The Popular Economist

Center for Popular Economics | Winter 2016 Newsletter

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The 2015 Summer Institute: Confronting Capitalism & Climate Crisis

The first week of August 2015 saw the return of one of CPE's signature events: the residential Summer Institute. Dozens of activists, researchers, and teachers gathered at Smith College in Northampton, MA, to engage with the theme "Confronting Capitalism and Climate Crisis: Economics for Achieving Justice, Equity, and Sustainability." The event was a great success thanks to our volunteers and staff, co-sponsoring organizations, speakers and workshop facilitators, and over 30 participants from around the country and the world.

One of the guiding goals of our Summer Institutes is to bring activists of diverse backgrounds and interests together, to share their knowledge in order to understand complex and urgent social problems. By this measure, this year's theme could hardly have been timelier.

(Cont'd on page 4)

Participants and teachers from the global track track at the end of week celebration

What Would Sanders Do? The Dynamic Effects of Seven Sanders Initiatives

By Gerald Friedman, Professor of Economics, UMass Amherst, & CPE Staff Economist.

Sen. Bernie Sanders (I-Vt.) is running for President on a platform that repudiates the neoliberal economic policies of the last 40 years. He favors an expansion of government spending on infrastructure and social services, progressive tax increases, and regulatory reform to favor working people. No one should be surprised by the popular support that his campaign has enjoyed. Nor should we be surprised that he has been attacked not only by the right but also by centrists and Wall-Street liberals.

Sanders' proposals for infrastructure, early-childhood education, higher education, youth employment, family leave, private pensions, climate change, health care, and Social Security would total $14.5 trillion over 10 years (**see Table 1**). In addition to investments in infrastructure and education (birth through college), he would raise Social Security retirement and disability payments to lift all beneficiaries out of poverty, and he would create a national health insurance program to provide universal access to health care.

Some of the Sanders program would be financed by redirecting existing spending, including tax expenditures. I estimate that there is more than enough new revenue to pay for the program **(see Table 2)**.

Program	10-yr fiscal impact ($billions)
Rebuild America Act for infrastructure	$ 1,000
Employ Young Americans Now to create 1 million summer youth jobs	$ 5.5
Social Security benefits increase	$ 491
Social Security indexation	$ 25
Protect private pensions	$ 29
College for All: free tuition at public institutions	$ 750
Paid Family and Medical Leave	$ 320
Universal Pre-K	$ 1,300
Climate change, energy efficiency, climate resiliency, clean energy worker transition	$ 1,275
Medicare for All	$ 9,382
Total Spending Over 10 yrs:	**$ 14,577**

Table 1. Sanders program for broadly shared prosperity: additional federal spending ($billions).

Program	10-yr fiscal impact ($billions)
Corporate Tax Dodging Prevention Act	$ 1,000
Progressive estate tax	$ 214
1% wealth tax on net worth over $21 million	$ 1,300
Financial Transactions Tax	$ 3,000
Payroll tax increase of 0.2% (on employers and employees) to pay for Family Leave	$ 339
Closing loopholes in estate tax and for artwork	$ 29
End Polluter Welfare by ending tax breaks and subsidies for fossil fuel	$ 135
Raising cap on Social Security payroll tax and extending Social Security tax to dividend and capital gains income for high-income households	$ 1,988
Carbon Tax	$ 1,100
4.75% payroll tax on Employers	$ 4,800
Progressive tax plan on the top 2%	$ 2,168
Total Revenues Over 10 yrs:	**$ 16,004**

Table 2. Revenue enhancements in Sanders program and 10 year impact ($billions). *(Note: Estimates are my own and are not the responsibility of the Sanders campaign.)*

(Cont'd on page 3)

CPE leads train-the-trainers workshop in Orange County, CA

Throughout the Spring and Summer of 2015, CPE members and staff worked with Orange County Communities Organized for Responsible Development (OCCORD) to organize a "train the trainers" workshop. CPE members Helen Scharber, Hector Saez, Olivia Geiger, and Matson Boyd, in collaboration with OCCORD staff, developed four new curriculum modules (3 hours each) on inequality, labor and wages, affordable housing, and immigration, all tailored to OCCORD's organizing work and to the Orange County context. This October, longtime CPE member Hector Saez and CPE Co-Director Olivia Geiger modeled the new curriculum for 20 OCCORD staff members and organizing allies in an intensive weekend-long training.

OCCORD is a community-labor alliance organizing with working families and immigrant communities in Anaheim and Santa Ana, California to fight for workers' and immigrants' rights, affordable housing, and more equitable and democratic economic development. The Train the Trainers workshop was designed to prepare OCCORD's staff and organizing allies to integrate popular economics education into their organizing campaigns. CPE prepared curriculum modules that OCCORD can then directly use or adapt, either as stand-alone workshops, a workshop series, or independent one-off activities. OCCORD staff translated the curriculum modules into Spanish and provided simultaneous translation during the Train the Trainers weekend. OCCORD and their allied organizations plan to deliver the workshops to community and union members over the next year in an effort to foster stronger shared economic analysis and broader awareness of policy alternatives. We will be looking forward to hearing about the exciting results of this important work!

The curriculum development and training process was an intensive, demanding, and highly rewarding experience - certainly for the CPE members and it seems for training participants as well. As is typical of CPE workshops, the trainees came in with a high level of organizing savvy and well-developed economic political analysis. This made it all the more exciting to work with OCCORD to identify and teach economic frameworks, tools, and activities to help sharpen and deepen that analysis.

You can read more about OCCORD's work at www.occord.org and www.facebook.com/OCCORD.org.

If your organization is interested in working with CPE to co-develop curriculum and trainings tailored to your organizing or advocacy work, we encourage you to get in touch by email at info@popularecononomics.org or by phone at (413) 545-0743.

Please Support CPE!

Did you know that more than 80% of our funding comes from individuals?

CPE relies on individual contributions to continue our education and training work. Your generous support helps us develop curriculum, deliver trainings, and produce literature that demystifies the economy and challenges the dominant economic narrative.

You can make a donation by sending a check to
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or by visiting our website to donate through Network for Good: www.populareconomics.org.

THANK YOU!

What Would Sanders Do? *(Cont'd from page 1)*

Aggressive fiscal policy and the impact of progressive regulatory changes like the higher minimum wage would lead to a dramatic increase in economic growth under a President Sanders. According to my estimates, the growth rate of the real gross domestic product would rise from 2.1% per annum to 5.1% so that real GDP will be nearly $6 trillion higher, with per capita GDP nearly $20,000 higher in 2026. Higher GDP comes with increased employment, nearly 24 million additional jobs in 2026, and an increase in monthly employment growth from 77,000 to 277,000. The unemployment rate would fall to 4.0% by the end of the first Sanders term in 2021, and would remain at that full employment level through the end of the second term in 2025.

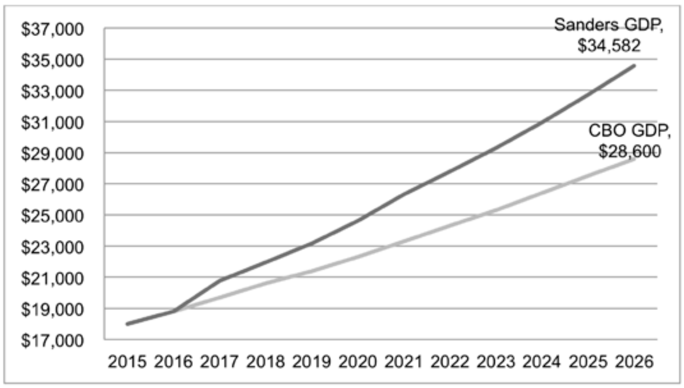


Figure 1. GDP at CBO projected inflation, Sanders and current policy, 2015-2026. *Note: This figure gives nominal GDP at the inflation rate projected by the CBO. The inflation rate under Sanders would be about 1% a year higher; the Sanders GDP has been deflated by this to make the numbers comparable in real terms.*

Faster economic growth, low unemployment, an increase in the minimum wage and other regulatory changes would all raise wages. There would be sustained increases in real wages for the first time since the 1960s with real wages growing at a rate of nearly 2.6% per annum. While the economic growth rates projected by the Congressional Budget Office would raise real annual wages by less than $1,300 over the next decade, an increase of barely 3%, wages would rise by nearly ten-times as much under Sanders. While faster economic growth would add nearly $2,300 to the median annual wage, regulatory changes would do even more. Higher minimum wages would raise median wages by nearly $2,000; and the Medicare-for-All program would raise median wages by over $4,000 by removing the burden of health care insurance from employers and workers (**see Figure 2**).

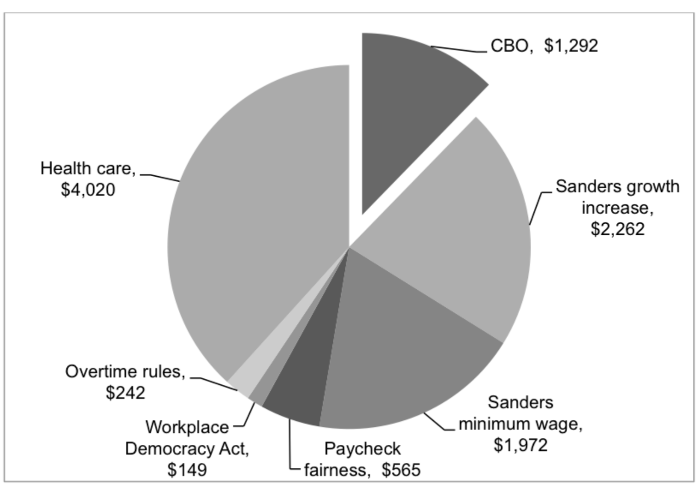


Figure 2. Effect of current economic policy (CBO estimates) and Sanders program on median wage; wage increase 2015-2026.

Rising employment, increases in the minimum wage, and enhancements to social security would lower the poverty rate to 6%, the lowest recorded rate in US history. The poverty rate for children would fall to below 11%. In all, rising wages and progressive taxation would dramatically narrow the gap between rich and poor. The ratio of the average income of the top 5% to that of the bottom 20% would fall from 27.5 to 9.2 (**see Figure 3**).

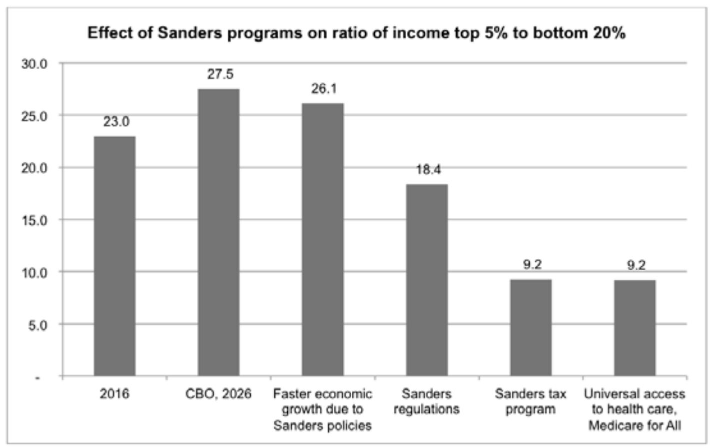


Figure 3. Decomposing the decline in inequality. Estimated effect of different Sanders programs on ratio of income top 5% to bottom 20%.

For references and to read more:

Further analysis and complete references can be found in Gerald Friedman's report: "What would Sanders do? Estimating the economic impact of Sanders programs" (ms., University of Massachusetts at Amherst, December 30, 2015). For a link to the report as soon as it is published, please check our blog at www.populareconomics.org/blog/.

An earlier version of this article was published in Dollars & Sense (Nov/Dec, 2015).

Summer Institute *(Cont'd from page 1)*

Participants included activists working on issues of anti-racism, cooperative enterprises, gender and sexuality, poverty, law, and climate change; students and faculty from the University of Wisconsin-Madison, the University of Texas-Austin, and Salem State University; and representatives of the NAACP, Arise for Social Justice, SouthWest Organizing Project, and Direct Action for Rights and Equity, to just name a few.

At the heart of the Summer Institute are two intensive, week-long courses, one on the U.S. Economy—taught this year by Grace Chang and Helen Scharber—and one focused on the International Economy—taught by David Eisnitz and Hector Saez. In these classes, participants worked to demystify contemporary capitalism and its connection to climate change through a variety of collaborative activities, multimedia, and discussion. Topics covered included an introduction to CPE's economic analysis; the origins of modern capitalism and how participants' personal histories fit into it; the complex connections between racial, economic, and environmental justice; challenges facing movements for climate justice and social transformation, and potential ways forward. As might be expected, there were no easy answers or sure solutions, but participants left with new ways of understanding the economic roots of the climate crisis, ideas for future action, and a shared sense of purpose. Class discussions benefited enormously from the depth and breadth of experience in the room, with participants drawing on their work and experience when exploring the diverse and unequal impacts of climate change, considering solutions, and identifying the interconnections between climate justice and other struggles such as indigenous rights, LGBTQ rights, and the Black Lives Matter movement.

Outside of the classroom a wide variety of workshops, film screenings and panel discussions (all open to the general public) provided opportunities for even more in depth discussion of climate justice organizing and policy. Participatory workshops were facilitated by activists deeply engaged in their topics - many of whom were themselves institute participants.

(Cont'd on next page)

Clockwise from top left: Sara Mersha, of **Grassroots International**, Deborah Wray and Malchus Mills of **Direct Action for Rights and Equality**, and Beva Sanchez Padilla of **Southwest Organizing Project**. All three organizations are members of the **Climate Justice Alliance (CJA)**, a nation-wide coalition "uniting frontline communities to forge a scalable, and socio-economically just transition away from unsustainable energy towards local living economies to address the root causes of climate change" (from their website: www.ourpowercampaign.org/cja/). We encourage you to check out CJA on their website, twitter (@CJAOurPower) or facebook (www.facebook.com/OurPowerCampaign) and support their important work!

Small group discussions during workshop on intersectionality and climate justice.

Workshop highlights:

- Michael Ann Bewsee shared lessons from Arise for Social Justice's environmental justice organizing in Springfield, MA) in the workshop "Yes, People Care: What it takes to build an urban environmental justice movement;"
- Institute participant Trisha Shapiro, author of the book Mountain Justice, addressed mountaintop removal coal mining – exploring organizing strategies for ending and transitioning away from these destructive practices;
- Institute participants Jessica Debski and Noel Healy of Salem State University led a workshop on fossil fuel divestment, exploring strategies, tactics, and framing, and sharing lessons from their divestment organizing at Salem State;
- A workshop on intersectionality and cross-issue climate justice organizing was facilitated by three institute participants: With Denise Abdul-Rahman (Indiana NAACP Environmental Climate Justice), Thea Iberall (Jewish Climate Action Network, UUFirst Parish Medfield, Citizens' Climate Lobby, & author of The Swallow and the Nightingale), and Adrian Watson (Junior Chamber International Kingston, Caribbean Youth Environmental Network Jamaica, Jamaica Organic Agriculture Movement);
- Zara Serabian-Arthur (SolidarityNYC & Meerkat Media Collective) and Olivia Geiger of CPE facilitated a conversation about the role of co-operatives and solidarity economy networks in building more just, equitable and resilient economic alternatives;
- CPE staff economist Mehrene Larudee led a workshop on the Trans Pacific Partnership and its predecessors such as the North American Free Trade Agreement, and their impact on democracy, the environment, and inequality of income and power;
- A screening of the new documentary film Agora, focusing on the roots and impacts of economic crisis and austerity in Greece, was followed by a Q&A discussion with Professor Michael Ash (UMass-Amherst Economics & Public Policy);
- A workshop on basic income grants - led by Ann Withorn (UMass-Boston Public Policy and CPE Advisory Board), Jason Murphy (Elms College), and Michaelann Bewsee (Arise for Social Justice) – explored how an unconditional basic income guarantee (BIG) could systematically address poverty and increase income inequality, and how BIG might connect with labor, feminist, anti-racist, and environment activism.

Plenary highlights:

- In the week's opening plenary, Emily Kawano (Wellspring Cooperative & US Solidarity Economy Network) and Robert Pollin (Political Economy Research Institute and UMass-Amherst Economics, and author of Greening the Global Economy, 2015) provided two distinct perspectives on the roots of the ongoing climate crisis and the policies and practices that can address it. Their presentation of theory and data, policy and practice, and their points of agreement and disagreement, framed many of the week's discussions.
- Lynn Benander and Temistoclese Blessed Ferreira of Co-op Power led a plenary session on cooperative paths to fossil fuel freedom. We heard from Lynn and Tem of Co-op Power and Mark Tajima of the social enterprise Energia about their co-operative approach to solar, biofuel, and energy efficiency, and how that co-operative approach supports their larger mission of building multi-class, multi-racial movement for a sustainable and just energy future.
- Grassroots International organized an evening plenary titled "Food Grabs vs. Climate Justice." Sara Mersha (Grassroots International), Betsy Garrold (Food for Maine's Future), Seth Macinko (Department of Marine Affairs, University of Rhode Island), and Michéle Mesmain (Slow Food International) discussed ways that corporations are increasing their control of farming and fishing around the world - posing threats to farmers, fisherpeople, food systems and the climate – and shared examples of efforts at the local, regional, and international levels to propose and enact solutions that challenge corporations, put food systems in the control of communities, and cool the planet.
- The institute concluded with a lecture by Professor James Boyce (UMass Amherst & Political Economy Research Institute) on "Climate Policy for the People." Tying together many of the week's recurring themes and discussions, the lecture addressed the implications of competing climate policy proposals for not only the climate but also for equity, proposing policy solutions that value democracy and justice alongside the goal of sustainability.

Music and poetry!

We were energized and inspired by the integration of music into several of the evening plenaries, with performances from Ben Grosscup (singer/songwriter, People's Music Network for Songs of Freedom and Struggle) in the opening plenary, and from Tem Blessed (Green Hip Hop Artist & Director of Outreach at Co-op Power) in the Co-op Power plenary. We were lucky to have both performers join us again in our open-mic night, where we also heard beautiful poetry from several institute participants.

Tem Blessed performs green hip hop, kicking off open mic night.

Left: Bob Pollin and Emily Kawano, presenters in the institute's opening panel. Photo by Steve Ahlquist.

Above: CPE members Helen Scharber, Hector Saez, and Anita Dancs following the plenary.

The workshops and plenaries provided a great space for participants and other local activists to share information and lessons from climate activism, to discuss intersections between climate justice and other social and economic justice struggles, and to build relationships. We were delighted to have two evening plenaries led by co-sponsoring organizations Co-op Power and Grassroots International. Both organizations are doing cutting edge work in organizing for climate justice and building a just transition, and the panelists in these sessions shared inspiring stories, practical tools, and well-informed analysis.

The public events also benefitted from the participation and expertise of several economists associated with CPE and the UMass Amherst Department of Economics: Bob Pollin, Emily Kawano, and Jim Boyce each contributed unique perspectives and analysis that helped identify the economic roots of the climate crisis and its unequal impacts, and proposed policy solutions and economic alternatives that can move us towards a more equal, just and sustainable economy. Finally, several workshops offered by CPE members offered opportunities to explore other economic topics such as the Greek economic crisis, basic income grants, and the Trans Pacific Partnership.

This year's institute was the result of months of hard work by CPE economist-members and staff. CPE is grateful to the volunteers, speakers and workshop leaders, and participants who worked together to produce an empowering, educational experience, and especially to the many donors whose generosity made it possible.

We also want to extend a very special thanks to our co-sponsoring organizations: the **Political Economy Research Institute**, **Grassroots International**, **Co-op Power**, **Arise for Social Justice**, **Western Mass Jobs with Justice**, **Solidarity NYC**, **Collective Copies**, and the **Neighboring Food Co-op Association**! Our co-sponsoring organizations were vital to our outreach and fundraising efforts and helped to make afternoon and evening programming inspiring and engaging.

To read more…

- *Download the Summer Institute program booklet from our website: www.populareconomics.org/popular-economics-institutes/2015-summer-institute-confronting-capitalism-climate-crisis/*
- *Read articles about the week's workshops and plenaries written by journalist Steve Ahlquist, a participant in this year's institute:*
  - *www.rifuture.org/rhode-island-needs-to-invest-in-green-jobs-not-fracking.html*
  - *www.rifuture.org/as-the-divestment-movement-grows-ri-invests.html*
  - *www.rifuture.org/air-quality-benefits-outweigh-fracked-gas-facility.html*

The TPP: Investor-state dispute procedures as a threat to democracy

By Mehrene Larudee, Lecturer in the UMass Amherst Economics Department and CPE Staff Economist

Much is wrong with the Trans-Pacific Partnership (TPP) Agreement, the final version of which was released November 5, after years of secret negotiations. Congress could vote on it any time in 2016, maybe as early as January or February. A feature that has been troublesome in existing agreements for twenty-some years is investor-state dispute settlement procedures. At the CPE Summer Institute in August, I gave a short workshop on this very dangerous provision, hitting on some of the following points.

Indulge in some pure fantasy for a moment: Imagine that an international agreement is signed and ratified, guaranteeing every worker an ironclad legal right to her future wages. Imagine it says that if an employer lays a worker off, the worker has a right to file a complaint that will be judged, by a panel of three long-time union activists, likely to award her full compensation – all the future pay she would have earned. Sweet? You bet.

But it's fantasy.

Its opposite, however, is not. What could become all too real is a near-guarantee of future profits from foreign investment for companies that are based in one TPP country and are investors in some other TPP country. That's the investor-state dispute settlement (ISDS) provision of the TPP. It allows corporate power will take big bites out of democracy.

ISDS provisions have been in certain trade agreements, like NAFTA, as well as in some investment treaties, for a couple of decades. What they do is described in a series of cases at www.citizen.org/tpp ("Case Studies: Investor-State Attacks on Public Interest Policies"). Bill Moyers' video Trading Democracy (youtube) also has very clear examples of what the ISDS provision in Chapter 11 of NAFTA has done.

One is about a US firm suing the Mexican government: The US firm Metalclad bought a toxic waste dump in Mexico, and wanted to expand it. The local community, suffering an epidemic of cancer and other ailments from leaking toxic chemicals at the site insisted that Metalclad first clean up the dump. Metalclad did not, and was denied a construction permit, but went ahead and started building anyway. When the district governor objected, the company filed a complaint against the Mexican government under Chapter 11, saying that its future profits, and hence part of the firm's value, had been expropriated, and demanding compensation. The NAFTA tribunal ruled that the government did have to pay Metalclad $16 million.

Such decisions oppose the public interest and have a chilling effect on future environmental policies and decisions. Why should a private foreign investor be able sue a government that is acting in the public interest? (It shouldn't.) Why should a foreign investor be allowed to bypass existing courts and go to an unelected tribunal of "trade experts" with sweeping powers? (It shouldn't.) Why should private foreign corporations have legal rights in a country that the country's own citizens lack? If the TPP is allowed to pass, the ISDS provision will permit foreign investors to bully governments and will make it that much harder for governments to make policies that protect the public interest. Now, they may be forced to pay corporations hush money for the right to make such decisions. This is madness.

Investor-state dispute settlement is corporate power strengthening its legal foothold against the will of the people – just one of the reasons why the TPP, and its cousin in Europe, the TTIP, must be stopped. If the TPP is ratified, could ISDS be used, say, by toxic chemical producers to overturn a US ban against these chemicals? Could it be used to prevent legislation lowering sky-high pharmaceutical prices? Could it stop the IRS from reining in corporate tax evasion? Would we be prevented from protecting bees? From labeling GMO foods? It's possible.

Based on existing agreements or treaties, there have already been ISDS complaints – or threats of complaints – by tobacco companies against anti-smoking rules in Australia, Uruguay, and Canada on the grounds that these cigarette producers will lose future profits. Under threat of ISDS action, Germany was pushed to back off requirements that a coal plant's pollution be cleaned up. In Ecuador, the longstanding demand that Chevron clean up its pollution of indigenous people's land and water has been counterattacked by an ISDS complaint, not yet ruled on. There are 77 disputes under NAFTA alone.

The TPP must be defeated, if we are to have any chance of preserving democracy.

Sources:
1. *www.citizen.org/documents/egregious-investor-state-attacks-case-studies.pdf*
2. *www.policyalternatives.ca/publications/reports/nafta-chapter-11-investor-state-disputes-january-1-2015*

Stop-TPP Protest in October, 2015. Photo by Lorena Müller [CC BY 2.0 (http://creativecommons.org/licenses/by/2.0)], via Wikimedia Commons.

The National Pharmaceutical Development Administration (NPDA) Doesn't Exist, but It Should

By Jonathan Donald Jenner, CPE Staff Economist & UMass Amherst Economics Department

Publicly funded research should yield publicly owned drugs that are available to the public at the cost of the production.

In the today's capitalism, the research priorities of the pharmaceutical industry are guided by the whims of the market. Then, the (made-for-the-rich-instead-of-the-sick) drugs that do come to market come with astronomical price tags, under the pretense that monopoly power (i.e. pharmaceutical patents) is the only way to incentivize research. This kills us. It doesn't have to be this way: a (hypothetical) National Pharmaceutical Development Administration (NPDA), funded by taxpayers, could develop drugs that would then be owned by taxpayers, who, for obvious reasons, wouldn't price gouge themselves. Moreover, research priorities would be set publicly, directing resources where we need them the most.

The past few years has not been good for public health outcomes from our privately owned pharmaceutical system: last year, we found out that promising research on Ebola was scrapped ten years ago because the final product couldn't yield sufficient profit; we've seen a spat of development resources poured into 'copy-cat' drugs; and just this year, Turing Pharmaceuticals raised the price of their drug Daraprim (used, among other things, to treat AIDS patients) by five thousand percent.

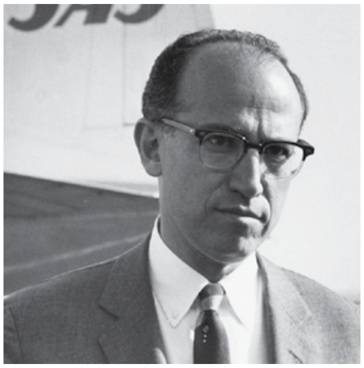
Against this backdrop, the case for a National Pharmaceutical Development Administration (NPDA) is clear. The NPDA would be tasked with developing and patenting new drugs, and their patents would be held with public health as its top priority. This means the NPDA wouldn't have a fiduciary responsibility to maximize profit, but instead would be tasked with distributing life-saving drugs as widely as possible.

But what would the NPDA look like? Here are some back-of-the-envelope numbers to give the proposal a few legs:

Program Costs: The National Institutes of Health has a budget of $30.3 billion (the NIH funds drug development, but only 'upstream' drug development), so let's keep up with the Joneses and set a hypothetical NPDA with a budget of $30 billion. That's only 15% of the annual expenditure on the Iraq War (without counting future interest on debt incurred). And, it's only 5% of what we spent on defense in 2014 (not including veteran's benefits), 7% of our total 'Health' outlays in 2014, and 0.8% of total government expenditure. The top 10 biggest pharmaceutical firms in the world spend a combined $66 billion on research and development (and $98 billion on marketing!). Thus, the NPDA, at our chosen size, would represent roughly half the research and development of the 10 biggest firms without the waste of the marketing effort.

Returns: What could we get with $30 billion dollars annually? It's unclear what it costs to bring a drug to market. Estimates range from a median of $43 million per new drug (an academic report), to $800 million (a journalistic book), to $2.6 billion. (The last figure is from the drugmaker-funded Tufts Center for the Study of Drug Development, and there are good reasons to doubt this figure, like the assumed interest rates if money were invested for 15 years (10%!!), and other odd cost calculations). If we assume $1 billion per drug, we'll be looking at an NPDA that introduces 30 new drugs a year (after a decade or so of operation). So far, so good!

Quality of Research: The NPDA, whose research priorities would be guided by public health officials, wouldn't need to waste precious resources chasing down 'copy-cat' or 'me-too' kinds of drugs, as is common practice in private, for-profit, pharmaceutical companies. And we already have evidence that publicly funded drug research is better for society than private research: research published in the New England Journal of Medicine shows that "[Public-Sector Research Institutions] tend to discover drugs that are expected to have a disproportionately important clinical effect."



Dr. Jonas Salk found the cure for polio and made the cure freely available, refusing to patent the drug, and helping millions around the globe. And yet, his research is the exception, not the rule, in biomedical research. Why don't we make it the norm?

Savings: Americans spent $374 billion on pharmaceuticals in 2014, with $277 billion (74%) spent on patented brands. If we assume that the NPDA will make up 30% of worldwide drug development (simply, the ratio of NPDA R&D outlays to Big Pharma's outlays) and that NPDA drugs can be sold for less than the price of generics (which the Government Accountability Office shows are 75% cheaper than patented drugs), then Americans would save at least $62 billion a year. That's a $30 billion outlay for at least $62 billion in savings. Recall that we're already paying that $62 billion (either out-of-pocket or through insurance companies). Thus, paying $30 billion in taxes for at least $32 billion net savings would be a win for everyone, except those who profit off of our sickness.

The sketch is rough, but the implication is clear: we need socialized research for publicly owned drugs. We have nothing to lose but our maladies.

For full citations, see the original version of this article, published on the CPE blog on October 7: http://www.populareconomics.org/the-national-pharmaceutical-development-administration-npda-doesnt-exist-but-it-should/

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