



# What is Neoliberalism?

# What is Capitalism?

- Economic system based on private ownership of resources, manufacturing, distribution goods, and mechanisms of finance – concentrated in the hands of a few who extract surplus from the exploitation of labor to produce goods and services for a profit.
- Capitalism global from inception; violence of slavery, colonialism, and dispossession shaped its character and the contemporary division of labor.
- Border imperialism: borders are “ordering technologies” used to maintain imperial power, criminalize migration, produce and uphold a *racialized* hierarchy of citizenship, and facilitate state-mediated exploitation of labor. (Walia)
- Race & gender are constitutive of global capitalist order. Capitalism emerged as a racial and gendered regime. “Racial capitalism” is not a “type” of capitalism – it is capitalism.

# What is Capitalism? (cont.)

- Capitalism is dynamic, it changes form [e.g., Fordism, Keynesianism, Neoliberalism, etc.]
- Capitalism never completely stable - prone to periodic crises since the rate of profit inevitably falls.  
Two key principles:
  - 1) surplus value is extracted from labor,
  - 2) capital *must* circulate. If it doesn't the system collapses. Generates crises.

# Crises in Capitalism

- **Cyclical crises** – occur regularly, usually recessions, self-correcting. No need for major restructuring of the system.
- **Structural crises** – result of deeper contradictions and require a major restructuring of the system. (i.e., state interventions or World Bank, IMF, etc.)  
During the Great Depression, led to the New Deal and other kinds of state management models around the world.
- **Systemic crisis** – requires major systemic replacement or it can lead to system collapse. Every structural crisis opens up the possibility of a systemic crisis. But the outcome is not predetermined but depends on the response of social and political forces to the crisis (we call this a conjunctural crisis)

# Neoliberalism? The challenge of definition

- Cannot be easily defined; has become an epithet to characterize the current political / economic zeitgeist, an era marked by inequality.
- But it is a “thing”: history of self-identified neoliberals who emerged after the First World War who sought to create an international economic order based on the elimination of tariffs, open borders, extreme free market principles, and the erection of international institutions to manage global political and economic affairs.
- Neoliberal thinkers not always in agreement--sometimes contradict the policies behind the current neoliberal order.

# What is Neoliberalism?

- An economic and social theory that free markets, free trade, reduced or no regulations, and privatization of virtually every sphere of social and economic life, is the best way to structure society.
- Not *anti*-state but anti-regulation, anti-safety net, anti-protection for vulnerable. State is essential, i.e., to:
  - make public lands and resources available for private ownership and investment;
  - providing infrastructure (public funding)
  - bailouts for corporations resulting from risk
  - coercive force through police and military, to protect property, wage war to protect economic interests and police the globe, suppress strikes and protests that challenge status quo, and police its borders

# Key features of Neoliberalization

- Maximizing profits by driving down labor costs – through outsourcing, exploiting unprotected migrant labor, weakening trade unions, free trade policies.
- Dismantling the welfare state, deregulation, and eroding government protections for the most vulnerable through austerity measures, structural adjustment policies in the Global South
- Revolutionizing monetary and fiscal policies to promote unregulated, free market activity
- Financialization – shift toward finance as mode of accumulation rather than production
- Shrinking federal domestic spending & transferring burden of social spending to states and cities
- Expanding the national security state
- Dismantling democratic institutions, forms of popular power—like collective bargaining rights, voting rights







# UAW 2023 Strike Demands

## GM, Ford, Stellantis (owner of Chrysler)

\*\*\*40% wage increase and 32-hour-work week

\*\*\* Restore Cost-of-living-adjustments, or COLA

\*\*\*The return of defined benefit pensions (rather than 401K)

\*\*\* An end to the two-tiered wage system

\*\*\*Protections for workers as plants shift to electric vehicles (includes some form of compensation in the event of plant closures; unionizing workers in battery manufacturing plants, the right to strike over plant closures).

# Big Three Profits!!!

- Ford, GM and Stellantis. made at least one-quarter of a trillion dollars in profits over the past decade; over \$21 billion this year alone....
- General Motors CEO Mary Barra, the highest-paid chief executive among the Big Three, made nearly \$29 million in 2022.



# United Auto Workers (UAW), militant origins in Flint, Detroit, Grand Rapids, 1936-1937



# Treaty of Detroit (1950)

- Landmark contract negotiated by UAW leader Walter Reuther with the Big Three automakers.
- Institutionalized collective bargaining; tied wages and benefits to productivity; offered cost of living allowance, healthcare, vacation, pension benefits, but in exchange for five year no-strike pledge, bargaining rights over some issues (e.g., shopfloor control), and it limited rank and file power within the UAW.
- Secured industrial peace through consumerism—higher wages allowed auto workers to buy homes, enter “middle class”; but weakened workers control (e.g., determining the pace of work, assignment of tasks, technology, length of the working day). *Fortune* magazine called the Treaty and “affirmation . . . of the free enterprise system” and “GM may have paid a billion for peace . . . It got a bargain.”

# Differential Benefits, or Racial Capitalism at Work

- Black auto workers still subject to a segmented occupational structure in which they were concentrated in the worst and most difficult jobs
- Unlike white co-workers, Black workers faced other forms of discrimination, esp. in the housing market: i.e., obtaining mortgages, building equity as white workers were able to move to segregated suburbs outside Detroit, Flint, Pontiac, Grand Rapids, and the like.

# Dodge Revolutionary Union Movement

## \*Detroit rebellion of 1967

\*May 1968 walkout of the Dodge Main plant of 4,000 Black workers to protest assembly line speedup.

\*Strikes spread to other plants, leads to formation of the League of Revolutionary Black Workers

## Demands:

safer workplaces,

lower production demands,

an end to racist hiring practices

ultimate goal was freedom for *all* workers--and that meant in their view the end of capitalism.







- 1960, Flint, Michigan, had one of the highest per capita incomes in the United States.
- GM primary employer, workers earned strong wages and job protections thanks to union struggles, Treaty of Detroit, and postwar growth of the economy.

# Decline

- Outsourcing GM production to U.S. South and Global South – incentivized by free trade policies, cheaper labor, fewer regulations
- Flint offers tax cuts and other incentives to keep GM but outsourcing continues. Challenged by competition from Japan & Germany, Black labor militancy, and economic crisis of 1970s
- Between 1979 and 2010, Flint loses 87.5 percent of its manufacturing jobs.
- GM turns to finance: insurance, banking services, mortgages, home equity loans.

# Neoliberalism and Flint's Deepening Crisis

- Predatory lending and collapse of housing market devastated economy.
- Lost tax revenue deepened city's debt. Flint leaders turned to neoliberal policies of privatizing public assets in order to attract investment capital: selling public lands, raising water rates and privatizing water
- Downtown redevelopment schemes backed by public funds and more tax breaks.

# Liberalization Weakens UAW: Era of Give Backs

- Beginning 1990s, UAW began accepting a two-tiered wage system
- strike in 2007, UAW agreed to a four year freeze in base wages; result: 20% real drop in hourly wages
- 2008 and 2009, federal bailouts: \$81 billion under Bush, another 10 billion under Obama. \$51 billion for GM alone. Deal required 40% of the labor force (2<sup>nd</sup> tier) to take a 50% paycut (were making as little as \$15 an hour)
- Over next three years, GM made \$35 billion in North American profits, and paid almost no federal taxes.
- 2019 UAW struck three GM plants. Bad settlement: 3% base wage increases spread over four years; some bonuses; agreed to invest in plants they were about to close...



