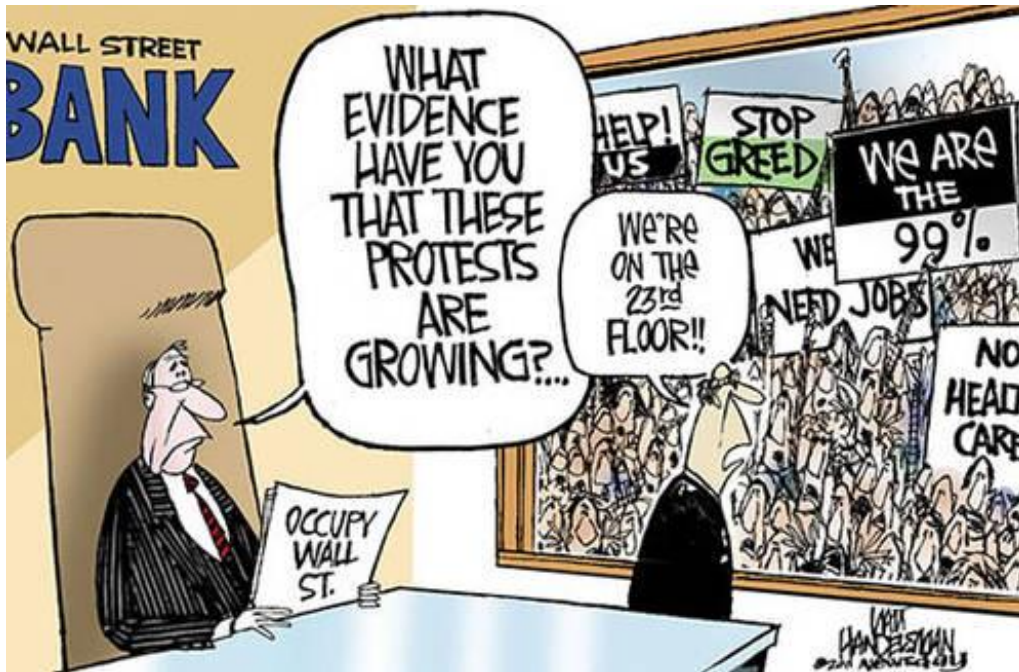
**U.S. Inflation Rate**

The inflation rate in United States was last reported at 3.9 percent in September of 2011. The rate is forecasted to fall below 2 percent in the coming months. (Inflationdata.com)

**Labor Department Key Details (Nov. 4)**

"Factories added workers to payrolls for the first time since July. That might suggest the sector is holding up against the slowdown in global demand, at least from the labor perspective."

"Only 58.4 percent of the total population had a job, up from 58.3 percent in September. The reading remains close to levels last seen in the early 1980s when fewer women worked." (Reuters)



*Growing Protests. An editorial Cartoon by Matt Handelsman*

## Occupy Wall Street

by Emily Gavigan

A fast growing and hot topic today in the United States are the protests occurring nationwide dealing with Occupy Wall Street. The Occupy Wall Street protests were originally started by a Canadian activist group called Adbusters. They are protesting social and economic inequality, corporate greed, and corruption and influence within the government. Protestor's slogan "We are 99%" refers to the differences in wealth in the population, 1% being the wealthiest and then the rest of the population. Protests began in the middle of September and have spread out among major cities and communities around the U.S.

According to OccupyWallStreet.org military veterans have joined to become a part of the



99%. Veterans, in the process of protesting are making the movement more visible. Their main focus is to draw attention to the economic and social issues that have impacted them. They plan to explain the problems that they have been facing within the economic and democratic crisis. Such topics include the cuts that have been placed on veteran health care and other services. In addition to the veterans, several unions have pledged their support for the demonstrators. Unions were on board saying the wealthier people are not paying their fair share, while these union workers are putting in their all into their job positions. The Transport Workers Union of America and Service Employees International Union are two such unions that are in support of Occupy Wall Street.

It is expected that more and more people will be jumping on board with the Occupy protests. Some of these protests have been violent; over 984 arrests have



been made New York alone. Yet this does not deter protestors from attempting to reach their goals.

### FOR MORE INFORMATION

Visit [Occupywallst.org](http://Occupywallst.org) for continued coverage.

TWITTER HASH TAGS  
#OCCUPY WALLSTREET, #OCCUPY, #OWS

# The World at 7 Billion

by Antonio Campanelli

On Oct. 31<sup>st</sup>, 2011 the world population reached 7 billion. While some celebrated the milestone around the world, many people have had their attention diverted towards a growing problem, our growing world population.

We're currently growing at an exponential rate and there's question over whether or not we're going to be able to sustain the growth. 1927 was just decades ago and surprisingly the population was only 2 billion. This means the population has grown 350% in just 84 years. This is an astonishing statistic considering man has habited our earth for thousands of years. Maybe an even more astonishing statistic is that most estimates project that we'll hit 10 billion people by the year 2050 and as many as 15 billion people by the end of the century. Nearly half our population is under the age of 25, and with life expectancy growing longer and longer, this all means one simple concept, overpopulation.

Our environment and our economy are both going to be tested going forward. According to the World Bank, our global food production will have to rise by 70% by 2050 in order to keep up with human population growth. If we could somehow flatten our population growth, we would only have to raise food production by 25%. Exponential

growth also means serious problems for precious unpaid resources such as fresh water, non-acidic oceans and animals.

Slowing our population growth is the key to saving these crucial resources we need to survive. It's also no secret that the growth of man has had a negative effective on our atmosphere over the past decades. Industrial growth has provided carbon emissions and other forms of pollutants detrimental to our atmosphere. Growth of man has also contributed to other environmental problems. Another example is taking place in Brazil where deforestation is changing our atmospheric composition. Illegal slash and burn agriculture is taking place in their rainforests. The land is being destroyed and is leading to mass species extinction. These are major problems and all a result of overpopulation.

While taking a look at these environmental problems in an economic sense, we can find where the problem lies. The poorest 50% of the world contribute to only 7% of carbon emissions, while the richest 7% of the world contributes to 50% of carbon emissions. This proves that this problem lies within China, the Americas and Europe, even though these

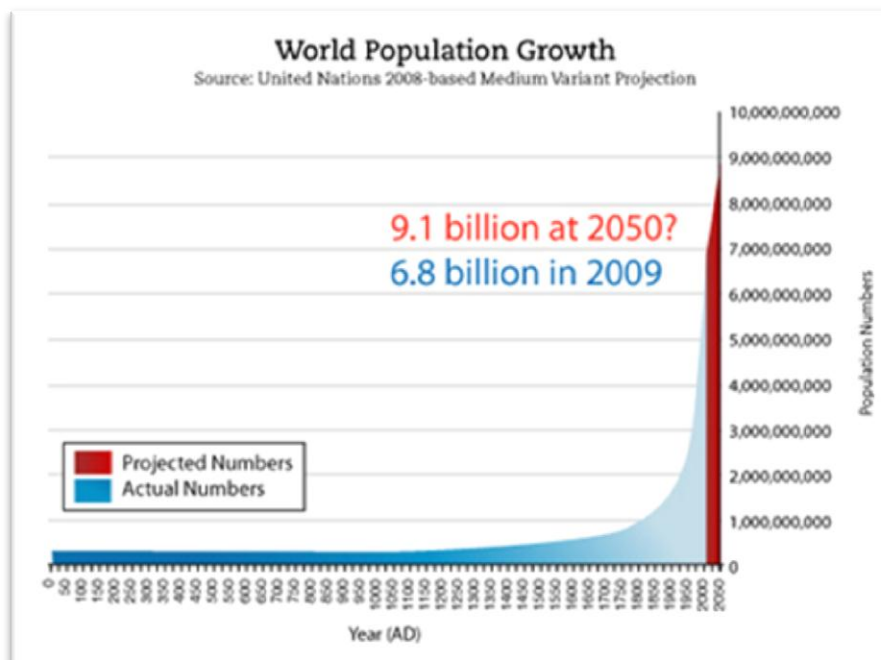
areas represent relatively stable populations. Curtailing our population growth will in-turn help many of our problems, but clearly more needs to be done.

There are several things we can do to help the problem of overpopulation. As stated earlier, we need to continue to provide enough food and resources for our population to use. We also need to start planning the growth in our cities. Currently 50% of the earth's habitants reside in cities, and this number is expected to increase to around 67% by the end of the century. Encouraging smaller families would also be helpful, but won't save the situation by itself.

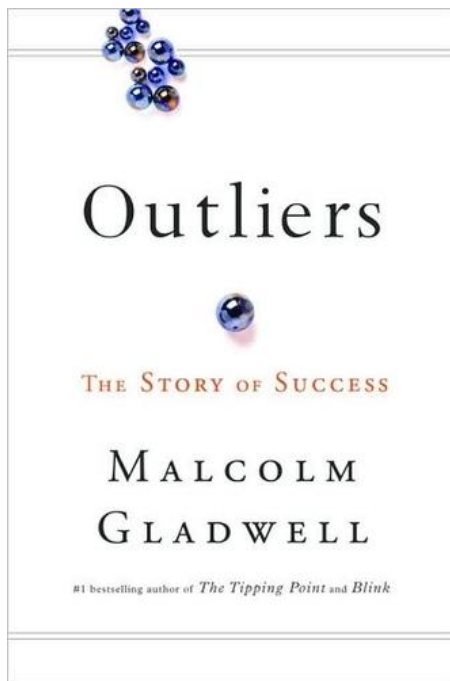
Studies show that encouraging smaller families in high fertility places such as Africa would not necessarily help their environment, but would tremendously help their local economies. One of the problems with this concept is the lack of education provided to problematic places like Africa. 25% of African woman do not even have access to contraceptives, and the lack of education they receive also greatly induces the growing problem. To solve this problem the world as a whole needs to continue to educate our youth, this growth in education must also contain sexual education with a focus on slowing population growth. Birth regulations have been implemented in certain parts of the world but it's not proven that they are fully effective. China's 1 child rule has led to countless problems including an unequal balance of the sexes and generations. This then leads to marriage problems and economic problems such as providing necessary pensions.

Today 900 million people are over the age of 60, and this number will nearly triple to 2.4 billion by 2050. Overpopulation is a growing problem and something needs to be done before we exceed our means and resources.

Overpopulation is hurting our environment and our economies, and if we continue to grow at an exponential growth, the end result will clearly be detrimental. 7 billion people is currently a major problem, but within the next decade we'll have an even bigger problem on our hands, 8 billion.



# The Fall Semester's Book and Discussion Club



As proposed during the 2<sup>nd</sup> October Economics Club meeting, the economics club will host a book and discussion once a semester for all of those who are interested in reading the decided upon book and engaging in a thought-provoking discussion.

This semester's book is "Outliers" by Malcolm Gladwell. An amazing read, the book takes a look at behavioral economics and shares the research results in an entertaining and digestible format.

If anybody is interested in reading the book but does not have the means to obtain the book, please send an email to Dave Stanwick at [ds15785@huskies.bloomu.edu](mailto:ds15785@huskies.bloomu.edu).

## Quotes from Outliers

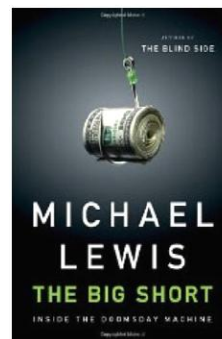
*"Superstar lawyers and math whizzes and software entrepreneurs appear at first blush to lie outside ordinary experience. But they don't. They are products of history and community, of opportunity and legacy. Their success is not exceptional or mysterious. It is grounded in a web of advantages and inheritances, some deserved, some not, some earned, some just plain lucky - but all critical to making them who they are. The outlier, in the end, is not an outlier at all."*

*"To build a better world we need to replace the patchwork of lucky breaks and arbitrary advantages today that determine success--the fortunate birth dates and the happy accidents of history--with a society that provides opportunities for all."*

*"Hard work is a prison sentence only if it does not have meaning. Once it does, it becomes the kind of thing that makes you grab your wife around the waist and dance a jig."*

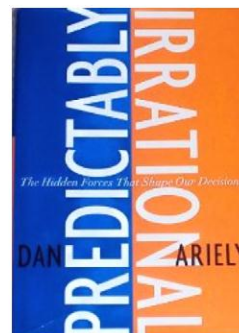
*"Practice isn't the thing you do once you're good. It's the thing you do that makes you good."*

## RECOMMENDED READS



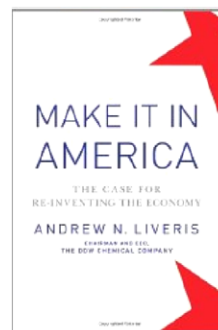
### The Big Short Michael Lewis

Recommended by Herb Taylor, Vice President of the Federal Reserve Bank of Philadelphia, The Big Short delves deep into the financial crash of 2008 and its root causes. Deeply insightful and extremely enlightening.



### Predictably Irrational Dan Ariely

"Sly and lucid. . . . Predictably Irrational is a far more revolutionary book than its unthreatening manner lets on." (New York Times Book Review)



### Make It in America Andrew Liveris

"Everyone concerned with America's economic difficulties should read it." (The Washington Post)

# The European Debt Crisis

## European Debt Crisis: What is happening?

by Jarrid Dekovitch

Many of us have probably heard the term "European Debt Crisis," or something of a similar nature in passing or in one of the many news outlets we are exposed to on a daily basis. However, what exactly is the issue at hand? What is this "debt crisis?" How did it come about?

The country that is at the forefront of the debt crisis is... you guessed it, Greece. Although a few other countries in the Eurozone are not faring very well (Spain, Portugal, Ireland, Italy, and Iceland, which has its own issues), Greece has been hit the hardest, and really jumpstarted the fears of debt default. For years prior to the recent economic downturn, Greece had run very large spending deficits in an attempt to foster admirable economic growth in the country. However, once the global financial crisis occurred, many factors led to the large amount of debt Greece had accumulated to become a burden, to the point where there were international fears that the country would not be able to make its payments. With these fears growing, the rating for Greece's debt was downgraded by credit-rating agencies, thus essentially making it harder for Greece to borrow money. In addition, these credit downgrades not only make it harder and more expensive for Greece to borrow money, it also erodes confidence in the Greek economy and financial system, and Europe's in a larger sense.



Soon, these same issues (to a somewhat lesser extent) affected other countries in the Eurozone, namely those mentioned earlier. Although every country had unique causes for why they were facing issues regarding their debt, almost everyone had their debt downgraded and faced differing fears of debt default. In order to prevent the entirety of Europe's financial system being torn asunder by these nations facing debt crises, a plethora of "austerity," or deficit-cutting preparations, and rescue plans have been put forth; some have been accepted, while others have been rejected. And some... well, they're still being debated over presently.

## After a Tiff over Greek Aid, Questions Arise Over Europe's Response to Debt Crisis

Summarized by Brittany Banzhoff

On Sept. 2, 2011, European officials met in London concerning the euro zone's ability to effectively and efficiently respond to its debt crisis. Among the discussion was the head of the European central bank, warning Italy to stick to its austerity program, for Italian 10-year bonds recently raised almost a tenth of a percentage up to 5.21 percent. The central bank's support is crucial to Italy for it has been buying bonds to keep yields low enough for Italians to borrow from investors. Spanish 10 year bonds also rose slightly, to 5.06 percent.

# The European Debt Crisis



To help calm rises in these markets, Europe's central bank began the buying process of Spanish and Italian bonds in early August. David Schnautz, an interest rate strategist at Commerzbank in London, stated that many investors decided to use the recent bond-buying program proposed by the central bank because there is still no genuine investor demand for these government bonds.

Talks on this economic struggle continued in Athens, Greece on whether or not Greece will meet the conditions for the next portion of emergency loans. Delegates commented that progress has been made so far, and by mid-September Greek authorities are expected to have completed the necessary procedures in order for discussions to continue on new policies. Last year Greece received a loan package that was then followed up by a second bailout deal that other European representatives are holding back until they receive guarantees from Greece in the form of collateral. Greece desperately depends on this second bailout, for it could default on its obligations without it.

This second bailout has caused tiffs between European countries, and to soothe tensions Greek finance Minister Evangelos Venizelos stated that with this help, Greece's economy is expected to be up by five percent.

In Spain, an amendment of the Constitution is currently in

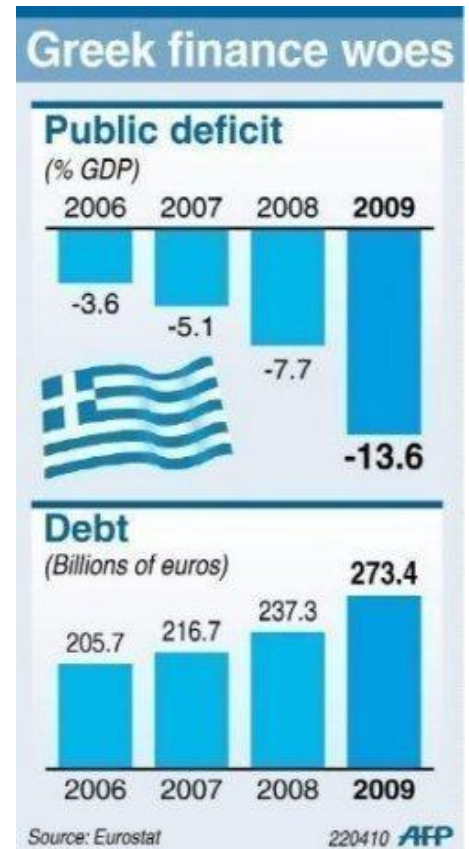
progress. The amendment includes a budget stability principle which should help the country better confront market pressure. Lawmakers approved the amendment 316 to 5 in response to investors raising borrowing costs to the country's record high. A senior minister to Spain's Prime Minister stated that the country was in agreement to the reform and this will put Spain on the path towards economic recovery.

## FOR MORE INFORMATION

Visit [guardian.co.uk/business/debt-crisis](http://guardian.co.uk/business/debt-crisis) for continued coverage.

### TWITTER HASH TAGS

#Eurocrisis, #Greece, #Eurodebt, #Austerity, #G20



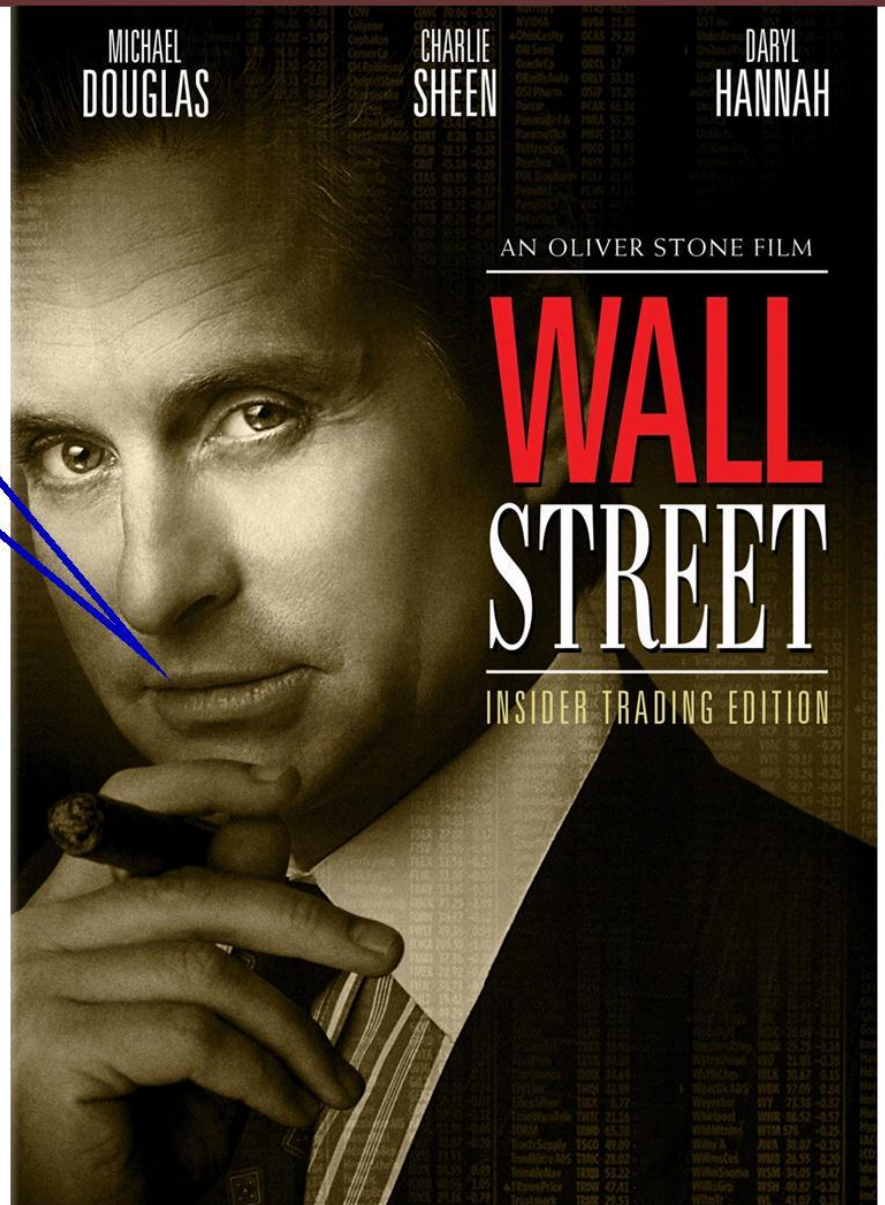
# Economics Club Presents

**GREED IS  
GOOD**

**Who:  
Everyone!!!**

**When:  
7pm Tuesday  
November  
15th**

**Where:  
Hartline G38**



Bud Fox (Sheen) is a blue-collared Wall Street stockbroker in the early 1980's with a strong desire to get to the top. While working on Wall Street Bud meets Gordon Gekko (Douglas), the high-powered (but ruthless and greedy) broker. Gekko, takes Bud under his wing and explains his philosophy that "Greed is Good". Fox soon finds himself swept into a world of "yuppies", shady business deals, fast money, and fast women; something which is at odds with the way he was brought up.



## UPCOMING EVENTS

**Economics Movie Night**

On Thursday November 15<sup>th</sup> in Hartline G38, the economics club will screen "Wall Street"  
For more info see Page 8.

**Next Economics Club Meeting**  
**Thursday, Nov. 10. 5pm. (Location TBA)**

If you are interested in joining the Economics Club, please email Taylor Sprenkle at [tls65325@huskies.bloomu.edu](mailto:tls65325@huskies.bloomu.edu)

**Book Club and Discussion**

Following the Thanksgiving Break, the Economics Club will hold a book discussion. (See Page 5 for more details)

**Resources**

*Universal Press Syndicate*  
[www.practikel.com](http://www.practikel.com)  
 CNN  
[france24.com](http://france24.com)  
[mnn.com](http://mnn.com)  
[goodreads.com](http://goodreads.com)  
[amazon.com](http://amazon.com)  
[foxnews.com](http://foxnews.com)  
[tradingeconomics.com](http://tradingeconomics.com)  
[projectonstudentdebt.org](http://projectonstudentdebt.org)  
[finance.yahoo.com](http://finance.yahoo.com)  
[wsj.com](http://wsj.com)

**Do you have a project or an article you would like published?**

The Newsletter team welcomes and encourages you to submit research projects to be published. If you have any interest in seeing your work published email Dave Stanwick at: [ds15785@huskies.bloomu.edu](mailto:ds15785@huskies.bloomu.edu)


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