Corporate Welfare and American Economic Nationalism:
Analyzing the Welfare Disconnect in American Political Conservatism

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Abstract

This thesis examines the Welfare Disconnect in the political discourse of American conservatism, defined by an apparently widespread support for policies indicative of Corporate Welfare, while simultaneously exhibiting widespread opposition for Individual Welfare policies. While traditional approaches for analyzing this ideological duality stem from sociological and demographic arguments, this thesis contends such attempts are unconvincing, and instead applies theories from economic nationalism. Specifically, American Identity is in part defined by a cultural and ideological adherence to economic liberalism, which has in turn motivated conservative American politicians to frame the Welfare Disconnect in nationalistic terms.
Contents

Abstract .................................................................................................................................................. ii

Introduction ......................................................................................................................................... 1

Identifying the Welfare Disconnect .................................................................................................. 1

Methodology ........................................................................................................................................ 7

Chapter 1: Theoretical Framework .................................................................................................... 9

1.1 Defining Economic Nationalism ............................................................................................... 9

1.2 Economic Nationalism and the Welfare State ......................................................................... 10

1.3 American Economic Nationalism as Economic Liberalism ..................................................... 16

1.4 Defining Corporate Welfare in the Context of American Economic Nationalism ................. 22

Chapter 2: Case Studies ..................................................................................................................... 26

2.1 The Affordable Health Care Act as Individual Welfare ............................................................ 26

2.2 The Emergency Economic Stabilization Act as Corporate Welfare ....................................... 36

Chapter 3: Conclusion ....................................................................................................................... 43

3.1 Conceptual Reflections .............................................................................................................. 43

3.2 Empirical Summary .................................................................................................................... 44

Bibliography ........................................................................................................................................ 47
Introduction

Identifying the Welfare Disconnect

In recent years, conservative American political and media discourse have increasingly targeted the question of whether national welfare programs remain both economically feasible and socially normative. In the wake of the 2008 Financial Crises has come a renewed public interest in the economic justifications for such large and expensive welfare programs for low income Americans. Additionally, a revival of libertarian conservatism following the 2010 Congressional elections has sparked a parallel renewed debate over the political morality of such redistributive public expenditures. The coupling of these patterns has helped to produce a largely uniform narrative in American conservative political rhetoric that frames federal and state welfare programs as being in dire need of reform, if not abandonment altogether.

But some observers of this increased public hostility toward national welfare programs have pointed out an inconsistency in the philosophical arguments often put forward in opposition to American welfare programs. Namely, while conservative opponents often claim that such policies are economically unsustainable and run counter to American economic values concerning fairness and competitiveness, and moral hazard, there is little corresponding application of these arguments against corporate beneficiaries of government welfare. Corporate Welfare is thus a term used to define various government policies that relocate and redistribute economic and political resources from the public to corporate actors within society. Examples of Corporate Welfare could include tax breaks by state and local governments, direct subsidies for
entire economic sectors, and government “bail outs” of specific firms or industries. Because the mechanism by which *individual welfare* recipients and *corporate welfare* recipients obtain public resources is the same: through government redistribution, many claim there is no reason to conceptually differentiate between the two processes; it is simply a difference in the *type* of welfare benefactor – an individual citizen versus an individual corporation. Earlier work by Paulette Olson and Dell Champlin have identified this contradictory acceptance and support of Corporate Welfare in the face of increasing opposition to Individual Welfare as representing a larger *dual structure* of the American welfare state. They demonstrate how popular media and political representations of Individual Welfare are often accompanied by broad endorsement and support for Corporate Welfare\(^1\).

But if such a dualistic system of acceptance of the American welfare state exists, how can we account for its rise and sustenance? Indeed, widespread popular opposition to social welfare spending in the United States is a rather recent phenomenon; the US has a long history of public support for the welfare state. Starting in the nineteen thirties under the Presidency of Franklin D. Roosevelt, the American government has progressively and systematically implemented many federal and state level welfare programs over the course of the 20\(^{th}\) century. Furthermore, the widespread reduction of income inequality and increase in economic growth observed in western societies during the three decades after the Second World War are often attributed, in part, to the rise of welfarism in those states. Insofar as these economic progressions were truly a function of welfare statism, for what reasons has American public acceptance of welfare spending become so bifurcated?

To be sure, many have noted a decline in the welfare state starting in the last quarter of the 20th century. The slowing of global economic growth corresponded with a large wave of economic liberalism which installed itself in the political institutions of traditionally large welfare states like the United Kingdom and the United States. For the latter, this was most certainly manifested by the presidency of Ronald Reagan, whose vocal opposition to traditional individual welfare spending was founded upon notions that it hindered both individual responsibility and economic growth\(^2\). However, while the changing tides of fashionable economic theory among policy makers (especially conservative ones) may be enough to explain a change in public opinion concerning Individual Welfare by itself, we are still left with the question of why a corresponding acceptance, or at least ambivalence, towards Corporate Welfare accompanied this change. Indeed, the theoretical basis of economic liberalism prescribes no role for government redistribution of economic resources to any individual economic agent, whether they be individual or corporate.

While there have been limited attempts to explain such an explicit welfare dualism, there have been plenty at explaining why such widespread opposition to Individual Welfare pervades popular media and political rhetoric, especially when those institutions reflect a broader conservative ideology. But many of these approaches have done so in the context of American sociological demographics, correlating public opposition to American welfare to societal vestiges of racism and xenophobia. Popular notions of the Welfare Queen are usually linked to images of African American or Hispanic American women, often single or unmarried, and

intentionally motivated to fraudulently receive welfare benefits from the state at the tax payer’s expense\textsuperscript{3}.

Indeed, there has been much analysis of how both immigration and ethnic and racial cleavages within society can fuel political opposition to long held societal acceptance to welfare regimes, especially when there is a pervasive public perception that racial and ethnic minorities receive a disproportionate share of welfare benefits while simultaneously paying little into them by way of tax revenue. Such \textit{Welfare Chauvinism}\textsuperscript{5} can thus often provoke popular media and political discourse that is critical of current welfare regimes\textsuperscript{6}. But these analyses are usually representative of societies that have experienced a relatively recent demographic shift in the percentage of native born (or ethnically native) versus the percentage of immigrants and/or ethnic minorities. Such is the case in many Western European nations wherein most of these theories have been applied, but less so the case of the United States. Furthermore, much of the professed opposition to Individual Welfare programs in these contexts is limited to its inclusion of perceived \textit{non-natives}. As such, opposition to welfare regimes motivated by Welfare Chauvinism do not constitute an opposition to the welfare state in principal, but rather the scope and scale of its application in society. Consequently, this is not at all applicable to the Welfare Disconnect in the United States, where much of the opposition to Individual Welfare, although possibly motivated in part by racial and ethnic social conflict, is nonetheless systematic and pervasive in its condemnation, advocating not a reclassification of welfare eligibility along

\begin{itemize}
  \item \textsuperscript{5} Van der Waal, Jeroen et. al. "'Some are More Equal Than Others.' Economic Egalitarianism and Welfare Chauvinism in the Netherlands." \textit{Journal of European Social Policy} 20: 350-363. (2010).
\end{itemize}
native, non-native status, but rather a major deconstruction, if not complete elimination of it altogether.

Others have pointed to an increasing association between poverty and immorality by the public and the media. Not unrelated to theories of welfare acceptance and racial tensions, this classist lens applied to public opposition to Individual Welfare has cited widespread depictions in the media of poverty being more an outcome of personal choice and habit and less so an outcome of chance and circumstance. Consequently, a normative analysis of welfare programs, which predominantly aide lower income citizens, becomes charged with a moral consideration; welfare can become framed as an unwarranted charity instead of an economic mobilizer for the underprivileged. Furthermore, taking such sociological approaches toward explaining Individual Welfare opposition by American conservative says little about the corresponding lack (if not acceptance) of Corporate Welfare. How can we incorporate notions of race, ethnicity, and class into an explanation for the larger Welfare Disconnect?

Admittedly, here is where such arguments fall short. In their original analysis in identifying the dual structure of welfare in American society, Olson and Champlin did attempt, albeit weakly, to integrate sociological arguments into their explanation for public acceptance of Corporate Welfare. They claim that embedded in perceptions of the economy as a whole is an implicit duality between a ‘productive’ sector that is paid and takes place in the visible market (corporations, entrepreneurs, etc.) and an ‘unproductive’ one which is unpaid and largely invisible (homemakers, family care, etc.). This duality, which was previously demonstrated as

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7 Champlin, Dell, and Janet Knoedler. "American Prosperity and the "Race to the Bottom:" Why won't the Media ask the right questions?" Journal of Economic Issues 42: 133-151 (March 2008)
8 Trice, Rakuya, and Rosalee Clawson. "Poverty as We Know It: Media Portrayals of the Poor." The Public Opinion Quarterly 64: 53-64 (Spring 2000).
being highly gendered and raced\textsuperscript{10}, is said to be simply extrapolated into public perceptions about the corresponding ‘sectors’ of Corporate and Individual Welfare. Because Individual Welfare is then associated with impoverished, unproductive, and invisible women and minorities, it is assigned less social value than corporations, which in contrast are efficient, white and masculine, and represent the primary engines of the American economy\textsuperscript{11}.

But this explanation seems too matter of fact, and altogether unconvincing. It is certainly convenient to expand the sociological arguments put forth to explain widespread opposition to Individual Welfare into the corresponding acceptance of its corporate counterpart. But the nature of corporations does not lend itself to such sociological stratifications. American corporations are comprised of many people, both men and women, and from different racial and ethnic backgrounds, and of course comprised of individuals spanning the political spectrum. While the close association between white male socioeconomic privilege and corporate power is well documented in American history, it is far from clear that such demographic patterns still hold true today. The steady rise of racial and gender equality over the last half century has done well to erode much of the sectorial labor discrimination seen in American history. To be sure, there is still much racism and sexism in the United States today and much of that is still seen in the disproportionate underrepresentation of women and minorities in corporate leadership positions, but there is scant evidence to believe it is still socially systemic in nature, and pervasive enough to sufficiently explain the current Welfare Disconnect.


As such, the explanations so far given for the American Welfare Disconnect are incomplete. But by expanding the sociological argument and paring it with a broader analysis of historical and modern American economic culture, I will attempt to frame the question of the American conservative Welfare Disconnect within the concept of economic nationalism. Specifically, I will argue that American nationalism, as defined by conservatives, is in part motivated by an adherence to a distinct brand of neo-liberal economic theory; one defined by both an economic and social commitment to free market capitalism wherein corporations are largely represented as the primary (if not sole) vessels of national economic growth, and as such, are deserving of redistributed national resources. Conversely, this American economic national identity holds that traditional individual welfare programs run counter to national growth and moral values and are representative of economic systems that are fundamentally opposed to American national identity. I will thus attempt to demonstrate that the American conservative Welfare Disconnect is reflective of underlying economic nationalistic identities that shape perceptions of normative American social welfare policy.

**Methodology**

The most direct way to demonstrate that nationalist motivations underline an endorsement of the Welfare Disconnect will be to analyze the political discourse of those policymakers who profess to be both conservative and demonstrably oppose cases of American Individual Welfare legislation and those who support cases of American Corporate Welfare legislation. By examining the reasons and rationale for their respective votes, we will be able to determine if such rhetoric becomes indicative of a specific form of American economic nationalism, defined by this author as a commitment to economic liberalism.
While the gamut of American political discourse no doubt extends beyond the political sphere, including pundits, lobbyists, celebrities, etc. I will limit my analysis to the official political class, defined by governors, senators, congressmen and congresswomen, and bureaucratic officials who represent a conservative administration.

Given the bipolarity of the American political system, I shall observe every Republican politician as representing a conservative politician. While individual politicians may well have political opinions that stretch the political spectrum, there is simply no way to systematically account for these differences in the absence of a third American political party.
Chapter 1: Theoretical Framework

1.1 Defining Economic Nationalism

The conceptual history of economic nationalism has been largely defined by both ambiguity and contradiction. The first systematic use of the term in the 20th century was almost exclusively in the context of critiquing economic policies associated with it. With the successful entrenchment of economic liberalism in western societies came attempts to (re)define economic nationalism as everything opposing the liberal order of the day. By largely focusing on the works of Fredriech List, opponents claimed to have distilled the core of economic nationalism as mere protectionism, and consequently invoked the term as a condemnation of any economic policy or philosophy that was perceived as running counter to free trade and free markets. From the modern vantage point of a global liberal economic order, many have characterized economic nationalism as an extinct and largely discredited philosophy.

Recently, however, there have been many attempts to challenge this rather simplistic and altogether vague definition of economic nationalism. By refocusing and reemphasizing the nationalist aspect of the term, scholars have demonstrated that economic nationalism can be a much more encompassing and dynamic concept than previously thought. Indeed, a close examination of Listian economic philosophy reveals that the primary disagreement between Fredriech List and his liberal contemporaries was not based in specific policy prescriptions, but rather based in broader conceptual ones. Specifically, List critiqued liberalism with what he

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14 Ibid.
15 Ibid.
called a focus on “boundless cosmopolitanism” where economic welfare for humanity ‘as a whole’ took precedence over national considerations. Instead of advocating policies that, on average, benefited the global economy, List narrowed the scope of economic policies to the national level. From this perspective of nationalistic motivation, many different types of economic policies can emerge. Because the spectrum of national identities is so varied and fluid among nations, we should expect a similarly varied spectrum for national preferences in terms of economic policy outcomes. As such, it may very well be the case that specifically liberal economic policy prescriptions can be motivated wholly or in part, by nationalist sentiments. This broader and more specific understanding of economic nationalism opens up many possibilities for applying economic nationalism theory to modern economic policies and institutions, especially when such a lens has long been avoided due to these historical theoretical inconsistencies.

1.2 Economic Nationalism and the Welfare State

But what is the scope of liberal economic policy formulation as a function of economic nationalism? The ways in which such economic policies are shaped by nationalist motivations are indeed numerous and subject to much academic analysis. With the above-mentioned (re)emphasis on how national identity and national motivation dictate desired economic outcomes, economic nationalism theory has been applied to an extensive range of specific economic policies. Not least among these is the broad set of social and economic policies commonly referred to as state welfare programs. Thus economic nationalism in the context of the

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16 Ibid.
welfare state seeks to identify how nationalist identities influence the adoption or rejection of economic welfare policies.

The modern welfare state, with its commitment to a permanent redistribution of internal national resources, is remarkably reflective of a national-level focus in the Listian tradition. By nature of its redistributive policies and progressive taxation structures, welfare states seek to minimize the level of economic inequality for the communities within their borders while simultaneously maximizing the level of economic welfare for every member therein. Indeed, earlier scholars recognized this close association between modern welfare states and classical economic nationalism, prompting some to assert their inherent incompatibility with the emerging global liberal order. It was claimed that welfare states might be theoretically incentivized to promote protectionist and autarkist policies, encouraging a net de-integration in global trade and commerce by virtue of their normatively nationalist focus. But over the last quarter of a century, the world has seen both a rise in welfare states and an increase in global economic integration. As such, it would be hard to claim that welfare states are fundamentally incompatible with the implementation of economic liberalism at the state level.

Such clear correlations have prompted a reevaluation of the welfare state in terms of liberal economic nature and relationship to nationalism. In more recent times, some have claimed that modern liberal welfare states actually require a strong nationalistic foundation for their implementation and sustenance. The “Liberal Nationalism” school describes the modern liberal order of welfare states as largely being motivated by nationalist sentiments. Proponents of this

view point to the fact that the democratic institutions long associated with promoting liberalism over the past few centuries are founded upon (and perpetuated by) some sort of social cohesion. Insofar as nationalist sentiments provide this primary ‘social glue’ for a state-wide identity and community among the populace, it allows for a sympathetic justification for social and economic redistribution policies that would otherwise be lacking without it\(^{19}\). The mechanism by which nationalism promotes this sympathy comes from the perception that co-nationals are *trustworthy beneficiaries* of economic resources, who will use them responsibly and remain committed to reciprocating such sympathy to the nation as a whole\(^{20,21}\). Nationhood also serves to generate feelings of shared interests, regardless of differences in other social measures like class or income\(^{22}\), thereby bypassing, or at least minimizing, secular economic self interest among individuals in favor of a greater national one. In other words, nationalism fosters a sense of community strong enough to generate mutual trust among individuals to justify a nation-wide sharing of economic resources. Co-national beneficiaries of national resources such as welfare are perceived as an economic investment, rather than an economic cost.

The idea that a strong sense of nationalism promotes a higher demand for welfare policies in a particular state is neither unintuitive nor without evidence. The definition of what constitutes a distinct nation is far from clear, but one of the most wide-spread indicators *expressed* of national identity is ethnic homogeneity. Ethnic homogeneity has long been correlated with a higher demand for welfare policies and other liberal economic institutions. Development economists have often cited a high degree of ethnic heterogeneity and subsequent tribal conflict

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20 Ibid.
as a major factor for both slow economic growth and poor social institutions in the developing world\textsuperscript{23}. In multi-ethnic developed countries like the United States, researchers have found a negative correlation between public welfare spending and the degree of racial diversity in specific states and cities\textsuperscript{24}, and even half the difference between social spending in the US and European countries is claimed to be explained by differences in ethnic homogeneity\textsuperscript{25}.

Of course implicit in some of these conceptions is a rather murky interchangeability between the terms state and nation. While one may be tempted to use the terms interchangeably, states and nations nonetheless rarely align geographically. Most states encompass more than one nation, and many nations extend beyond the borders of a single state. Indeed, less than 4 percent of modern states are circumscribed completely within a distinct nation\textsuperscript{26}. Welfare states are therefore more likely to be comprised of many sub-state nations. The ways in which these nations interact to form welfare policies is of course dependent upon many sociological, historical, political and other specificities.

In states whose nations’ aggregate preferences for a certain degree of welfare align, a single, state-wide welfare policy can be produced and implemented. But in states where nations form different expectations over state resource redistribution, the result may be that sub-state national interests compete and fracture geo-politically, resulting in various degrees of welfare along national and/or sub-state political frontiers. Such differences can achieve broader geopolitical goals like sub-state economic independence for nations confined to a particular province.

or region and are economically disadvantaged under current welfare regimes\textsuperscript{27}. Additionally, nations can formulate different demands for welfare as a tool for trans-national economic integration where part of the nation resides in a different state altogether. In recent years, the Hungarian government has expanded the welfare eligibility for ethnic Hungarians living outside the state’s borders in the Transylvania region of Romania in an attempt to reincorporate a larger, more unified Hungarian nation and erode the political borders that have separated it since the imposed Treaty of Trianon\textsuperscript{28}. But while national motivations for establishing different levels of welfare can extend outside the state, they can also be focused on reinforcing a distinct national identity within a multi-national state. Daniel Béland and André Lecours have expanded this conception to show how specific sub-state national welfare policies can reflect national values and national identities\textsuperscript{29}. In their case study on welfare policy in Quebec, the authors demonstrate how differences in a sub-state national demand for the amount (and structure) of welfare programs can help to reinforce, and even redefine, national identities. In the case of Quebec, differences in preferences for social welfare policy helped to solidify notions of Quebecois national identity; creating and then promoting the idea that Quebecois intrinsically place a higher moral value on social and economic equality than the rest of Canada\textsuperscript{30}.

But the ability of nations like the Quebecois and the Hungarian Transylvanians to achieve such welfare autonomy from their home states is surely dependent upon the fact that their nation (at least in part) is geographically condensed into a corresponding sub-state political unit. The province of Quebec more or less encapsulates the Quebecois nation and the ethnic Hungarian

\textsuperscript{28} Fox, Jon E.. "From national inclusion to economic exclusion: ethnic Hungarian labour migration to Hungary." \textit{Nations and Nationalism} 13: 77-96 (2007)
\textsuperscript{30} Ibid.
minority population in Romania is almost exclusively confined to Transylvania. When national and geo-political boundaries align as such, it becomes relatively easy to reassign and restructure the institutional processes that are responsible for welfare policy implementation. Government ministries that oversee taxation, education, healthcare, pensions, and all the other subsidiary agencies that commonly define welfarism are reorganized into the corresponding geo-political unit. So what happens when sub-state nations do not occupy political space in the same capacity? In multi-national welfare states whose nations who do not share the same demand for welfare policy, and are not geo-politically separated, there is no feasible mechanism to circumscribe different welfare regimes within national boundaries, and as such state-level welfare policies will be reflective of the preferences of the politically dominant sub-state nation.

Perhaps the most representative states for this specific situation are Canada and the United States. Both Canada and the US are comprised of numerous nationalities, stemming not only from the remaining original Native American nations in existence before French and English colonialization, but also from waves of Old World immigration en masse during the 19th and 20th centuries. As consequence, Canada and the US represent the 1st and 5th most culturally and ethnically diverse states in the world by population, respectively. In addition, and perhaps unsurprisingly, both states are indicative of a political climate that has been systemically divided in support of a unified state-level welfare policy. In the case of Canada, as we have already seen, the biggest cleavage for such support was divided between the French-Canadian Quebecois and the rest of Anglo-Canada. With the independence of Quebec welfare policy has come a relatively

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pervasive acceptance of the Canadian welfare state\textsuperscript{32}. The reason for this acceptance, according to Richard Johnston and colleagues, has been due to the establishment of allegiance among Canadians to a state-centered surrogate for nationalism, which has focused not on traditional measures of nationalism like ethnicity, race, religion, language, etc., but rather on a patriotic allegiance to the Canadian state and its secular, democratic institutions and way of life. This ‘post-national’ nationalism has sometimes been referred to as \textit{Civic Nationalism}, or \textit{Constructed Patriotism}, wherein the sense of community and identity previously attributed to the nation is replaced by the state\textsuperscript{33}. Johnston and colleagues argue that such a phenomenon (which they still define as nationalism) is responsible for overcoming ethnic and cultural differences among the Canadian population, which in turn has generated wide-spread support for the democratic values associated with Canadian welfare policy.

\textbf{1.3 American Economic Nationalism as Economic Liberalism}

Any discussion about national identity in the context of such a multinational state as the United States should be approached with caution and an understanding for a degree of generalization. Over the course of American history, popular perceptions about what constitutes a unique American identity have been considerably fluid as successive immigration and territorial expansion changed the proportion and concentration of different nations residing in the United States. As these nations occupied different spheres of political and economic influence over time, so too did they in turn dissipate their national values, cultures, and ways of life into the broader proverbial \textit{melting pot} of American national identity. But while there may have been


\textsuperscript{33} Ibid.
more and more national identities added to the mix over time, there was certainly no fusion, so to speak, that resulted in a clear, uniform, and altogether endemic American national identity.

Still, it may be possible to identify some aspects of an American national identity that have seemingly remained as permanent features, transcending traditional national differences such as religion, ethnicity, language, etc. This is especially true if we take the liberty of broadening the concept of national identity to include state-level, ideological commitments to institutions and philosophies as in the case of Canada identified above. In this light, some scholars have attempted to define American nationalism as being intrinsically connected with support for a distinct economic or political culture, which is not only reflected in state institutions and policies, but also in how Americans perceive themselves in relation to other nations and states, thus defining American identity. Specifically, this definition of American nationalism claims to be evidenced by an adherence to political and economic liberalism.

One of the more recent demonstrations of this conception has emerged with Lizabeth Cohen and her description of post-war America as a Consumer’s Republic, represented by a pervasive culture of consumer capitalism and an almost morally motivated embrace of free markets and economic liberalism in American society. The unprecedented rise in consumption expenditure as a proportion of the aggregate American economy in the decades following the Second World War combined with the corresponding and sustained increase in economic growth it caused may have helped foster a new shade of American national identity, one which championed consumer capitalism as a sort of surrogate for government-led welfarism. Mass consumption came to be seen not just as a powerful economic engine which promised to propel

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the American economy out of the war time recession, but also as a natural social equalizer. To
the extent that the middle and lower classes of American society stood to benefit the most from
decreasing price levels for basic household goods as a function of economies of scale through
mass production, mass consumption served in some ways to help decrease social and economic
inequality. As such, the ideology of economic liberalism, here embodied as mass consumerism,
may have adopted a moral undertone within American society, which in turn helped to
internalize it as an aspect of American national identity. If such a system was good for citizens of
all classes and good for business as well, then the entire circular system of the consumerist
economy was a benevolent force for the American nation; its merits were thus elevated to the
level of the nation as a whole. Furthermore, such a system was at that time still largely endemic
to the United States. The fact that the invention of consumerist economic liberalism was
distinctly American, perhaps added to the perception that such a system reflected deeper notions
about what constituted a unique American way of life.

To be sure, such a narrative was not altogether in line with reality, especially when we
empirically examine the socioeconomic effects along sub-state national borders. More directly
stated, the social and economic benefits of consumerist economic liberalism were not equally
enjoyed by African Americans and Hispanic Americans, among other ethno-national minorities,
as they were by white Americans. Cohen describes at length how much of the Consumer’s
Republic, especially in the sector of home ownership, was largely motivated by an attempt at
sub-state national economic and geographic segregation. More simply described as white flight,
much of the process of suburbanization stemmed from an attempt by urban white Americans to

35 Ibid.
36 Ibid.
37 Ibid.
distance themselves, both economically and spatially, from other urban ethnic minorities. During a time of legal racial segregation, it was not at all difficult for such national communities to install a network of racially exclusive zones throughout the country, utilizing the gains in income and purchasing power brought about by consumerism to accelerate existing racial and other sub-state national cleavages. Similarly, such networks helped to limit the extent to which other minority national groups, like blacks, enjoyed the economic ‘fruits’ of the Consumer’s Republic. Consequently, the perception that economic liberalism in terms of American consumer capitalism was from the start, ubiquitously embraced by the American public as a mechanism for both social and economic advancement is clearly incorrect. As such, perceptions of a broader American commitment to economic liberalism as an aspect of national identity have subsequently been heavily concentrated within the sub-state nation of white America. From this conception, we can envision support for American as economic liberalism economic nationalism.

Additionally, insofar as consumer capitalism was perceived as a proxy for traditional government welfare spending by its positive social externalities, there may have been an incipient emergence of the Welfare Disconnect in American society. If the distinctly American brand of consumerist economic liberalism worked just as well, if not better, at stimulating the economy than the traditional process of government welfare expenditures seen in the decades prior to the Second World War, then perhaps the notion of an American economic identity began to emerge into a dualistic narrative: American consumerism works and does well for both

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38 Ibid.
39 The primary mechanism by which other non-white sub-state nations were limited in their capacity to equally capture the economic gains generated by the rapid economic growth during the mid-twentieth century in the US was due to social and political barriers represented by lack of legal protections for employment and wage discrimination.
economic growth and social equality, rendering government-led initiatives to do the same both obsolete and inefficient.

Both of these ideas have been recently developed by Anatol Lieven in his book: *America: Right or Wrong: An anatomy of American Nationalism*. In it, Lieven frames modern American nationalism as being a manifestation of the conservative political right, defined by both an incipient militaristic form of patriotism and a commitment to “radical free-market capitalism”\(^{40}\). Lieven contends that so much has the rhetoric of American nationalism been confined to the right political spectrum, and so much has the party traditionally representing the American right, the Republican Party, come to vocalize every issue in stark nationalist terms, it has come to effectively represent the *American Nationalist Party*\(^{41}\). The former has emerged in the wake of the 2001 September 11\(^\text{th}\) attacks, which, under the presidency of George W. Bush, served to symbolize the beginning of a larger war of ideologies. Not limited to a handful of Islamist groups in the near and middle east, the new *War on Terror*\(^{42}\) claimed to be global in scale, pitting the forces of ‘evil’ against the forces of ‘good’. This was perhaps most clearly demonstrated by then President Bush’s identification of an “Axis of Evil”, which included the sovereign states of Iran, Iraq, and North Korea – none of which had any claim of being involved with the September 11\(^\text{th}\) attacks. Beyond this bellicose ideological transformation in how the American right has come to frame international relations, Lieven also defines modern American nationalism as representing a fanatical embrace of economic liberalism\(^{43}\). In part, Leiven attributes this phenomenon to a


\(^{41}\) Ibid.

\(^{42}\) A term first used by Republican President Ronald Reagan in 1984 in an effort to rally support for a bill authorize the US government to freeze financial assets of suspected terrorists, it was famously re-invoked by President George Bush in September of 2001, originally phrased as “This Crusade”. Some have claimed that the use of the words ‘war’ and ‘crusade’ reflect a deeper nationalist conviction.

\(^{43}\) Ibid.
widespread nostalgia among modern American conservatives for a time of greater economic growth and stability. With respect to the American ‘golden age’ of economic growth witnessed during Cohen’s Consumer’s Republic, white Americans disproportionally enjoyed most of the gains in economic and social upward mobility, which from their point of view, came to represent a sort of *moral economy* wherein hard work and determination directly translated into socioeconomic success⁴⁴.

One of the defining characteristics of the American economy over the last quarter of the 20th century has been a stagnation of middle and lower income wages, undermining the historical socioeconomic gains associated with the American consumerist economy. Furthermore, much progress has been made in way of social and political equality for other non-white sub-state nationalities since the height of the Consumer’s Republic. As such, Leiven claims that ethnic and racial groups representing the nation of White America⁴⁵ have seen the biggest ‘decrease’ in economic and social power relative to other American sub-state national groups. This in turn has helped to concentrate white American political support for the Republican Party, which counts 89% of its registered voters as self-identified non-Hispanic whites⁴⁶. This point is further adduced when one considers the fact that non-Hispanic whites only constitute 65% of the entire US population⁴⁷. Consequently, modern American conservatism, underlined by concentrated nationalist sentiments, has come to advocate for economic and social policies (not to say culture) more reflective of those in the decades of the Consumer’s Republic. Specifically, this has once

⁴⁵ Defined by Lieven as both Americans who have European ancestry, as well as those who have self identified as Protestant Christian – a germane indistinction for his analysis of American nationalism in terms of foreign policy and international relations, but perhaps too compounded for my analysis concerning the Welfare Disconnect.
again taken the form of advocating economic liberalism as a surrogate for government policy when it comes to economic growth and prosperity. It is from this framework in equating the modern American political right with representing an American nationalism defined in part by an embrace of economic liberalism, that I make the claim of a Welfare Disconnect. Corporate Welfare policy is framed as being sometimes necessary for maintaining free market capitalism, while Individual Welfare is often framed as running counter to American national identity defined in these terms.

From this analysis of American nationalism founded in part on a commitment to economic liberalism, and being highly concentrated and motivated by white conservatives, I move on to analyzing how this national identity formulates into the political rhetoric expressed by these actors. By examining case studies of recent legislation representing Individual Welfare and Corporate Welfare, I hope to highlight how the Welfare Disconnect plays out in American conservative rhetoric. But first, it may be necessary to elaborate on the concept of Corporate Welfare, being as it is, a relatively recent and altogether controversial term to use in an academic analysis.

**1.4 Defining Corporate Welfare in the Context of American Economic Nationalism**

By far, the most controversial aspect of this paper will be the decision to work within the framework of equating the concept of traditional Individual Welfare with the still largely political and sensational term, Corporate Welfare. To be sure, some scholars have already begun to use the term as an academic and mechanically accurate description of what many political and social scientists see as a growing acquiescence to corporate interests within modern American
public policy. The term Corporate Welfare is thus often invoked to qualify this perception. As referenced above, Paulette Olson and Dell Champlin utilize the term to examine broader social perceptions concerning the nature of American welfare policy. It is in this capacity that I wish to use the term. By expanding the analysis of Olson and Champlin’s ‘dual structure of welfare’, into the realm of economic nationalism, I hope to shed light on how pro-business policies which increase corporate access to political and economic rights are in fact rhetorically endorsed by the American right as being not just good for businesses, not just good for ‘the economy’, but good for the American nation as a whole; insofar that the American political right rhetorically endorses the Welfare Disconnect, it may be reflective of nationalism by way of its ethno-national nature.

However, it should be mentioned that academic use of the term Corporate Welfare is not limited to analyzing some aspect of the Welfare Disconnect, and as such, is not so narrow and fringe a concept as one might think. Authors like Doug Bandow have defined any government economic subsidies to corporate and business actors as Corporate Welfare in an attempt to demonstrate how political acquiescence to special interest and lobbying has resulted in an ‘unconstitutional’ form of resource redistribution, that not only limits economic competition, but also redirects public tax dollars to wasteful subsidies totaling $75 billion (then accounting for half of the total US budget deficit). James Bovard similarly defines Corporate Welfare in these terms to argue that contrary to the professed efficiency and economic gains that such corporate subsidy programs are often politically justified, many often fail or become unprofitable despite

49 See above: American Economic Nationalism and Economic Liberalism.
direct government help\textsuperscript{51}. Consequently, the concept of Corporate Welfare has been used to advance several different arguments, and it may be becoming increasingly relevant in analyzing American socioeconomic phenomena.

Over the last few years, the perception that corporate actors are gaining unprecedented political access and influence in determining public policy has been verified in a number of ways. A recent 20 year study by Martin Gilens and Benjamin Page analyzing American public policy outcomes and the degree to which they reflect varying class interests have concluded that individual citizens belonging to the ‘Economic Elite’ as well as lobbying corporations belonging to ‘Business-oriented Interest Groups’ by far have greater success in implementing public policy that reflects their interests than do normal citizens or even civic interest groups\textsuperscript{52}. The study examined 1,779 specific public policy issues and for each, examined the professed approval or disapproval for each above-mentioned group. The business and individual elites enjoyed a statistically significant higher proportion of having their approved policies adopted into law\textsuperscript{53}. This study represented the first attempt to quantify the extent to which corporate interests have fundamentally challenged the ability of the public to enact laws reflective of their interest.

Still, the term Corporate Welfare has not yet pervasively reached the academic and political lexicon. The primary reason for this, as mentioned, stems from its still largely politically-loaded connotation, arising primarily from the political left to counter conservative arguments against Individual Welfare spending by attempting to conceptualize a corporate corollary for such programs. However, another important reason for why there has been


\textsuperscript{53} Ibid.
hesitancy to accept the concept of corporate welfare is seen in the degree to which Corporate Welfare and Individual Welfare programs are visible by the rest of society\textsuperscript{54}. Because individual welfare often takes the form of direct monetary transfers (via welfare checks, food stamps, disability payments, unemployment compensation, etc.), it provides a more tangible feeling of wealth redistribution, which can incite greater public criticism. Corporate welfare, by contrast, often takes the form of tax reduction or de-regulation, which do not constitute explicit transfers of income. Although a tax credit for a corporation and a welfare check for an individual of the same amount equate to an identical fiscal shortfall for the federal (or state) government, the more immaterial and hidden nature of corporate welfare helps to mask the degree to which it equates to individual welfare\textsuperscript{55}. Furthermore, direct comparison of cost to taxpayers is blurred by the nature of corporate welfare. Because individual welfare programs are part of federal and state budgets, their net costs are publically available to society, which is able to then accurately determine if the perceived benefits outweigh the monetary costs. But because corporate welfare programs are rarely budgeted as specific programs, there is no such mechanism to evaluate the net cost to society, let alone conduct a similar cost-benefit analysis.


\textsuperscript{55} Ibid.
Chapter 2: Case Studies

2.1 The Affordable Health Care Act as Individual Welfare

The choice for analyzing American conservative political rhetoric as American economic nationalism in relation to The 2010 Patient Protection and Affordable Health Care Act, henceforth referred to as Obamacare\textsuperscript{56}, is compelling for several reasons. First, it represents the single biggest increase in federal Individual Welfare legislation enacted into US law since the Economic Opportunity Act of 1964, when then President Lyndon B. Johnson launched his War on Poverty by instituting sweeping reforms aimed at subsidizing education, employment, housing, and access to financial credit for low income American citizens. During the next 46 years, only one additional federal welfare law was passed. The 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) was a welfare reform law, aiming to scale back the welfare state in terms of its assistance to individuals without employment. Motivated by the Republican Party’s 1994 manifesto, Contract with America, the reform sought to eliminate indefinite reliance on federal financial assistance. Consequently, specific existing welfare programs like Aid to Families with Dependent Children (AFDC), which was originally installed in 1935 under President Roosevelt, were replaced by similar programs that included expiratory limitations such as Temporary Assistance to Needy Families (TANF). The adoption of PRWORA provided a good insight into the ways in which modern conservative American politicians, via the Republican Party, had come to perceive the concept of Individual Welfare

\textsuperscript{56} Attempting to avoid the politically charged title of The Patient Protection and Affordable Health Care Act, I opt to use the popular term Obamacare. Originally used exclusively by opponents in an effort to undermine support for the proposed legislation introduced by President Barack Obama, it has hence been accepted and used by both the Obama administration and other proponents. As such, while the term is still colloquial and carries with it a degree of sensationalism, it nonetheless seems appropriate in the context of analyzing anti-Individual Welfare rhetoric by the American political right.
over the last four decades since the last expansion of the American welfare state. The previous Reagan Presidency had already helped to refocus a Republican critique of Individual Welfare in terms of being financially bloated, wasteful, and prone to fraud. Reagan’s 1976 presidential campaign introduced the concept of the Welfare Queen into American public vernacular, which personified the perceived abuses in the existing system. As mentioned above, such a term also began to frame Individual Welfare recipients (especially those who committed welfare fraud) along racial and gender lines\(^57\)\(^58\).

Furthermore, authors like Charles Murray began to (re)apply a nationalist argument against the American welfare state, espousing a moral concern for the nation as a whole. In his 1984 book, *Losing Ground*, Murray argued that Individual Welfare programs in the United States had begun to foster a culture of dependency\(^59\). Framing the welfare debate in economic terms, he demonstrated how welfare recipients often face a disincentive to work for wages when they could indefinitely rely upon government entitlement payments. Because the majority of welfare beneficiaries occupied the lowest economic classes in American society, their corresponding low levels of education and technical skills all but priced them out of high wage employment. When then faced with the choice of working in low skill and low income jobs or remaining unemployed and receiving welfare payments, individuals face a moral hazard to choose the latter\(^60\). A conservative political climate critical of the welfare state in terms of both nationalism and economic morality helped to implement a welfare reform law aimed at reducing the American welfare state. Obamacare thus represents a stark reversal in the contractionary


\(^{60}\) Ibid.
direction American Individual Welfare was headed. Insofar that modern American conservative politicians still perceive Individual Welfare in these moral and economic terms, we should expect a high degree of economic nationalist appeal in their opposition to Obamacare.

Secondly, Obamacare has easily represented the most legally contested piece of federal legislation in modern American history. In addition to a long and ugly debate leading up to the eventual senate approval, there have been persistent and pervasive legal attempts by Republican opponents at repealing the law in the four years following its adoption. As of March 2014, the Republican-controlled House of Representatives has introduced no less than 50 bills which aim to repeal, either in total or in part, the Obamacare legislation. With names like “Suspending the Individual Mandate Penalty Law Equals Fairness Act”, it is clear that Republican opposition to the law is systemic and permanent in nature, not at all reflective of the ‘normal’ process associated with accepting adopted law and moving on to the next order of business.

Additionally, a handful of state Republican governors (among them ex-Republican presidential candidate Rick Perry) have publically expressed their intent to unenforce certain guidelines outlined by the Obamacare law. The fact that the majority of states have enforced at least one

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62 Even when applied to previous federal welfare overhauls; there was no such persistent attempt to repeal the 1964 Economic Opportunity Act or the 1996 Personal Responsibility and Work Opportunity Reconciliation Act by the opposition parties, Democrat or Republican.

63 A degree of technical qualification is needed here. Obamacare does allow states to opt out of state-level enforcement of its three main components: consumer and market reforms (such as the elimination of preexisting conditions as a reason to deny insurance coverage), the establishment of federal insurance exchanges, and an expansion in Medicaid coverage. However, failure to enforce these requirements at the state level simply transfers the responsibility to federal regulators. As such a refusal of state-level enforcement does not eliminate their eventual enforcement. This is perhaps then more indicative of political principle akin to ‘dragging one’s feet’.

of the required guidelines, and that there is no clear cost associated with doing so, suggests that such refusals are more a function of conservative political principle than state incapacity. The Obamacare legislation was also constitutionally challenged in 2012 at the Supreme Court. In particular over the aspect of the law which requires individuals to purchase health care insurance or pay a federal fine in penalty, was challenged on constitutional grounds and defeated.

The evidence for economic nationalist rhetoric from Conservative law makers in opposition to Obamacare is abundant. Due to the reasons mentioned above, Obamacare has generated incensed accusations that it threatens both traditional American moral values and free market capitalism itself. Granted, much of this rhetoric is at the apolitical level – incredible pundits in the media are to be expected to make sensational and bombastic claims concerning controversial laws. But even when we examine the rhetoric of professional politicians, represented by US senators, congressmen and women, governors, and even ex-presidential nominees, we still observe language that is indicative of condemning Individual Welfare (as Obamacare) in terms of its perceived incompatibility, immorality, and even hostility toward American national identity as economic liberalism.

Governor Scott Walker of Wisconsin has long been opposed to Obamacare. As mentioned above, one component of Obamacare allows individual states to expand their state Medicaid programs, thereby increasing coverage for individuals who were previously both ineligible for the program and without private health insurance. States which do opt to expand their Medicaid programs are appropriated a proportional increase in federal tax dollars. For

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65 In fact, states stand to gain a net increase in Federal money; increasing state Medicaid budgets qualify states for an increase in Federal money to run those programs.

66 Ibid.
Wisconsin, a total of $119 million stood to be received from the federal Medicaid budget. But Governor Walker, in addition to several other conservative governors, decided not to increase Medicaid coverage for his state. Speaking on Fox News Sunday in February of 2014, Governor Walker explained his decision in ideological terms. Responding to the question of why he did not implement Medicaid expansion, Walker responded:

"Well in our case I don't think the measure of success in government is how many people are dependent on government. I want people to no longer be dependent because we empowered them to get good jobs, family-supporting careers in the private sector. And that's part of our philosophy."

Governor Walker’s equation of low income Americans’ usage of Medicaid to them being dependent on government is well reflective of an opposition to Individual Welfare based on American economic nationalism defined by economic liberalism. To politicians like Walker, there is a direct link between individuals receiving government welfare (here in the form of increased access to Medicaid) and them becoming underpowered and dependent on the federal government. It is telling that Governor Walker implies that the remedy for such dependency lies in private sector employment. This point is not explained, but it may stem from the wider perception that private sector employment, representing the free market, will suffice to replace the role of government Individual Welfare programs like Medicaid expansion through Obamacare. This also implies that any expansion of the welfare state will only serve to inhibit private sector job growth; there is thus an implied mutual exclusivity between government receiving Individual Welfare and becoming empowered through private sector employment.

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68 Ibid.
Some conservative politicians have expanded upon this notion that Obamacare represents a disruption of American free market values by asserting that it is a type of Socialism. The word, being akin to communism in American political rhetoric, is usually used by Republicans to characterize something as running counter to American capitalist and economic liberal values. Representative Louie Gohmert, a Republican from Texas, predicted that Obamacare would bring about a transformation of American society. According to him, accepting socialist policies like Obamacare will result in the extinction of individual liberty. Responding to a reporter’s question of how ‘does Obamacare represent socialism?’, Representative Gohmert replied:

"How much more Socialist can you get than a government telling everybody what they can do, 
what they can't do, how they can live…Individual liberty is gone as soon as [Obamacare] is held constitutional. So since we're the government and we bought into the socialist notion that the greatest good for the greatest number of people reigns -- no longer individual liberty reigns"69

Ex-Presidential nominee Michele Bachmann also felt comfortable in accusing Obamacare as being fundamentally Socialist in nature. During a congressional debate over a bill to repeal Obamacare, Representative Bachmann argued that not only was Obamacare Socialism, but it also represented the cornerstone in the establishment of the Socialist state in American:

“Obamacare, as we know, is the crown jewel of socialism. It’s socialized medicine”70

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But the language used to condemn Obamacare in reference to it representing the foundation of a new American political system is not limited to the left of the political spectrum. Republican House Representative Brenda Barton from Arizona invoked a direct comparison of Obamacare to aspects of Nazi state social policy. In an interview with the Arizona Capital times in October of 2013, Representative Barnes warned that Obamacare represented the first step away from democracy and toward an autocratic dictatorship like that of Nazi Germany:

“It’s not just the death camps. [Hitler] started in the communities, with national health care and gun control. You better read your history. Germany started with national health care and gun control before any of that other stuff happened. And Hitler was elected by a majority of people”\(^{71}\)

The comparison is an interesting one. Likening Obamacare to German fascist social policy may certainly be sensationalist in terms of political mechanics, but it serves to highlight just how threatening conservative politicians perceive Obamacare to be to the nation as a whole. Representative Barnes did not clarify her statements beyond indicating that everyone should examine the historical facts and draw their own conclusions\(^{72}\). However, it’s clear that she associates the manifestation of political tyranny as some function of nationalized healthcare welfare policy. As such, opposition to Individual Welfare like Obamacare is not so much indicative of a political disagreement over the specific social and monetary costs and benefits associated with such a program, but rather a patriotic defense of national American identity, especially in terms of a liberal economic system.


\(^{72}\) Ibid.
Perhaps the most direct way to frame the Obamacare legislation in this manner is to label it as being altogether ‘un-American’. Ex-Republican Senator and 2012 Presidential nominee Rick Santorum attacked Obamacare in just such a way for its supposed manipulation of the free market for health care. Speaking with fellow ex-Republican Presidential nominee turned talk show host, Mike Huckabee in November of 2013, Senator Santorum claimed that Obamacare was not merely an increase in the American welfare state, but represents a more fundamental change in what it means to be American:

“…[Obamacare is] the biggest fundamental shift in American history of the relationship between the government and the people. And uh, this is a disaster, I hate to use the term, but it’s really un-American, it’s not how America functions…It’s one thing to take care of the needy, it’s one thing to take care of the elderly, and provide for those who have trouble providing for themselves. But for the government to come out and say we’re going to tell every American this is what you’re going to have, this is how much you’re going to pay, tell every insurance company here’s how much money you can charge, here’s how much money you can make, that’s what this system does and it is Un-American…it’s not how we got to be the greatest country in the world. And as it rolls out, there will be all sorts of pushback, why? Because it goes against the grain of who we are.”

Implicit in this statement is an equation of ‘American greatness’ with a national economic adherence to free market capitalism; it is thus un-American to implement an Individual Welfare system like Obamacare that disrupts the free health care market by both forcing health insurers to sell coverage to Americans with ‘pre-existing conditions’ and forcing Americans to

purchase health care or face a federal fine\textsuperscript{74}. Republicans like Rick Santorum clearly believe that Individual Welfare programs like Obamacare pose a threat to the national identity of Americans. Admittedly, Senator Santorum seems to imply a distinction between his (and presumably a national) commitment to providing health care access to the needy, elderly, etc., and doing so collectively through Obamacare. As such he may favor health-based welfare programs for certain Americans, but only in a way that does not institute free market regulations that dictate prices and supply.

But Santorum is not alone in labeling Obamacare as un-American. Ex-Republican Senator Jim DeMint, speaking at the Heritage Foundation in 2013, used similar language, adding a degree of concern over what Obamacare could mean in terms of future political freedom.

\textit{“I cannot think of anything that’s more un-American than national, government-run healthcare. Those who believe in those principles of socialism and collectivism we’ve seen over the centuries, they see as their Holy Grail taking control of the health care system. It’s such a personal service, it’s such a big part of the economy, if they can control that they can control most of our lives.”}\textsuperscript{75}

Senator DeMint sees Obamacare as both un-American and socialist, equating it to historical attempts at economic collectivization. Obamacare for Senator DeMint represents a

\footnotesize{\textsuperscript{74} Assuming these are the aspects of Obamacare to which Senator Santorum is referencing; there was no clarification in the interview. \\
larger attempt by ‘them’\textsuperscript{76} to take political control over the very lives of Americans, not just their health care system.

But Republican rhetoric in opposition to Obamacare is not limited to asserting that it represents a commitment to economic or political systems that are fundamentally opposed to the American tradition of economic liberalism. While charges of Obamacare being socialist or fascist may imply that they are indeed un-American, some have gone further to frame Obamacare as a malicious system, fundamentally hostile and harmful to the United States as a whole. Republican Representative Paul Broun from Georgia spoke with CNN host Wolf Blitzer in 2013 over his support in attempting to repeal Obamacare:

\textit{“Obamacare is already destroying the economy...it’s hurting the American people...right now the government is spending too much...[and] Obamacare must go, it’s destroying America. Obamacare spends too much, taxes too much, [and] regulates too much. Obamacare is going to destroy everything we know as a nation”}\textsuperscript{77}.

After being asked by Wolf Blitzer to clarify what he meant by claiming that Obamacare is ‘destroying America’, Representative Broun responded in distinctly economic nationalist terms:

\textsuperscript{76} He presumably means the Obama Administration and their Democratic supporters. DeMint did not clarify.
“Obamacare is already destroying job creation, and destroying our economy...It’s going to take us off the edge economically...and push us into a total economic collapse of America, and that’s exactly what I mean by it’s going to destroy America.”

For congressmen like Paul Broun, America is defined by its economic viability. Insofar as Obamacare undermines this viability by raising unemployment and distorting the free markets for health care, it is by definition also destroying the American nation; Congressman Broun makes no conceptual difference between ‘the economy’ of the United States and the country itself. This tacit incorporation of nation and economic system does well to demonstrate how American conservatism perceives Individual Welfare programs like Obamacare as not just being economically inefficient, but representing something that is fundamentally harmful for the American state, threatening to destroy its traditional identity.

2.2 The Emergency Economic Stabilization Act as Corporate Welfare

The 2008 Financial Crisis was without a doubt the most economically destabilizing recession in American history since the Great Depression. Stemming from a pervasive financial instability in the capital markets, and especially in the sector of consumer sub-prime mortgage assets, the 2008 Crisis threatened to spill over into every aspect of the American economy. Faced with this prospect, the Bush Administration, under the guidance of then Treasury Secretary Henry Paulson, signed into law the Emergency Economic Stabilization Act. The legislation authorized the United States government (via the Treasury Department) to purchase ‘toxic’ and

78 Ibid.
79 Opponents claim that because employers will be required to offer health insurance to full time employees, Obamacare may increase the unemployment rate as many employers will find it cheaper to hire less employees than pay for the additional cost of supplying health insurance.
depreciated assets from failing private banks not exceeding $700 billion in value. The embodiment of these new powers took the form of the Troubled Assets Relief Program (TARP).

The Emergency Economic Stabilization Act and subsequent TARP program (henceforth analyzed as TARP) represents an interesting case study for evaluating American conservative rhetoric in the context of Corporate Welfare. To be sure, there were many Republicans who opposed TARP, both in the Senate and the House of Representatives, and many Democrats who supported it. In this respect, TARP was unreflective of the near consensus in Republican opposition to Obamacare. As such, there was much less partisan-based rhetoric in Republican condemnation of TARP. Still, the choice for analyzing TARP as Corporate Welfare stemmed from two important aspects of the bill.

First, the TARP program was introduced and signed into law during the George W. Bush administration, a Republican presidency which had previously asserted its commitment to economic liberalism through the so called Bush tax-cuts, represented by a series of tax reductions during the course of the Bush administration. As such, insofar as political party loyalty plays a factor in how politicians decide to endorse or oppose a proposed legislation introduced by a same-party president, I hoped to hold this variable constant. Because Republican opposition to Obamacare included no consideration for party loyalty, Republicans were free to voice their condemnation for Individual Welfare in a more ideological ‘tenor’, espousing, as we

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81 There is no meaningful distinction in analyzing the Emergency Economic Stabilization Act and the TARP program, the former authorized the establishment of the latter.
have seen, deep opposition stemming from moral, political, and economic principles. Similarly, any endorsement by Republicans in the context of the TARP legislation would similarly face an incentive to stress the ideological arguments. Again, under the assumption that Republican politicians are motivated to synchronize ideological support for their fellow Republican president’s bill, one would expect supportive language that invokes nationalistic or patriotic appeal, rather than mere technical and economic ones.

Second, unlike similar legislation aimed at ‘bailing out’ private sector industries during that time, in an effort to stem the tide of the recession, the TARP program was not technically a loan, but rather a direct purchase of depreciated assets by public money. For example, the so-called Auto Bailouts of the leading American car companies\(^{84}\) effectively constituted a federal loan, having been repaid in full as per the agreement\(^{85}\). The TARP program is therefore more reflective of Corporate Welfare in the sense that it represented a direct transfer of public tax dollars to private economic actors.

Still, some may consider it a conceptual stretch to define the TARP program as Corporate Welfare. As per the theoretical discussion on Corporate Welfare above, I maintain that while such criticisms are valid in the sense that Corporate Welfare has of yet no clear and consensual definition in academic dialogue, the mechanism by which TARP functions warrant the title of Corporate Welfare. Much of the language in opposition to TARP, by both Republican and Democratic politicians, professed the economic morality of such a direct transfer of payments from the proverbial ‘Main Street’ to ‘Wall Street’. Indeed some politicians shared the perception that TARP represented a form of Corporate Welfare. As a Republican congressman opposed to

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\(^{85}\) Ibid.
the TARP legislation, Representative Todd Tiahrt from Kansas had this to say during the House of Representatives TARP bill debate:

“Those of you who curse Corporate Welfare are pursing the biggest Corporate Welfare bill in history”

However, attempts at finding Republican language in support of TARP that reflected positive invocations of American identity in terms of its commitment to liberal economic principles proved to be rare. While the modern Republican Party had previously been in support for banking deregulation (seen in the Republican-sponsored Gramm-Leach-Bliley Act of 1999 which effectively repealed banking regulation requiring a functional separation between investment and commercial banking\(^87\)), the scale and scope of the financial crisis was seemingly too important in economic terms for the majority of Republicans who voted in its favor to frame the debate in nationalistic ones. Still, this is not to say that such a narrative was altogether absent.

One interesting example comes from Republican Representative from Wisconsin, Paul Ryan. Paul Ryan gained increased political fame from his nomination as the 2012 Republican Vice Presidential candidate, running alongside Mitt Romney. During the 2008 House of Representatives debate on TARP Ryan appeared to endorse the legislation on principle, a principle to his commitment to the American capitalist system:

“Why [are we supporting this bill]? Because this Wall Street Crisis is quickly becoming a Main Street Crisis…If it goes the way it could go, credit shuts down, business can’t get money to pay their payroll…Madame speaker, this bill offends my principles, but I’m going to vote

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\(^86\) PoliticsTV, "The Bailout: The Full House Debate.". https://www.youtube.com/watch?v=mxUcj4sZvbY#t=8370 (September 2008).

\(^87\) See The Banking Act of 1933
for this bill in order to preserve my principles, in order to preserve this free enterprise system."\(^{88}\).

Clearly, Representative Ryan’s admittance that his vote for TARP goes against his principles is motivated by his conservative ideological commitment to small government and free markets. Injecting public funds into private corporations runs counter to both of these libertarian values\(^ {89}\). It is interesting however, that such an admittance of having to betray his political principles is contrasted with an assertion that his vote simultaneously upholds a different set of principles, ones that are apparently more sacred or more compelling than the first set. The principles to which Representative Ryan conforms stem from his commitment to preserve the ‘free enterprise system’ of America. In this regard, the capitalist system of the United States is something of principle, to be defended aggressively, even when doing so betrays one’s political principles. But while Ryan may have been in a minority of Republican Congressmen who framed his support for TARP in economic moral terms, other Republican policymakers have echoed his tone.

Henry Paulson was both the architect and most public supporter of the TARP program. As an ex-Wall Street financier himself, Paulson seemingly knew much of the financial mechanics of the proposed legislation, which eventually led to his ability in persuading enough legislatures to pass the TARP program in 2008. However Secretary Paulson has received much criticism since his time as Treasury Secretary, and has been asked numerous times to defend the TARP program on moral and economic grounds. Throughout most of my research, much of Secretary Paulson’s justification for TARP has taken secular economic arguments, asserting that

\(^{88}\) Ibid.
\(^{89}\) Ryan is associated with the Tea Party Movement.
TARP, although not politically moral, was necessary to halt the scale of the financial crisis. But during a 2011 interview, Paulson was asked by fellow economist and former Labor Secretary Robert Reich whether Secretary Paulson thought the broader social benefits of the TARP program outweighed their costs to taxpayers. In response, Paulson seemed to apply a more nationalist defense to the TARP program:

“...On the social benefits [of the purchases made by TARP] versus [their] costs, I’m a capitalist. And I believe that we have the most prosperous country on earth, which has been for a good while...and one of the reasons is that we have world class capital markets, and we’ve had world class capital markets. And if we want to stay on top, and if we want to remain competitive, we’re going to need strong capital markets”

It would appear then that Paulson, in part, attributes America’s ‘prosperity’ to a capitalist system based in strong financial markets; if it becomes necessary to intervene in capital markets in the form of government subsidy, such is permissible, due to the fact that American greatness is in large part a function of the economic liberal order embodied in healthy capital markets. During the same interview, Paulson went on to claim that while the private banking sector certainly was responsible for aspects of the recession and that:

“There’s been a lot of focus on that, but you know If we only blame the banks, we’ll be right back here again. There’s been much less talk about the flawed government policies that created this problem...we had a flawed regulatory system, it wasn’t a matter of not enough regulation, we needed better regulation...the lesson we need to take away is not that capital

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markets don’t provide social benefit [for the United States], the lesson is what mistakes were made so we can correct them."\(^{91}\)

Here Paulson feels compelled to qualify the blame assigned to the financial industry for causing the recession. Without identifying which government policies helped to create the crisis, Secretary Paulson asserts a public sector responsibility for a private sector-induced recession. At the risk of extrapolating the meaning behind such a statement, it may be the case that Secretary Paulson is trying to insinuate that free capital markets, being intrinsic to the success of American prosperity, cannot possibly be singularly responsible for the recession, and therefore singularly blamed. In order to uphold the link between American prosperity and healthy, efficient, and free markets, conservative policymakers like Paulson need to invoke government blame when such a narrative is threatened by an event like the 2008 Financial Crisis.

\(^{91}\) Ibid.
Chapter 3: Conclusion

3.1 Conceptual Reflections

The Welfare Disconnect in American conservative political culture is indeed a complex social phenomenon. But recognition of such a disconnect is largely dependent upon a recognition of the concept of Corporate Welfare. As we have seen, this term remains politically charged and definitionally incomplete. Consequently it has yet to be embraced universally within academic analyses. Even so, authors like Paulette Olson and Dell Champlin have demonstrated that such a term remains germane in analyzing the broader dual structure of welfare acceptance within American social and cultural dialogue.\(^92\)

To the extent that American conservatives, embodied by the Republican Party, have traditionally most often opposed Individual Welfare programs and the wider implementation of the American welfare state, a broader analysis of specifically conservative dialogue with regard to the Welfare Disconnect gave hope of clarifying the scale and scope of such an ideological divide. But what theoretical framework could one apply in evaluating such an abstract concept?

Applying an economic nationalism lens to the Welfare Disconnect was an appealing venture for several reasons. First, working within Eric Helleiner’s theoretical (re)focus on nationalist motivations in identifying public policies indicative of nationalism\(^93\) opened up the


possibility of searching for politically conservative nationalist-based rhetoric in supporting Corporate Welfare and/or opposing Individual Welfare. Second, the literature of economic nationalism applied in context to the welfare state is abundant. Scholars have applied a wide range of analyses in interpreting different national interactions with welfare policy. Stemming from this solid tradition, there seemed to be much credibility and academic precedence in the way of understanding the Welfare Disconnect under this theoretical light.

Third, and in parallel to the second, one popular conception of American national identity stresses a distinct economic culture defined by an adherence to economic liberalism. Academically, some attempts to qualify this idea have equated American nationalism to both consumer capitalism and nativist economic nostalgia. Applying this specific definition of American economic nationalism seemed promising in relation to examining American conservative rhetoric as applied to both cases of Individual Welfare and Corporate Welfare. Thus was the task of applying this framework to cases of American Individual and Corporate Welfare legislation.

3.2 Empirical Summary

Two recent pieces of federal legislation, the 210 Patient Protection and Affordable Care Act and the 2008 Emergency Economic Stabilization Act seemingly provided ideal case studies in which to examine American conservative rhetoric in relation to Individual and Corporate Welfare.

94 See above: Economic Nationalism and the Welfare State.
Welfare policy, respectively. Obamacare was a major expansion in American Individual Welfare, and expectedly, aroused sharp and heated opposition among conservative politicians. Indeed, the unusual unanimity with which Republican politicians opposed Obamacare offered a promising sample of oppositional language offered through speeches, interviews, and political rallies. Due the controversial nature of Obamacare, evidenced by repeated (and current) attempts to repeal the law, challenge it constitutionally, and obstruct its implementation at the state level, there was room to believe that persistent oppositional language would be used, challenging Obamacare on ideological grounds. As expected, much of the rhetoric reflected charges that Obamacare was un-American, socialist, fascist, and even threatening to destroy the country itself. Much of these attacks were implicitly or explicitly founded upon the notion that Individual Welfare legislation like Obamacare disrupts the free market system of the United States, which in turn runs counter to larger identity of the American nation. Much of the Republican narrative in opposition to Obamacare was thus indicative of an American economic nationalism defined by economic liberalism. But this in itself constituted only one half of the Welfare disconnect.

The TARP program initiated two years prior to Obamacare could also be modeled as an expanse in the welfare state. Although TARP’s funds were limited to $700 billion in purchasing financial assets from failing banks, it still represented a direct transfer of public funds to private economic actors, thereby allowing at least a nominal consideration of the program as Corporate Welfare. Because TARP sought to stabilize the American economy, and was indeed proposed and largely supported by the George W. Bush administration, one expected Republican support, at least in part, to reflect a narrative invoking American economic nationalism – promoting TARP as a means to uphold American success, being a function of economic liberalism defined by its financial system and markets.
Admittedly, however, there was a significant lack of such economic nationalist language found in Republican defense for the TARP program. In the course of my research, most Republican politicians sampled who supported TARP did so in a manner more reflective of their commitment to ensuring a stable and functioning economy by itself, and cited the necessity of TARP for limiting the spillover effects of the financial crisis; there was little expressed association between TARP’s passage and a broader commitment to American economic liberalism. To be sure, the TARP represents one of the most controversial and unpopular laws in American history. As consequence, many politicians, both Republican and Democrat, qualified their support for the bill by asserting their personal disgust for it; it was largely defended as a bill of necessity, not ideology.

Still, there were some who did frame their support for the bill in terms of upholding American principles. While there was no direct equation of the passage of TARP and American identity, there was a professed acknowledgement that TARP was critical for the preservation of the American financial system, which represented a larger American system of free market capitalism. Insofar as the latter defines an American identity, such rhetoric was mildly indicative of Corporate Welfare in terms of American economic nationalism. But in sum, the Welfare Disconnect was not satisfactorily explained by an economic nationalist framework.
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