

Wars, Welfare, and the Struggle for  
the Social Wage

**NIXON - MILLS  
WELFARE  
PLAN:  
SLAVE JOBS**

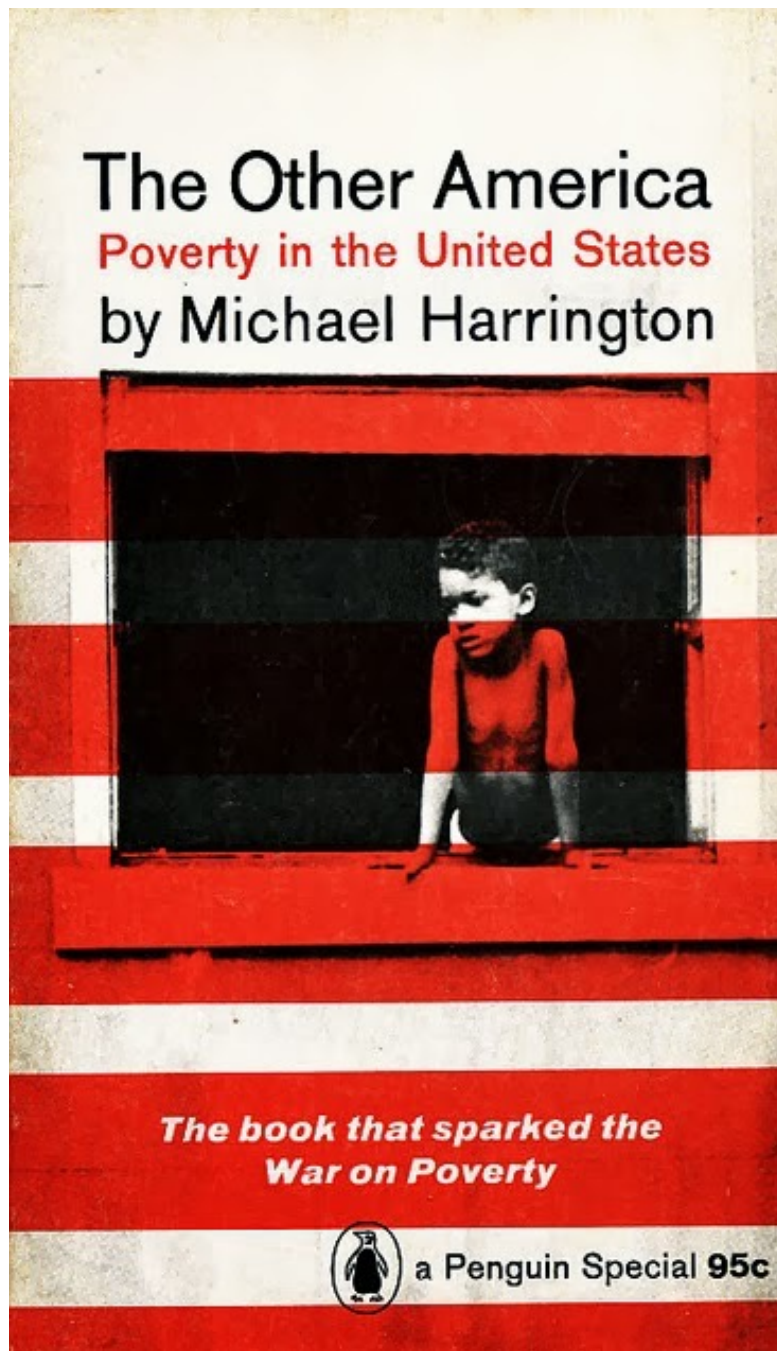


**NATIONAL WELFARE RIGHTS ORGANIZATION**



# Defining the Social Wage

- Govt. expenditure & tax measures to provide basic needs for all. Comprises
  - income replacements for those unable to work;
  - money income supplements to support children & elderly;
  - money, vouchers, or subsidies for low income families/individuals tied to basic needs
  - provision of free or subsidized healthcare and education;
  - govt. investments toward creating a decent life for all



- “the poor inhabit a world scarcely recognizable, and rarely recognized, by the majority of their fellow Americans. It is a world apart, whose inhabitants are isolated from the mainstream of American life and alienated from its values.”

---Kerner Commission  
Report (1968)

## Failed “War”?

- Before War on Poverty, est. 38 million poor Americans – 9.9 million blacks, 28.3 million whites, living below the poverty line.
- 1969, 24.1 million – 7 million black; 25% decrease in the black poor; 43% decrease in the white poor
- Job Corps focused on job training rather than creating new, living wage jobs
- High cost of Vietnam war drained resources [Cost \$168 billion = over One trillion in today's dollars]
- Operated from limited definition of poverty; focus only on families below poverty line, NOT reducing income inequality
- Identified the causes of poverty stemming from culture and behavior rather than political and economic forces.

# Poor People's Campaign

- Martin Luther King, Jr. and the Southern Christian Leadership Conference (SCLC) turn to fighting poverty after Watts rebellion in 1965. Focus on housing, jobs and schools in Chicago in 1966.
- Late 1966, endorses “A Freedom Budget for All Americans.”
- Disagreed with premise that U.S. could achieve economic justice without disturbing U.S. foreign policy (testified before congressional subcommittee that Vietnam war weakened federal anti-poverty programs).





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1966, King endorses “A Freedom Budget for All Americans.”  
Disagrees with premise that U.S. could achieve economic justice  
without cutting funding for Vietnam war.







- “Why do you think we got the Nobel Prize? It was not just for civil rights.... Peace and justice are indivisible.”  
- Coretta Scott King



**Dr. Martin Luther King, “A  
Time to Break Silence,” April 4,  
1967**

“A nation that continues year after year to spend more money on military defense than on programs of social uplift is approaching spiritual death.”

“We must rapidly begin the shift from a “thing-oriented” society to a “person-oriented” society. When machines and computers, profit motives and property rights are considered more important than people, the giant triplets of racism, materialism, and militarism are incapable of being conquered.”







# NWRO Feminist/anti-Capitalist Vision

- NWRO demanded basic income; argued that the right to welfare was a civil right
- Childcare and housework was work, unpaid labor that should be recognized and remunerated. (OXFAM calculated annual value of unpaid household labor: globally \$10.9 trillion; U.S. \$1.5 trillion)
- Women and poor people deserve to be treated with dignity and respect
- Welfare rolls grew from 745,000 in 1960; 1.5 million in 1968; 3 million in 1972

# Guaranteed Annual Income

- Idea -- to decouple marriage, employment, and personal behavior from the criteria for receiving assistance.
- Intended as targeted grant for the poor to lift them out of poverty.
- Would have significantly reduced welfare bureaucracy and saved enormous amount of money.
- Implication that a guaranteed income would be a right of citizenship.
- NWRO Plan -- \$5,500 for family of four

# President Nixon's Plan

- expanded food stamp program
- excluded the poorest Americans from paying income tax;
- repealed freeze on AFDC payments to states for women who had children out of wedlock
- Nixon's plan -- \$2,464 for family of four (\$1,600 plus \$864 in food stamps)



# The Other Green Revolution. . .

## First World Shockwaves





# Milton Friedman and Monetarism

- Monetarism: an economic theory that focuses on the macroeconomic effects of money supply. Friedman argued excessive expansion of the money supply is inflationary; advocated monetary policy that maintained price stability.
- Friedman *opposed* Bretton Woods and promoted a tight monetary policy to keep inflation under control; argued for a floating currency exchange system in which the market determines currency values.
- Broke from full employment – recognized that monetarism may result in higher unemployment

## Vietnam and Economic Crisis, 1965 =

- War drained about 9.5% of the GDP
- Rising national debt, the balance of payments deficits, etc., led to a speculative run on gold; foreigners sell dollars for gold. Tax increases fail.
- By 1971, at least 300 billion dollars were overseas.
- Nixon tried to curb inflation by imposing wage and price freezes, and having the Federal Reserve raise interest rates and shrink the money supply. Result: “Stagflation”
- With the election coming up, Nixon dropped interest rates and increased govt. spending – result was the largest budget deficit since WWII.
- August 1971 – U.S. abandons gold standard

# Global Economic Crisis, 1971-74

- Recession forced businesses to cut back and lay off workers; this reduced tax revenues when social assistance spending was soaring.
- Volatile exchange rates encouraged speculators to turn currency trading into a market activity.
- Financialization: the new volatility (currencies & interest rates) affected commodity prices (oil, gold, etc.); investors “bet” on future assets; finance begins to overtake manufacturing.
- Floating exchange rates freed governments to increase their money supply to stimulate their economies; U.S. increased its supply by 40% by 1973; British by 70%
- In 1973, Arab members of OPEC (Organization of Petroleum Exporting Countries) launched oil embargo
- \*The boycott ended a few months later, but then OPEC raised the price of oil by 400%, and with the weakening dollar this meant incredibly high gas prices.
- Together, launched global recession

## Impact on Working Class

- Relative wages decline (prices rise higher than wages)
- Unemployment in U.S. nearly doubled from 1973 to 1975, to 8.3 percent, rising again to 9.5 percent in 1982.
- Workers responded with a wave of strikes. Neoliberals saw labor as a problem and tried to weaken unions and encouraged capital flight.
- 1970s wave of “deindustrialization”/capital flight.
  - 1973 - 1980, at least four million jobs lost to firms moving outside the U.S.
  - During decade of 1970s, some 32 million jobs lost as a result of shutdowns, relocations, and scaling back operations.



# The Struggle for Full Employment

- Coretta Scott King and labor leaders form the National Committee for Full Employment and Full Employment Action Council (NCFE/FEAC)
- President Ford's policies: budget cuts, tax cuts and tax credits for business. Benefitted wealthy and did NOT create jobs.
- NCFE/FEAC rejected budget cuts; proposed expanding public service employment; extending unemployment benefits from one year to two years; Fed lower interest rate; invest in alternative energy, less reliance on OPEC
- Humphrey-Hawkins Full Employment Act of 1978, set the goal of 3% unemployment but very weak legislation. Less about employment. Goal to ensure economic growth, price stability, balance of trade, and the "reasonably" balanced budget. No govt intervention to create jobs, and all goals to be driven by private enterprise