Our first People Before Profits Event held September 27 at the University of Massachusetts, Amherst, was a resounding success. We were honored to have Noam Chomsky as our keynote speaker at the dinner/award ceremony and fundraiser. He also gave a public talk at the Fine Arts Center which was packed to full capacity with 2,000 rapt listeners. One of the event organizers said that she felt so inspired to see all the young people who came to hear Noam Chomsky and his radical perspectives. They were not disappointed and the crowd showed its enthusiasm by cheering the 83 year old speaker with a standing ovation.

Dinner & Award Ceremony
Around a hundred people enjoyed a delicious dinner buffet that featured fresh local food, complimentary wine, and provided a chance to chat with old and new friends. Jerry Epstein was our wonderful emcee, setting the stage with a warm welcome and a bit of history about CPE and our accomplishments. Emily Kawano presented three People Before Profits Awards – one to Jon Weissman, the Director of WMass Jobs with Justice, for his long-time activism in the labor and economic justice arena. Maliha Safri accepted an award for herself and on behalf of Suresh Naidu for their weekly Radical Economics 101 workshops which ran for many months as part of the Occupy Wall St. mobilization in New York City. Finally, Noam Chomsky received an award for a lifetime of unflinching and untiring work for social and economic justice and democracy.

Public Relations and the Elections
Noam Chomsky spoke with equanimity and wry humor about the task of the public relations (PR) industry in deluding people. He quoted Edward Bernays, the father of PR, who said in the 1920s that “the conscious and intelligent manipulation of the organized habits and opinions of the masses is an important element in democratic society.” Chomsky pointed out that, “When the (PR) industry turns to the quadrennial task of running elections, they...use their talents to create uninformed citizens who will make irrational choices.”

Chomsky went on to cite case after case of the PR industry’s manipulation of the habits and opinions of the masses in the direction desired by their paymasters – the wealthy elite and powerful corporations. A poll of southern whites showed that though the majority favored higher taxes on the very wealthy, they also thought Romney’s policies were better than those of the Democrats. Polls show that people believe that the U.S. should spend less on foreign aid, and yet when asked to say how much
CPE Happenings

May 18, Occupy the G-8, Frederick, MD – Emily Kawano participated in a panel on Building an Alternative Economy from the Bottom Up. There were around 75 people in attendance.

June 23, Women’s Institute for Leadership Development (WILD), Norton, MA – Anita Dancs co-facilitated this workshop with Amber Martin from SEIU. The workshop included the use of CPE’s economic timeline to explore participants’ family history, make the connection to the larger sweep of history and the impact of shifts in the dominant economic model.

July 23-27, CPE Summer Institute: Economics for the 99%, Columbia University, NYC (see p. 4)

July 25, WMass Jobs with Justice, Springfield, MA - Mark Silverman facilitated a workshop on Jobs and Labor with around a dozen participants. This was part of a series of workshops that CPE has been facilitating for WMass JwJ over the past year.

July 28-August 2, Northeast Regional Union of Women, Amherst, MA – Ann Werboff co-facilitated two workshops with Amber Martin from SEIU. These workshops were based on the same curriculum that was developed for the WILD workshop (see above).

August 19, Drum Major Institute, NYC - Emily Kawano facilitated a half-day workshop with 12 participants on shifts in economic paradigms and the policy implications. Student evaluations were very positive, though they wished for more time. This is the fifth year that CPE has done a workshop at the DMI Institute.

August 30, WMass Jobs with Justice, Springfield, MA - Emily Kawano facilitate a workshop with around 10 people on the solidarity economy. Participants were very enthusiastic and inspired to envision and learn about concrete economic alternatives.

September 27, People Before Profits Celebration, UMass, Amherst, MA (see p. 1)

October 13, Solidarity and Green Economy (SAGE) Conference, Worcester, MA - Emily Kawano participated in the opening plenary along with Penn Loh (Practical Visionaries Workshop), Daniel Tygel (formerly of Brazilian Forum on the Solidarity Economy), Asa Needle (Worcester Roots) and Tim Fisk (Alliance to Develop Power). This plenary set the stage for workshops and discussion that took place the rest of the day.

October 25, Mass Senior Action, Springfield, MA – Emily Kawano did a workshop for a group of around 20 seniors on the national debt, deficits and the election.

October 25, WMass Jobs with Justice, Springfield, MA – Thomas Herndon facilitated a workshop on healthcare that was very well received. ☀

Free copies still available to Occupy groups.

Let us know if you can make good use of our Economics for the 99% resource. Minimum order 25 copies. Contact: programs@populareconomics.org

The pdf is also available for free on our website: www.populareconomics.org

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A Fiscal Cliff with a Financial Trampoline

By Prof. Gerald Epstein, UMass. Economics Dept. & Co-director, Political Economy Research Institute

Last year, President Obama boxed himself into a corner... almost. During negotiations with the Republicans in control of the House of Representatives, he agreed to back himself—and the US Economy—up against a “fiscal cliff” that required an agreement on a new budget after the election but before January 1, 2013, or face automatic tax increases, and spending cuts that not only could send the US economy into a recession, but that could also imperil social programs. Still, the typical Republican constituencies might have even more on the table: on the chopping block are Pentagon budgets and the wallets of the very rich, with automatic increases on the wealthy destined to go into effect.

In this scenario, the big danger is that President Obama might try to strike a “grand bargain”, like he tried to do in the summer of 2011, in which he trades away key benefits by weakening Social Security or Medicare in order to reach a budget deal. This time, a number of economists and political leaders have called on President Obama to walk off the cliff, rather than be pushed into a bad bargain.

The Congressional Budget Office has predicted that this approach might create a new recession, raising the unemployment rate back up above 9% (CBO: An Update to the Budget and Economic Outlook: Fiscal Years 2012 to 2022 http://www.cbo.gov/publication/43539).

Such a massive fiscal contraction could have very serious negative effects on workers and communities if nothing else were done. At the same time, this approach would have some benefits: it would cut military spending dramatically, and significantly raise taxes on the wealthy. And, the strategizing goes, after January 20, 2013, President Obama could then propose tax cuts just for the poor and middle class which the Republican House might find politically difficult to oppose. This could help catch the economy as it was falling off the cliff.

In addition, these “cliff jumping” nightmare scenarios forget that there is another institution making macroeconomic policy: The Federal Reserve. The Fed has been keeping short term interest rates near zero for several years and plans to continue doing so for the next few years. This zero interest policy would continue to provide some cushion beneath a massive free fall from the cliff, but the Fed should do much more. The problem is that, so far, their near zero interest rate policy (sometimes called Quantitative Easing (QE) ) has not been terribly effective in restoring economic growth.

The reasons the QEs are not having a larger effect are many and can be divided into demand-side factors and supply-side ones. On the demand side problem is the classic “pushing on a string” problem. Too few firms have profitable expansion opportunities given the short-fall in aggregate demand. So they either do not want to borrow, or appear too risky to banks to justify lending to them.

But there is another side to the problem: the financial intermediation system is broken.

This has a number of dimensions. One is that many large banks still have toxic assets left over from the financial bubble and crash; this toxic over-hang leads banks to hold on to excess cash to cover lawsuits, write downs, and fines to angry borrowers and government investigators, timid as they may seem. All told, US banks are holding almost $1.6 trillion in excess reserves. Robert Pollin estimates that as much as 600 billion might be precautionary holdings for these types of possibilities.

Another key factor is that the large Wall Street banks have so much market power, that they are using the Fed’s low interest rate policy to pocket vast quantities of profits by borrowing at low interest rates, and then refusing to pass on the savings to borrowers.

Progressive economists have developed important proposals to transform monetary policy to make it more effective. Robert Pollin in a series of papers proposes a carrot and stick: tax excess bank reserves to induce banks to lend out more, while providing government loan guarantees for loans to small business to induce banks to lend more.

But, there also needs to be more direct action. With the banking system so broken, there also has to be direct action to help debtors – home owners and students – to by-pass the broken banking system all together. Senator Jeff

(Cont’d on page 7)
2012 CPE Summer Institute—Economics for the 99%

Economics for the 99%! This was the theme of CPE’s 2012 Summer Institute, held at Columbia University, New York City at the end of July. We held the Summer Institute in NYC because we wanted to honor and support the Occupy movement. We had a terrific group of almost forty participants that included Occupy activists from various locations, along with activists organizing on issues of anti-racism, time banks, queer work, anti-poverty, climate change; students and academics from Tufts, MIT, and the University of Illinois; and folks from organizations like United for a Fair Economy, Global Development and Environment Institute, the Green Party, SolidarityNYC, Chicago Fair Trade, International Organization for a Participatory Society, Global Call to Action Against Poverty-China and SustainableMundo.

As always, this made for a wonderful and inspiring mix of people, from young to old, seasoned activists and newcomers, people from different countries and regions, and of different races, ethnicities, backgrounds, views and issues.

In the U.S. class, Occupy activists, in the spirit of the movement’s careful attention to democratic participation, were very engaged in helping to improve classroom dynamics and maximize participation by everyone. David Eisnitz and Grace Chang did an outstanding job of covering the 12 session curriculum for which there never seems to be enough time.

The International class was equally outspoken about asking for changes. They wanted to add a session on the Federal Reserve and monetary policy, something that is usually only covered in the U.S. class. Kiaran Honderich and Zhongjin Li did a brilliant job in not only integrating a whole new session, but figuring out a way to do it without entirely displacing other material. This was something of a magical act.

Workshops and plenaries
Participants were delighted with the more applied nature of the workshops and plenaries and felt that they were an effective complement to the classroom learning. We had a good mix of men, women, people of color, and activist presenters/facilitators. Workshop topics included Alternative Banking, Media for the 99%, Organizing Immigrant-led Cooperatives, Community Financial Justice, The Role of Prisons in a Capitalist Society, Budget and Revenue Policies Based on Human Rights, Investing in Care for Job Creation, and The Color of Food: the Impact of Our Food System on Immigrants and Communities of Color. (for the full program with links to further material, please visit our website: www.populareconomics.org)

We had three evening plenaries on topics that have been at the core of the Occupy movement. The first plenary was entitled Housing as a Right, not a Commodity. This panel presented a great mix of theory and practice. Brittany Scott (National Economic and Social Rights Initiative) provided a human rights framework for thinking about the right to housing. Max Rameau (Take Back the Land), talked about his organization’s successful movement of housing take-overs and eviction blockades and their interest in developing long term solutions such as community land trusts. Tom
Angotti (CUNY) presented a historical overview and looked at a range of solutions to housing scarcity and speculation, including community land trusts.

In the second plenary, *Roots of the Crisis*, Cathy O’Neil, an Occupy activist and former Wall St. quantitative analyst, told a compelling story from an insider’s perspective about the financial shenanigans that triggered the crisis and how math and modeling is used and abused by Wall St. Rick Wolff mesmerized the crowd with a big picture analysis of capitalism and its built-in tendency toward crises. He went on to talk about worker-owned cooperatives, and the example of the Mondragon Cooperatives in the Basque region of Spain, as part of the solution to getting beyond capitalism.

The last plenary, *Beyond Capitalism: Socialism, Anarchism and Solidarity Economy*, included Maia Ramnath (Institute for Anarchist Studies), Lennia Nadal (Right to the City), Emily Kawano (CPE and U.S. Solidarity Economy Network). The speakers highlighted both the differences and convergences of these three radical strands and agreed that there are far more convergences than divergences. They all expressed an encouraging openness to figuring out ways for these strands to work together.

**Solidarity Economy Tour**

Cheyenna Weber and others from SolidarityNYC organized a tour of economic alternatives in Brooklyn. The tour included visits to the Park Slope Food Co-op, one of the oldest and most successful in the country; the Brooklyn Commons, a community and arts space; Occupycopy, and OccuScreenPrinting both of which are worker-owned cooperatives that grew out of the Occupy movement. At the Brooklyn Commons, we also had presentations from the Participatory Budgeting Project in NYC and Working World, a loan fund for worker coops that started out lending to recuperated factories in Argentina.

Participants were very enthusiastic about the tour and said that it was inspiring to see and hear about real, concrete models. They felt that it made a big difference in the impact of the whole Summer Institute experience for all of us. And thank you to the teachers, who did a terrific job and received loads of heartfelt praise and appreciation at the final evaluation.

**Summer Institute—Local hero**

We were very fortunate that CPE staff economist Eric Verhoogen was willing and able to provide a logistical anchor at Columbia University - getting us the space, covering the room and technical support expenses and helping to put out various logistical fires.

We never could have done it without all of his hard work and generous support.

Thank you Eric!
the U.S. should spend, they chose an amount far higher than what is actually the case. The public believes that jobs are more important than the deficit, and yet supports candidates who continue to focus obsessively on the latter. Chomsky argued that, “There is really something deeply wrong with a society where there are huge resources available, huge numbers of people wanting to work, a tremendous amount of work that has to be done, but it just can’t put them together.” This is all part of the deception and manipulation that pushes uninformed citizens to make irrational choices.

He went on to say, “In all of these domains the work of CPE is quite crucial. The task of the PR industry is to delude and confuse the public...so as to drive them in the desired direction. The task of CPE is the opposite. It is to reverse the process—to create an informed public capable of making rational decisions.

That’s a monumental task. The public has to learn how the economic system works, has to become aware of economic realities, and crucially, has to become aware that there are alternatives. (CPE) helps to bring to the public the idea that an economy can be designed to satisfy human needs, not profit for the few – and in today’s world, for the very few. It doesn’t have to be that way but the only way it can change is if an informed and engaged public becomes dedicated to the task. That would make a difference...and that’s the task that CPE has carried out successfully—with much more to do as powerful forces mobilize to drive the country to disaster.”

We are honored to receive such praise from a figure as highly esteemed as Noam Chomsky and look forward to continuing our task “to create an informed public.”

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**Chomsky on Who Owns the World: Resistance and Ways Forward**

Who owns the world? The plutocracy—the richest of the rich, the big wealth owners—are the ones who are the drivers of key policies. Chomsky’s talk was a brilliant and sweeping story that started with the global dominance of the British Empire run by and in the interests of the plutocrats, and then traced its overthrow by the upstart United States after the Second World War.

The U.S. achieved a position of global economic and political domination that was unprecedented, yet from the beginning, that hold has been challenged and undermined in region after region, from China to Southeast Asia and Vietnam, to Latin America and the Middle East. As America’s control has come under threat, it has consistently supported regimes, often monstrous ones, that have squashed independent, democratic forces of resistance. The U.S. has supported brutal dictators—Suharto, Somoza, Duvalier, Marcos, Mobutu—so that America can maintain control and prevent, in Henry Kissinger’s words, the “virus of independent development from spreading contagion elsewhere.” Yet U.S. ‘ownership’ of the world continues to decline.

(Cont’d next page)
Chomsky pointed out that *plutonomy*—economic growth that is powered and consumed by the wealthiest of society—continues to threaten the very existence of life on earth. Policies to address climate change are thwarted at every turn by an elite that is more interested in profits than the lives and well-being of earth’s inhabitants. Nuclear war is a live possibility thanks to America’s dangerous support of Israel’s Zionist policies. Neoliberalism—the conservative economic order that began with Reagan—has created a vicious cycle of enriching the rich, which gives them more power and money to drive policies that benefit them, which make them richer and so on.

Chomsky wrapped up his talk by reminding us that progress never comes as a gift from above. The plutocrats will continue to carry “the lethal process forward and will continue to do so as long as their victims are willing to suffer in silence, which is always a choice and never a necessity.”

Recent social upheavals such as the Arab Spring, the labor uprising in Wisconsin, and the Occupy Wall St. movement bear testament to the fact that many people are choosing, instead of suffering in silence, to organize, educate, fight back, and create their own solutions.

**THANK YOU**

*To our hard working host committee*

Heidi Garrett Pettier
Anita Dans
Jerry Epstein
Lisa Saunders
Emily Kawano
Lynn Martin
Kate Lockhart

*Merkely* of Oregon has proposed, for example, a fund to buy-up mortgages that middle class and poor homeowners can’t afford to service, and reduce the debt to manageable levels. This is modeled on the Depression era *Home Owners Loan Corporation* that was highly successful in keeping families in their homes. The Fed could support a program like this by buying the bonds issued by the fund, reducing the costs of running the program.

It is this kind of direct intervention by the Fed, bypassing the broken and overly concentrated banking system, and offering targeted lending to directly help *households and students* who are facing massive debt over-hangs, that could help transform weak monetary policy into a “bottom-up economic recovery”. This type of monetary policy and debt restructuring could place a “trampoline” for the economy under the fiscal cliff.
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