**Week 3 Lectures Review:  
Social Wage & The “Other” Green Revolution**

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During Week 3, we were presented a discussion on “social wage” and its impacts on the war on poverty, monetarism and economic crises, and the emergence of neoliberal policy and “Reaganomics.”

Regarding the social wage, many progressive supporters like Martin Luther and Coretta King pushed for the implementation of social welfare through legislation. Specifically, the Kings supported the agenda proposed by “A Freedom Budget” and, correspondingly, led a sizeable feminist movement through the NWRO to implement a Guaranteed Annual Income (GAI) plan. The GAI plan serves to support those below the poverty line by providing a guaranteed annual income to those in need, removing the stigma behind jobs in childcare/housework, and significantly decreasing the cost of the previous bureaucratic welfare system (e.g., through replacing food stamps and separate free lunch lines with hard cash as stimulus). However, nearly all of these initiatives were shut down with the “war on poverty” due to the heavy resource consumption of the Vietnam War, broad support for government spending on the war, and legislation under the Nixon administration that did not effectively account for the cost of living and CPI differences between regions within the US.

Additionally, the concept of monetary policy introduced by Keynes’ ideas of macroeconomic policy, the Vietnam War, and economic policy contributed to stagflation and financial crises throughout history that enabled the rise of neoliberal government policy. The Vietnam War had drained 9.5% of GDP by 1971 and created a sizeable national debt. The enormous debt accumulated from the war, along with a run on gold, incentivized government economists (like Friedman, who ended up in the US National Treasury) to convert the US currency to a fiat currency. This allowed the US government to ease up on the money supply, which led to higher inflation and, in coordination with Nixon’s wage freezes and increase in interest rates, created higher unemployment during an economic recession that introduced the concept of “stagflation.” The economic downturn established an uneasy labor class and strikes across industries — the exact motivation neoliberalists needed to push for government regulation of organized labor.

Overall, these crises affecting major urban centers like NYC enabled banks and financial institutions to impose near-extortive principles of economic revitalization conditioned on increased freedoms and tax cuts/benefits for corporations. In NYC, this primarily benefitted the finance industry and created the regional specialization we’ve come to learn. Further congress legislation allowed for corporate lobbying through PACs and the inception of a set of economic principles favoring a free market and corporations under the name of “Reaganomics” (as a significant push for this legislation came from under the Reagan administration). The resulting rise in supply-side economics, tax cuts and subsidies for businesses, slashed welfare spending, and drastic increase in military expenditure established the precedent for the neoliberal world we observe today.