

# The Popular Economist

Fall 2014 Newsletter | Center for Popular Economics

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## 2014 Summer Workshop Series

*By Samantha Sterba, CPE staff economist.*

Summer is always an eventful time for staff economists at the Center for Popular Economics and this summer proved no exception. This summer, CPE offered the 2014 Summer Workshops Series, a series of popular economics education workshops designed to engage Pioneer Valley-based residents and activist organizations. The Summer Workshops Series consisted of weekly workshops during the months of June, July, and August, each of which presented a critical economic analysis of different issues of local interest and significance.

The Summer Workshop Series kicked off with an introductory workshop on political economy, and

proceeded to cover such issues as declining unionism, the role of K-12 and higher education in modern capitalist society, trade and immigration policies under capitalism, and alternative economic systems. (A full list of workshops and topics covered can be found at the end of this article.) Participants included local journalists, schoolteachers, students, and activists working on issues of labor, education, health insurance, foreclosures, and cooperatives.

In total, over sixteen members of CPE were involved in organizing, developing, advertising, and teaching our workshops throughout the summer. Carrying on a longstanding tradition of CPE, all the workshops were co-facilitated by two CPE staff

*(Cont'd on page 4)*

## Ferguson and what it means to be Black

*By Geert Dhondt, CPE staff economist and Assistant Professor of Economics at John Jay College, The City University of New York.*

In the United States there are currently 1213 endangered species (US Fish and Wildlife Service), a 164 million pets (2012), and 67.8 million pigs (2007). We also know that 82 police officers have died so far this year in the line of duty. This includes 33 cops who were killed in or by cars and motorcycles, 1 drowned, and 8 died of a heart attack. Thirty-eight died by gunfire (including accidental). Yet we have no idea how many people are killed by cops each year. According to journalists and criminologists the estimates are well over a 1000 a year.



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In a very incomplete federal data set of 1217 police killings between 2010 and 2012, young Blacks were killed at a rate of 31.17 per million versus young whites at a rate of 1.47 per million. If young whites were killed at a rate equal to the young Blacks annually, then the police would have to kill an extra 185 young whites to even their effort.

One thing is clear regardless of the data: multiple police killings happen everyday in the United States, mostly directed against young Black and Brown boys. These police killings don't happen everywhere but in specific neighborhoods or specific towns, the same populations that overwhelmingly fill

*(Cont'd on page 4)*

## CPE Economists in the News

Staff economist **David Kotz** (Professor of Economics, UMass-Amherst) will release a new book *The Rise and Fall of Neoliberal Capitalism* in January 2015. This book analyzes the roots of the economic crisis that began in 2008 and the free-market, or “neoliberal,” form of capitalism from which the crisis emerged. It argues that the neoliberal form of capitalism is not likely to survive and that major institutional change in the economy can be expected in the coming years.

Over the summer, staff economist **James Boyce** (Professor of Economics, UMass-Amherst) published an op-ed in the *New York Times* entitled “The Carbon Dividend”, discussing the benefits of a new plan to auction pollution permits and give dividends to the American people. The plan, introduced by Maryland Representative Chris Van Hollen, would incentivize people to burn less oil and other carbon-based fuels, and help protect our climate and planet for the future.

In October, staff economist **Sue Holmberg** (Fellow and Research Director at the Roosevelt Institute) writes along with Mark Schmitt in the *Atlantic* a piece called “Can CEO Pay Ever Be Reeled In?”. Holmberg and Schmitt argue that the issue of bloated CEO pay can only be solved by a deep restructuring and rethinking of the idea of a corporation and whom it should serve.

Staff economist **Gerald Friedman** (Professor of Economics, UMass-Amherst) and the Dollars and Sense collective are delighted to announce the publication of Friedman’s *Microeconomics: Individual Choice in Communities*. Already used in introductory economics courses at the University of Massachusetts, as well as at Smith, Holyoke Community, and elsewhere, this book provides a real alternative to standard and even liberal texts. While students will learn the orthodox neoclassical model, MICIC presents a real critique by showing how the orthodox approach rests on unrealistic assumptions of methodological individualism and, when a real social science approach is used, all of the orthodox conclusions disappear. Without choosing any single heterodox model, Marxist, feminist, and various institutionalist models are all developed.

### Introducing New CPE Staff

Over the summer, CPE transitioned to having two part time co-directors.

**Olivia Geiger and Anastasia Wilson**, PhD candidates in economics at UMass-Amherst, will be serving as executive directors of the organization.

You can contact them directly at [olivia@populareconomics.org](mailto:olivia@populareconomics.org) and [anastasia@populareconomics.org](mailto:anastasia@populareconomics.org), or by phone at **413-545-0743**.

We thank you for your support and look forward to hearing from you!

### Please Support CPE!

**Did you know that support from individuals makes up around 80% of our income?**

CPE relies on individual contributions to continue our work in educating and training activists, organizations, and individuals. Your generous support helps us develop curriculum, provide scholarships to Summer Institute participants, and produce literature that demystifies the economy and challenges the dominant economic narrative.

You can make a donation by check or visit our website to donate through Network for Good: [www.populareconomics.org](http://www.populareconomics.org).

**THANK YOU!**

## Reflections on Popular Economics

By Anders Fremstad, CPE staff economist.

Juliet Schor was a founding member of the Center for Popular Economics. After earning her Ph.D. at the University of Massachusetts – Amherst, she taught in the Economics Department at Harvard University for 17 years. In 2001 she joined the Sociology Department at Boston College.

### How did your work with the Center for Popular Economics begin?

We founded CPE at a time when the corporate backlash to the gains from the 1960s and 1970s was building. We heard a lot of discussion from progressive activists about their inability to fight back against the economic discourse that was coming from the corporate sector. This was a moment when corporations were really on the offensive and business was attempting to create a new regime of accumulation, which eventually came about after 1979 with the move to neoliberalism. We were trying to counter this with an alternative view of economics for people.

### Has mainstream economics changed since you first started studying it?

Starting when I was in graduate school in the second half of the 1970s, we went through a period of increasing dominance of the Right in economics, with national policy and elite opinion. I very much believe that economics is a discipline that follows nation-

al politics. That continued for a long time. I think it began to change a few years ago. I think the crash was the most important aspect of this change. Now it does feel like the discipline has opened up a bit. Consider something like behavioral economics, which has been chugging along since the 1970s, with less impact that it might have had because it was moving against the political headwinds.

### How has radical economics evolved over this time?

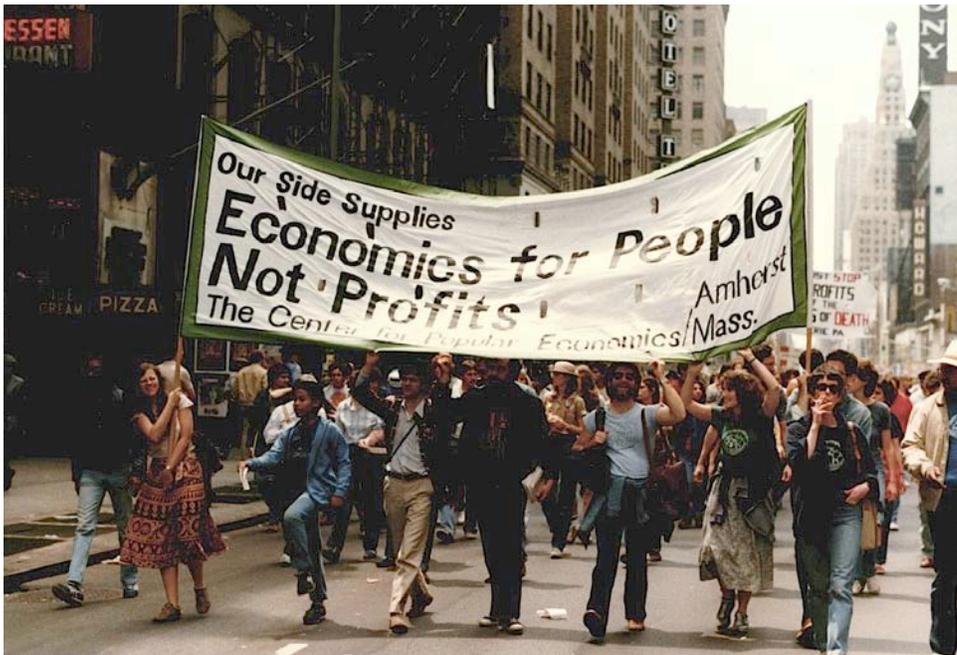
With the fall of the Soviet Union, radical economics lost its confidence. This was despite the fact that very few radical economists looked to the Soviet Union as a model of anything — we were extremely critical of it. But ideas like “there is no alternative” and “the end of history” really had an impact on the confidence of people who were articulating a different point of view. Many people began doing work that was mainly a critique of neoclassical economics — often empirical critiques showing that neoclassicals are wrong on this or that — all of which is important work, but it is different from building an alternative paradigm.

### Are there any issues that you think popular economists have gotten wrong?

The first issue that I really came to be critical of in terms of the way I had been approaching the world is

the question of economic growth in rich countries. In the 1970s when I was in graduate school, we were experiencing slow growth, stagflation, and high unemployment. We took a largely social-democratic view that growth is good and that jobs trickle down. I became more critical of that from an environmental point of view originally and then on account of all the work on happiness. We always thought that inequality was bad, but it is now less clear that the expansion of GDP yields widespread benefits. To be fair, if you look at the indicators of wellbeing and their relationship to GDP, they move pretty closely

(Cont'd on page 6)



**Workshop Series** (Cont'd from pg. 1)

economists. Our active membership has been growing and over half of the teachers for the workshops were new members involved in CPE's work. Before our first workshop, we held a widely attended CPE "Teacher Training" where more experienced CPE members modeled curriculum for newer members and shared best practices for how to do popular education. All sixteen teachers also worked together to develop new curriculum that reflects CPE's analysis of the economy. Collectively, we developed twenty-seven hours of new curriculum, equivalent to enough material to fill a four-credit college course, to add to CPE's repertoire of highly topical workshops we offer to

activist organizations around the country.

We had a great experience strengthening our connections to local activists in the Valley, expanding the scope of our workshop offerings, and training new members in CPE's brand of popular education this summer. We're excited to bring these workshops to other organizations around the country - contact us for more info

on how CPE's unique analysis can help your organization. The Summer Institute has always been a defining activity of CPE's work and we look forward to returning to this intensive and residential format next summer. The 2015 Summer Institute topic will be climate change. Be on the look out for more information on our website and in the Spring newsletter!

2014 Summer Workshops topics included:

- Introduction to CPE's Political Economy Analysis
- 35 Years of Worsening Labor Conditions- What Can We Do About It?
- Higher Education in Neoliberal America
- Local Food, Good Jobs
- Capitalism and the K-12 School System
- Global Political Economy of Trade and Immigration
- National Single Payer Health Insurance- Can We Afford Anything Less?
- Household Debt, the Foreclosure Crisis, and Resistance
- Can We Cooperate Out Of This Mess?

**Ferguson** (Cont'd from page 1)

the prisons and jails in the United States. This is not because these areas are high crime neighborhoods, but because they are poor and Black neighborhoods. For example, in a study of Tallahassee, prison admissions are highly correlated with how Black the neighborhoods are (.69) and not with how much crime is committed in those neighborhoods (.19).

The criminal justice system hasn't always been used to incarcerate, kill, and harass the Black and Latino populations. For most of the century the overall incarceration rate hovered around 100 per 100,000. Since 1980 this has climbed exponentially to about 750 per 100,000 by the late 2000s. Before this massive increase Blacks made up less than 1/3 of all 200,000 prisoners, now 2/3 of all 2.2 million prisoners are Black and Latino. This massive lock-up binge in the post-segregation and neoliberal era occurred simultaneously with the decline of Black labor as a central component of the U.S. Economy, thus rending young Black men and women superfluous to the needs of capital. Today the "criminals" and "welfare queens" are the descendants of menial workers, sharecroppers and slaves.

"But what is this group; and how do you differentiate it; and how can you call it 'black' when you admit it is not black?" I recognize it quite easily and with full legal sanction; the black man is a person who must ride 'Jim Crow' in Georgia."

—W.E.B. Du Bois, *Dusk of Dawn: An Essay Toward an Autobiography of a Race Concept*. (1940)

The fact that officials keep no data on the number of police killing of young blacks is intentional and hugely significant. It is a blatant disregard for human life. As a society we now exclude our Black and Brown brothers from equal education and employment, we incarcerate them in large numbers, or we kill them by the hands of the police. Seemingly out of nowhere, Black folks in working class Ferguson rose up and challenged the brutal murder of Michael Brown. Their rebellion lead to a national debate about race, policing, prison, modern segregation, and what it means to be Black in the United States. These conversations are now on the forefront of the nation's collective mind, with the potential for other uprisings looming. And when the dust settles, when the media leaves, we will find ourselves in a changed nation.

## Minimum Wage Protests and Stories

By Amanda Page, CPE staff economist.

2014 marks the five-year anniversary of the last federal minimum wage increase to \$7.25 an hour. People are noticing the federal minimum wage has not kept up with inflation or gains in worker productivity. It isn't surprising then, that over 600 economists signed an open letter to the president to raise the minimum wage to \$10.10 an hour (EPI, 2014) and public protests have ensued throughout the nation.

The fast food industry relies heavily on the minimum wage as a lower limit on wages. Thus hundreds of protests occurred nationwide this fall aimed specifically at the fast food industry, calling for a minimum wage increase to \$15 an hour.

It appears these protests have not been in vain. So far this year, the Fair Minimum Wage Act was proposed at the federal level. This act would increase the federal minimum wage to \$10.10 an hour. Furthermore, at least 11 states have increased their minimum wage level (NCSL, 2014) and 7 cities passed legislation to increase the minimum wage - most notably Seattle, which will incrementally increase the minimum wage to \$15 an hour. Los Angeles and New York City have both proposed plans to raise the cities minimum wage along with five other cities (National Law Project, 2014)

When people oppose minimum wage increases, they usually have a certain intuition about what the increase would lead to. Three popular stories against minimum wage increases are: an increase in the minimum wage would cause inflation, an increase in the minimum wage would cause unemployment, and the only people making minimum wage are teenagers. Let's look at each one of these intuitions and explore what the data says.

### 1. An increase in the minimum wage would cause unemployment

This defense is the most commonly debated in considering the effects of a wage increase. CPE staff economist David Kotz has already explained on the blog that this is simply not true, and that a minimum wage would in fact help workers. In addition, recent studies by Arin Dube and others demonstrate no notable decrease in unemployment due to a wage increase (Dube et al., 2010).

### 2. An increase in the minimum wage would cause inflation

If employers chose to keep the same number of people employed, then the intuition is that they will pass on the increase in the wage bill to consumers by increasing the price proportionally. Empirical research by Jeanette Wicks-Lim and Bob Pollin demonstrate an increase in the federal minimum wage from \$7.25 to \$10.10 would cause the price in a Big Mac would increase from \$4.50 to \$4.60 (Wicks-Lim & Pollin, 2013). Meaning even if employers chose to pass on wage increases to consumers, the price increase would not be a one-for-one relationship.



### 3. Only teenagers work minimum wage jobs

The last defense against a minimum wage increase is the intuition that only teenagers work minimum wage jobs and that minimum wage jobs are not meant for adults. Descriptive data shows teenagers are the minority of minimum wage workers (Dube, 2013) and predicts more low-wage workers will be over 20 years old (CBO, 2014). Furthermore, jobs that historically were "for adults" were factory jobs with long term tenure. The US economy has shifted from a predominantly industrial, producing country to one of services. Service jobs, (retail, fast food, restaurants, etc.) are the new jobs that are supposed to be able to support adults and families, yet the idea of these jobs as "jobs for teenagers" still lingers.

(Cont'd on page 6)

Reflections on Popular Economics (Cont'd from pg. 3)

with GDP until the 1970s, so the fact we felt that way in the 1970s was justified. But this is when you begin to get the big divergence.

I would say the other thing is that I had a simplistic idea of the relationship between economic interests and political action. I was too economic. Back in the day, I thought that if the unemployment rate goes up to such-and-such a level, people are going to be in the streets. And then we had the Great Recession and hardly anyone took to the streets. I thought that if inequality gets bad, there would be political organization against it. In retrospect, I think it's unclear that action follows economic interests.

I have also worked on consumer culture and I have learned a lot from the political movements that had a range of critiques of capitalism – not just the Marxian point that workers were being exploited, but also environmental, gender, and cultural critiques of consumerism. I think that popular movements have also really opened up since then. CPE is much broader now in the kinds of things it does, the sorts of issues that it deals with, compared to that time when we were much more focused on growth and class conflict.

What are the popular movements that you think are the most promising today?

Well I personally am most excited about what is going on around climate and climate justice. My own transformation was around environmental issues. The climate movement has really taken off in recent years, and that is exciting.

The inequality agenda has also taken off. One of my good friends from college, Danny Cantor, founded the Working Families Party in New York. They have had incredible success with a coalition of community organizations and labor unions. That was the sort of alliance we were thinking of in CPE's summer institutes — poor people, people of color, and organized labor. So this is an exciting development, along with the whole Occupy movement. Basically this is all happening at the local level, and I think it will bubble up.

Is there anything else you'd like to share with young activists or current members of the Center for Popular Economics?

The Occupy movement showed how little progressive and radical economic teaching is going on. It was

striking to me to go to give talks at Occupy sites and be asked the kinds of basic economic questions that people were asking. There is real hunger for an alternative economic analysis. Many cohorts of students haven't been exposed to it, because there are so few radical economists. So CPE is important because it is one of the few institutions in the country that is actually teaching people a different way of thinking about what is going on in the economy. Kudos to all the contemporary CPEers.

Read the full interview with Juliet Schor on our blog: <http://www.populareconomics.org/blog/>.

Minimum Wage (Cont'd from page 5)

It is easy to have intuitions about the way things work but to use them without consulting evidence is irresponsible and has impeded increasing the minimum wage to levels for a more just society. Here, we see the intersection of collective action and academic research in working towards a decent wage for workers. Let's keep fighting!

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Answers to the CPE Crossword

- 9. Living Wage
- 8. Single-Payer
- 6. Incentive
- 7. CPE
- 3. Fiscal Policy
- 5. Capitalism
- 2. Neoliberalism
- 4. Climate Justice
- 1. Solidarity

Down

## Center for Popular Economics Crossword Puzzle

### Across

4. (2 words) An environmental movement working to care for our climate and deal with its impacts in a way that is fair, equitable, just, and sustainable for all people

5. An economic system in which owners of the means of productions hire wage labor to generate surplus value

7. A collective of economists working to demystify the economy and provide economic tools to activists, community groups, and individuals

8. (2 words) A health care system in which everyone is covered under one insurance system administered by the government. This single system collects all medical fees and pays for all or some portion of all medical expenses. Such a system cuts down on inefficient billing and makes it easier for medical professionals to share information and resources.

### Down

1. The way in which a society's members rely on one another, share risk, or otherwise "stick together," despite and even because of differences. This may take many different forms and may be based on everything from religion to workers' unions to political institutions.

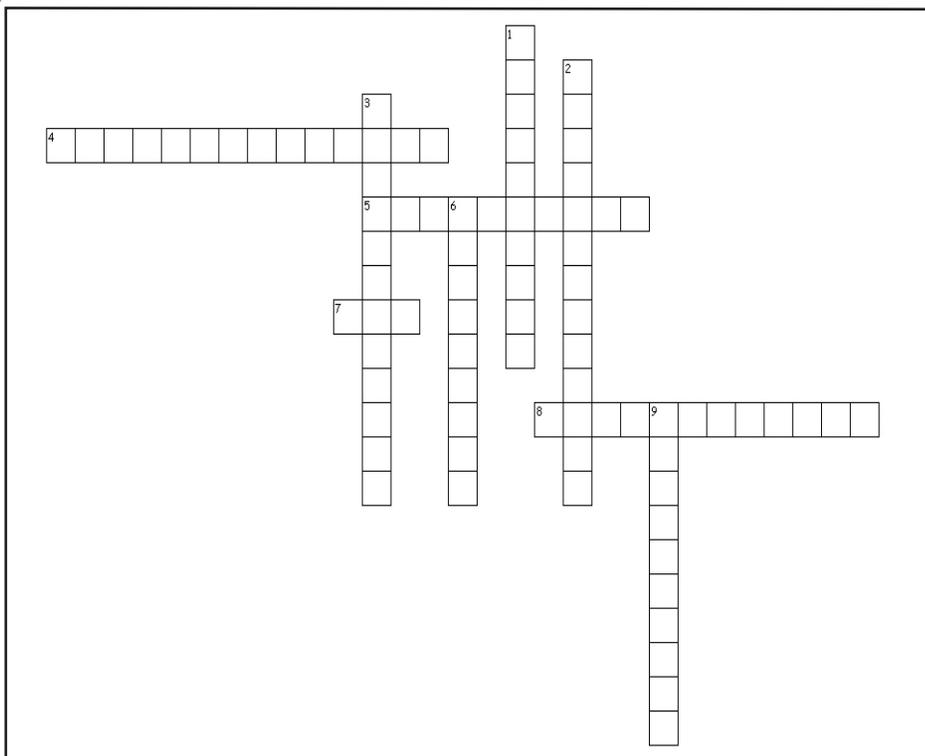
2. A form of capitalism that emphasizes low government regulation of business, privatization of industry, and open international trade.

3. (2 words) The government's use of spending and taxation to change the level of economic activity. This can include everything from the construction of infrastructure no one would pay for individually, such as traffic signals, or the financing of military research and development.

6. Something that motivates or encourages someone to do something

9. (2 words) Compensation for work that is enough to enable a healthful standard of living

(Answer Key on pg. 6)



### Highlights from the CPE Blog

Brian Callaci blogs on "How Maximizing Shareholder Value Is (Literally) Killing Us". We depend on the research and development efforts of pharmaceutical companies to develop treatments for the most dangerous diseases on the planet, but the largest of those companies appear more interested in financial engineering than creating lifesaving drugs.

Matson Boyd blogs on the social benefits of cap and dividend policies in a piece entitled "Marching to Cap and Dividend: The Idea That Can Break Political Gridlock". He argues that adopting cap and trade may be difficult, but is politically feasible.

Luke Pretz writes on the Detroit proposal to sell their communities art collection and what this tells us about the commons in "Austerity: A Hammer Against The Commons". He argues that the benefits of paying off a minimal amount of debt for the bankrupt city are far smaller than the cultural and social value of the collection.

Devika Dutt demonstrates how "The Economics Supports the Minimum Wage" debunking the neoclassical economic theory against raising the wage. In fact, she writes, that "[it] is important to empower workers in the economy to earn at least as much as is necessary to live at a reasonable basic minimum standard of living."

Read these and more at <http://www.populareconomics.org/blog/>.



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