

AN OVERHEATED DOLLAR: HOW THE FRAMING OF THE 1970S INFLATION LED TO
THE SWAPPING OF SOCIAL SPENDING WITH FINANCE, AND THE CONSEQUENCES
FOR OUR WELLBEING

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Abstract

This dissertation performs longitudinal textual analysis of twelve Economic Reports of the President- the premier American federal economic policy planning document published annually by the President and the Council of Economic Advisors- from the 1960s to the 1990s to propose that starting in the late 1970s, both Democratic and Republican US administrations deliberately and dramatically turned to promoting financial investment for citizen wellbeing over social spending as a response to shifting framings and consensus that government spending on social programs was the primary cause of rising economic inflation. Social programs had been lauded in the 1960s and early 1970s as necessary to achieve maximum economic growth and ensure citizen wellbeing, and were building off Keynesian-oriented economic ideology from the 1940s which proposed that full employment would optimize economic production. These beliefs were embedded in the initial purpose for the publication of the Economic Reports of the President which was mandated by the Full Employment Act of 1946. This dissertation proposes that with the shifting perceptions of social programs, inflation and finance in the 1970s, the Economic Reports of the President assumed a role of posturing responsibility for citizen wellbeing and economic productivity while shifting the deliverance to investment, which yielded widening inequality.

The analysis of the Economic Reports of the President in this dissertation illustrates specific policies adopted by presidential administrations in the 1970s to promote investment, including: Gerald Ford's administration criticizing social spending policy and the Jimmy Carter administration implementing pro-investment policy such as reducing the capital gains tax, approving of housing inflation, creating the 401(k) pension system and rebranding social spending as charity. As this dissertation shows, presidential administrations through the 1980s and 1990s continued to actively promote financial investment for citizen wellbeing instead of social spending. This dissertation uses a biopolitical framework to trace the evolving commitments to citizen wellbeing of government from the 1960s to the 1990s and the overlap with governance and economic growth strategies. It suggests that governments of the 1960s and early 1970s viewed citizen wellbeing as central to high productive economic growth while later governments do not view citizen wellbeing as central to economic growth, and instead as a secondary strategy to be achieved via financial investment. The dissertation also proposes that the Economic Reports of the President analyzed produce economic rhetoric and expectations for wellbeing as much as they reflect political discourse. As such, the turn to consistent promotion of investment to achieve citizen wellbeing in the Economic Reports of the President has created consequences wherein citizen precarity is normalized and accepted as the authentic limits of government provision, and not as a fabrication based on bipartisan framing of a historic economic crisis that was produced and narrated in the Reports themselves. The final chapter of the dissertation focuses on contemporary impacts of the turn to financialization of citizen wellbeing in the Economic Reports of the President, suggesting that the renewed use of the term "American Dream" to connote financial achievement in Economic Reports of President in the twenty-first century indicates attempts to create collective ideology around economic inequity while the deliberately anti-inflation themes of names of recent social spending bills and their limited range reflect the hauntings of the framings of the 1970s inflation. The dissertation proposes that there is a need to de-financialize economies and provision of citizen wellbeing, to achieve greater future equity and shared wellness.

Dedication

For my Grandmothers and Great-Grandmothers, my Grandfathers, and my family. I love you.

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Chapter One: Introduction

If you search for the word “inflation” in the New York Times Article Archive within the parameters of 1960 to 1970, there are just about 9000 mentions of the word in articles. If you search for “inflation” again but within a timeframe of the subsequent decade, between 1970 and 1980, the word is used over 30 000 times, with articles containing the word inflation having titles like: “Inflation Nips at Wage Earner’s Increases” and “Democrats’ 1970 Strategy: Blame the Administration for Inflation” (*The New York Times*). In the 1970s, rising inflation had become a massive political crisis in the United States, for which both politicians and economists were trying to locate solutions. Inflation was described as bad for a myriad of reasons, including that it limited the strength of the US dollar in the international economy (Economic Report 1989; 10, 106), or the purchasing power of American citizens (Economic Report 1964; 5). In this dissertation, I seek to define what were the policy and rhetorical implications of the framing of the 1970s inflation, and I specifically argue that despite the initial variety of causes ascribed to inflation in the 1960s, the proposal that inflation was being caused by the vast social programming initiatives introduced in the 1960s, had encouraged government during the 1970s to rely on financial investment instead of social spending to ensure citizen wellbeing and productive investment. To construct this argument, I perform textual analysis on the Economic Reports of the President- the ongoing and premier centralized economic policy planning document of the US federal government-, from the 1960s to the 1990s. While examining the consequences of this framing for altering citizen wellbeing, I also propose that the shifting language in the Economic Reports from the 1960s to the 1990s reveal the vast ways in which the government has strayed from its original objectives of ensuring citizen wellbeing, while the

ongoing publication stated of the Economic Reports, and some maintenance in language and promise of delivery of wellbeing work to hide the significant shifts of how and how much wellbeing can be attained. This dissertation thus aims to reveal how government rhetorical framing and policy response has shifted us into a limited, financial reality for wellbeing and why, both because the legacy of this framing of inflation, and the weakened, but institutionalized practice of believing that government will provide for our wellbeing, highly unequal and precarious financial investment has become normalized as the key to our wellbeing.

To outline the key events in the events which motivated the shift in tone in the Economic Reports, in the 1960s, vast social spending reforms were initiated, which included spending for enlarged healthcare and subsidized housing, improved postsecondary education, expanded welfare support and vast implementation of cultural and recreation programs. These programs had dual purpose and were created in response to widespread citizen dissatisfaction with racial, class and gender inequality, and were also proposed as crucial tools to boost the American economy. Increasing social spending to help all Americans achieve their potential would also ensure optimal growth of the economy. It was a win-win. When social spending became increasingly framed as causing inflation however, and this inflation seemingly impeded economic growth, the federal government required a new tool to achieve citizen wellbeing. This tool was also said to be capable of achieving domestic economic growth, and it was financial investment. Investment had been criticized in earlier Economic Reports as excessively capitalist and harmful to actual economic growth. But because financial investment suited a low-social spending and low-inflation agenda, wherein retirement, housing, and income to make up the windfall lost from stagnating wages or declining public spending was secured through a citizens' ability to invest in financial markets, it has been chosen by government since the late 1970s as

the preferred choice for economic growth over public spending to improve the productive capacities of citizens. Part of my argument in this dissertation is that financialization, while providing lip service to citizen wellbeing, has actually been deeply harmful to achieving broad citizen wellbeing, as evidenced by increasing economic inequality. Further, while some scholars such as Judith Stein and Greta Krippner¹ have depicted the turn towards the financialization of the American economy as accidental, and a result of policies to stave off inflation, I believe based on my analysis of the evident rhetorical transition, that the turn to finance was intentionally promoted because it fulfilled the critical need to have a new policy and rhetorical solution for productivity and wellbeing. Even though the framing was constructed, this stance resulted in enduring policy and social beliefs associating inflation with social spending and financial investment with economic growth and citizen wellbeing which have endured to this day.

The Economic Reports of the President that I analyze to advance my argument are useful for clearly demonstrating this shift in framing of social programming, finance, citizen wellbeing and inflation, and subsequent change in planning for how to deliver citizen wellbeing. At the same time however, I propose that the Economic Reports themselves were also crucial for enacting these shifts in belief of the causes of inflation and for promoting financialization of citizen wellbeing and production. The Economic Reports of the President are published annually by an appointed Council of Economic Advisors who are in collaboration with the president and the Executive Office of the President. The main body of the Economic Reports are written by the Chairman of the Council of Economic Advisors, while the Introduction is written by the Executive Office of the President. As I will further discuss, the annual publication structure, and

¹ In Judith Stein's *Pivotal Decade* (2010) and Greta Krippner's *Capitalizing on Crisis* (2011), both of which I summarize in my literature review.

the 1946 Employment Act and 1978 Humphrey-Hawkins amendment to the Employment Act structured the goals for the annual Economic Reports. Prior to 1978, the objectives were maximum expansion of citizen potential and economic productivity, stated by the 1946 Employment Act as: “maximum employment, production and purchasing power” alongside “free competitive enterprise” (Federal Reserve History). With the 1978 Humphrey-Hawkins Act, the goal of zero percent inflation was added to the original goals of maximizing citizen wellbeing through employment and production. The goals of citizen potentiality and production permitted the growth of social programming objectives as much as the amendment for zero percent inflation forced economic policy planning to shift, so that social spending needed to be reduced, and a new solution for citizen wellbeing introduced. As I will argue, while the actual cause of the 1970s inflation was likely multifaceted, the framing of it as being caused by social spending in the Economic Reports endorsed the shift away from social spending after the 1978 amendment. At the same time, the early mandate of the 1946 Employment Act is what created the conditions for the enabling of social spending in the Economic Reports. The Economic Reports, in their rhetorical build, annual publication structure and alignment with their mandates, were thus seminal for the propagation of economic ideas.

In addition to the Employment Act and Humphrey-Hawkins Act mandates as well as the Economic Report publication structure helping to define the federal economic priorities of the United States articulated in the Economic Reports, the impact of prevailing economic ideologies as well as desire of citizens also had equally significant impacts. In my second chapter, I will discuss the impact of Keynesian and Monetarist economic ideologies on the economic objectives of the Council of Economic Advisors and various presidents, but as Erwin Hargrove and Samuel Morley note in their 1985 book *The President and the Council of Economic Advisors*, the

motivation for the creation of the Employment Act was to achieve maximum employment, following the Keynesian beliefs that maximum employment would grow the economy, and that centralized government coordination of the economy could reduce unemployment (1)². In “The Economic Report of the President: An Analysis”, Deborah Richey notes that at the core of the creation of the 1946 Employment Act was “the then revolutionary idea that the federal government had the responsibility to provide opportunities for everyone in the labor force. Minority groups, such as the National Association for the Advancement of Colored People, the National Council for Jewish Women, and the Disabled Veterans, favoured the passage because the bills promised employment opportunities for all Americans” (366). Hence, in addition to the publication structure and the Employment Act mandate setting the objectives for the Economic Reports, both prevailing economic ideologies and demands from citizens- especially disenfranchised racialized, female and poor citizens- for greater government support compelled the initial intent behind the 1946 Employment Act which birthed the Economic Reports, and which scaled toward increased social spending to create further economic growth and opportunities for wellbeing.

My analysis of Economic Reports in this dissertation begins in the 1960s, and this period saw massive increases in social unrest and social organizing to demand better futures, among many groupings of society including African-American civil rights activists, gay and trans rights activists, feminists, anti-Vietnam War protestors, and Indigenous rights activists. Uta Hinz in “‘1968’ in Context: Protest Movements in the 1960s” (2011) quotes Norbert Frei in *1968: Jugendrevolte und globaler Protest* (2008) who observes that the young generation of Americans in the 1960s were motivated to act based on perception of a discrepancy between constitutional

² See Chapter One of Hargrove and Morley’s book *The President and the Council of Economic Advisors* for a very good explanation of the Keynesian-influenced origins behind the growth of the Council of Economic Advisors.

ideals and social practice in the USA, along with a deep wish to genuinely create positive social transformation (239). Frei also points to widespread belief in the potential of participatory democracy as another factor which compelled the social activism in the 1960s, because people truly did believe that their organizing would have positive outcomes (239). Another factor which compelled social organizing would have been the rampant inequality in society, which particularly affected racialized Americans, single mothers and sexual minorities. The various social issues which sparked activism in the 1960s compelled the presidents of that decade, Lyndon Johnson and John F. Kennedy, to respond. My dissertation begins analysis with the economic rhetoric and policy of Lyndon Johnson, and Johnson's vast social and economic reform policies, headed by the banner "The Great Society", intended to provide funding to housing, healthcare, social security, education, daycare, natural resources and job training, among other areas, so that Americans could transform their lives. Much like the Keynesian economic policy which supported maximum employment rhetoric and centralized economic planning mandate of the 1946 Employment Act, there was similar belief that increased government intervention, not just to achieve maximum employment, but also to create healthier lives and increased opportunity for citizens would have positive economic outcomes. Hence, the socially oriented policies of the 1960s were initiated because of activism, and the impacts of participatory democracy requiring a response from government to prevent further social unrest. At the same time, dominant economic beliefs also held that government spending to increase citizen wellbeing would create positive economic stimulation, so acting economically on social unrest to augment government spending was perceived by economists and government as something which would only have net positive effects for the economy.

My analysis in this dissertation examines the rhetoric surrounding correlations between citizen wellbeing, social programs, inflation and finance, and one rhetorical aspect that I will repeatedly highlight in my analysis is the use of the word “potential” in the Economic Reports, and particularly the Economic Reports by Lyndon Johnson, to connote maximum citizen wellbeing and achievement as well as maximum economic growth. As I will later also highlight in my introductory section on my use of the concept of biopower, the use of the same word, potential, to indicate maximum achievement of wellbeing and economic growth indicates how closely tied was citizen wellbeing to economic prosperity in the economic ideology of Lyndon Johnson’s government. I use the word potential in my analysis alongside the concepts of *zoē* and *bios* to further develop an understanding of the changing ways that citizen wellbeing was perceived in the Economic Reports and corresponding policies. Another notable aspect of the use of the word “potential” to connote citizen wellbeing which I want to mention however is its capacity to abstract difference and create a unifying imaginary for maximum national growth. While many of the social programs launched in the 1960s were responding to specific social issues such as racial, gender and class inequality, the rhetoric for increasing citizen wellbeing in the Economic Reports of the 1960s and early 1970s uses the word “potential” to connote the national and collective outcomes of the federally-funded social programs. The reason for the use of this word was likely that it masked the social transformation aims of these policies and also linked them to general economic growth, so that they were more palatable to all Americans, especially those who were opposed to equity-oriented social policies. Hence, the use of the word “potential” created a canvas that the government could launch their social justice-oriented ideas onto in the name of economic growth. This focuses, as mentioned, was also necessary because of

the growing social unrest, and was affirmed by the Keynesian economic ideology and legitimized by the centralized coordination mandate of the Employment Act.

While various governments have insisted that citizen wellbeing remains important to their policies, and can be achieved via financial investment instead of social spending, the actual reduced attention paid to analysing data relating to inequality in the Economic Reports in the 1990s and 1980s compared to the 1960s indicates that the government is in fact less interested in ensuring equality or recognizes that equality is in fact far less achievable via their financial systems, rendering analysis unproductive. As will be analyzed, the Economic Reports of Lyndon Johnson from the 1960s have multiple inclusions of data related to inequality differentiated by race, gender, age and geography. There are also extensive programs outlined which were intended to target the poverty highlighted by the data. In the 1970s, much of the analysis of inequality broken down by race or gender was removed from Economic Reports, and this removal was accompanied by related lack of new social policy proposals to reduce poverty. In the 1980s, any mention of racialized or female citizens in the economy was positive, such as that African Americans employment had risen by 30 percent and Hispanic employment by 45 percent from 1981 to 1989 (*1989 Economic Report* 7). However, there was a lack of extensive analysis of inequality experienced differently by race or gender, and this again was likely because there was a lack of interest in actual social policies to intervene in these outcomes, because wellbeing was no longer as tied to economic prosperity as was financial growth. Further, only focusing on positive examples indicated that government wanted to pay lip service to the idea of equity without actually making any efforts to increase it. In the 1990s, alarm bells did begin to sound over unprecedented rising inequality, and the George Bush Economic Reports observed that there was “disturbing changes in income and job security” (*1994 Economic Report* 109). There

was notable lack of policy to target this inequality in these Economic Reports however, because while there was some concern over political or productivity implications, the major sentiment remained that finance, instead of public spending or wage growth, needed to be primarily used to solve the economy. In the Economic Reports of Bill Clinton's presidency, while was continued recognition of widening inequality, there was also a lack of racial, gendered or age data on how different groups of society were experiencing precarity. The likely reason for this lack of meaningful analysis of inequality and poverty was again because the economic ideology of relying on financial investment for productive growth and citizen wellbeing was in truth unable to create actual equitable growth, as was promised by the authors of the Economic Reports. Because these objectives were impossible, it may have been not relevant to include this information. This shift in meaningful analysis and data on inequality is an example of the changing ways in which potentiality was realized via government through time, though many federal governments pretended rhetorically that they continued to care about citizen wellbeing and that it could be achieved via financial investment.

The Employment Act and The Humphrey-Hawkins Act, and the Economic Reports

To further describe the Economic Reports of the President which I analyze to advance my proposals in this dissertation, and the changing structure of their policies which reflected a transition towards financialization and away from public spending to grow the economy and advance wellbeing, the original mandate for the publication of Economic Reports, the 1946 Employment Act, stated that government must create “maximum employment, production and

purchasing power”³ (Federal Reserve History). This concept of the government having an objective to achieve “maximum employment” would authorize any public spending to attain maximum employment, which was also, as will be explored, deeply aligned in Economic Reports of the 1960s and early 1970s to achieving “maximum production”. The pushes for social spending in the Economic Reports of the 1960s and 1970s can then be read as legitimized by the goals of the 1946 Employment Act which had also birthed the Economic Reports. The amendment to the 1946 Employment Act in 1978, the Humphrey-Hawkins Act, altered the original goals of maximum employment, production, and purchasing power to include goals of three percent inflation per year from the years of 1978 to 1988 and zero percent inflation by 1988 (Federal Reserve History), alongside a mandate for an “Investment Policy Report” that was to be included in each report. This amendment affirmed the new ideological position of government which sought to reduce social spending because of its association with inflation while promoting financial investment as the new way to achieve wellbeing and productive economic growth. Again, while the turn to reliance on financial investment has been described by some social historians such as Greta Krippner and Mary Poovey as accidental, we can see through the mandate of the 1978 amendment to the Employment Act an intentional promotion of finance as the way to grow the economy. This Humphrey-Hawkins Act, as well as writing in the 1978 Employment Act authorizing the inflation of housing prices as a means for citizens to secure wellbeing, which will further be explored, and the introduction of the 401(k) investment system for retirement in 1978 via the 1978 Revenue Act indicate that the late 1970s Economic Reports

³ To read the full description of the 1946 Employment Act see:
<https://www.federalreservehistory.org/essays/employment-act-of-1946#:~:text=All%20Americans%20able%20to%20work,who%20do%20not%20have%20full%2D>

and particularly Jimmy Carter's presidential term were crucial to the affirmation and promotion of financial investment as the means for citizens to secure wellbeing.

In this dissertation, I analyze Economic Reports from the year 1964 to the time period of the late 1990s with the presidential terms of Bill Clinton. This timeline witnesses the novel push for social initiatives targeting citizen wellbeing and economic growth with the presidency of Lyndon Johnson, then the gradual turn towards financialization to achieve these very same objectives in the 1970s which was lastly consolidated in rhetoric and policy by Ronald Reagan's government in the 1980s. The analysis of the 1990s Economic Reports of both George Bush and Bill Clinton show increased awareness of diminishing citizen wellbeing due to reliance on citizen investment, yet a deep lack of any meaningful effort to increase social spending or regulation to help regrow citizen wellbeing or reduce reliance on financial investment.

The Council of Economic Advisors is appointed by each President and comprises of two members and a chair (*Federal Reserve History*). The Council of Economic Advisors is granted an advisory role instead of a decision-making role. As such, the annual Economic Reports of the President are structured with reflections on past economic policy decisions, and then recommendations for future economic policy, with the objectives of maximum employment and production, and zero percent inflation in mind. Despite their advisory role however, the fact that the Council is appointed and shares objectives of economic growth with the President means that their policy recommendations often align with general economic intentions of the President and so are frequently implemented. The Council's only client is also the President, and as stated by Hargrove and Morley, "the mission of the CEA [...] coincides with the responsibility of the president more closely than any other unit of government [of maintaining high levels of employment and price stability] thus, the CEA's substantive mission coincides with presidential

political accountability (13). As noted by Hargrove and Morley, some presidents deviate from advice provided by the Council, such as when Lyndon Johnson didn't want to raise taxes to pay for the Vietnam War, and Richard Nixon wanted to introduce wage-price controls (5). Walter M. Heller, Johnson's Chair of the Council of Economic Advisors at the time, ended up resigning over the misalignment of Johnson's actions with Heller's policy recommendation, leading to Gerald Ackley to step in as the new Chairman (Killborn, *The New York Times*). However, Hargrove and Morley say that while presidents often make their own policy decisions because of political reasons, they still deeply rely on the expertise of the Council because "the belief that economists understand how the economy works and how to influence it binds them to presidents" (14). It is understood that the Council of Economic Advisors has the best interests of economic wellbeing in mind, and this wellbeing is equally sought after by the President. To further emphasize the typically aligned economic perspectives of the President and the Council, each Economic Report also has an introduction written by the Executive Office of the President which includes reflections on past policy and intentions for the future. Through my analysis, these introductions tend to be nearly completely in tune to the reflections and directives of the main body of the Economic Reports, and are simply written with more accessible and descriptive knowledge, to inform the most novice reader of Administration's economic objectives for the year. Lastly, because the chairman is appointed by the President, with the chairman then typically selecting the two additional members, the Councils also change with each new election, such that a new Council reflects the policy interests of the new President, while still being bound by the mandates of the Employment Act and Humphrey-Hawkins Act meaning that they are still bound to objectives of full employment, then low inflation and financial investment. While these

mandates just reflect developing and expanding values of citizen wellbeing and finance, they can indicate the pulse of economic belief through time.

We can read these Economic Reports then as persuasive yet “scientific” documents which have the dual function of trying to convince the President for future policy recommendations, while, because of the appointment structure of the Council, inclusion of a Presidential introduction and public-facing format, are also convincing and informing the public, and members of the business community of future directions of US economic policy. In “The Economic Report of the President: An Analysis”, Deborah Richey notes that the Economic Reports of the President are one of the federal government’s “most significant publications [...] not only is this publication awaited by economists, the business community and government document librarians, it is also a media event” (363), and she further adds that “lobbyists, special interest groups and outspoken individuals protest program changes and budget reductions” (363). In terms of content of the Economic Reports, they focus on policy recommendations to grow employment and production and minimize inflation. Because of their authorship by economists, they are granted “objective” authority, though they also reflect the ideological bent of the economists writing them, as well as the ideological positions of the Employment Act and Humphrey-Hawkins Act mandates which dictate the objectives for the economy. As will be discussed in Chapter Three and Four, the Economic Reports promoted the concept of government’s “responsibility to provide opportunities for everyone” (Richey 366) to participate in the labor force and improve their wellbeing in the 1960s and 1970s. With the 1978 amendment for an additional goal of zero percent inflation, and the framing in the 1970s of inflation being caused by social spending, the government then set about achieving its secondary implicit responsibility for providing opportunities for wellbeing for citizens within investment,

which was fashioned as a tool for economic growth that was non-inflationary. As will be discussed, the goals of maximum production and employment alongside zero percent inflation seemingly conflicted when social spending was the original means of achieving maximum production and yet was associated with inflation. Investment, with its sector-specific inflation was targeted as a solution to continue to achieve full production and the trace objective of the early goals of maximum employment and full production: increased citizen wellbeing.

While Economic Reports are then essentially persuasive documents which are bound to expression of the mandates for full employment and production, and zero percent inflation, as I mention, the annual and public publication structure of the Reports also greatly influence their ability to shape public opinion. The repetition of policy strategies every year in its Economic Report mean that ideas and framing scaffold through time, while any new ideas are bound to the longstanding mandates for full employment and production or zero percent inflation. Therefore, if a Council wanted to commit to a radically different direction with economic recommendations, they would have to provide extensive rationale to counter accrual of belief from past policies, and also justify why this new strategy would be superior for achieving the objectives set forth in the Employment Act and Humphrey-Hawkins Act. With this tendency for scaffolding and accrual in mind, we can understand why it was challenging to counter the belief that social programs were best to grow the economy despite growing parallel framings that social programs were causing inflation in the 1970s until a new goal for the Economic Reports of zero percent inflation was introduced in 1978. New ideas are also bound to the mandates of these Acts, so for example, social spending proposals may have been permissible because they aligned closely enough with the objectives of maximum employment and production (with social spending increasing production), while any ideas for slight revived social spending in the 1990s had to be

framed through the language of “public investment” (1994 Economic Report 4, 7, 27, 38; 1997 Economic Report 31) so as to both retain the ideology that financial investment primarily fueled the productive economy, and quell concerns that this spending might create inflation. Because of the Economic Reports are bound to their mandates, and experience rhetorical build, for any change in narrative to occur, there needs to be broad recognition that an element of the mandate of the Economic Council or its interpretation are wrong, so that a shift is possible.

Biopower to Understand the Framing of Wellbeing

In this dissertation, I use a biopower theoretical lens to both provide context for why federal government spending became more important for the government in the 1960s and also as a hermeneutic tool to understand the changes in government narrative and approach to citizen wellbeing through time. Through using Giorgio Agamben’s concept of *bios* (qualified life) and *zoē* (survival) designations of biopower, I propose that we can see how government provision for wellbeing of citizens worsens from the 1960s into the 1970s and 1980s even though the government rhetorically suggested that it was maintaining the same level of wellbeing through time, shifting from social spending to financial investment. Drawing on Achille Mbembe’s idea of necropolitics, I also propose that we are experiencing normalization of the slow death of citizens that are not able to achieve the narrow provision for *zoē* survival provided by government and cannot achieve the narrowing margins for self-assurance of *bios* wellbeing, that are delineated along racial, class, education and gendered lines. While the government requires a semblance of continuity of wellness provision to maintain its legitimacy, the wellbeing of citizens is no longer as crucial to citizens as it was before the shift to a financialized economy, creating a fundamental tension between a necropolitical and survival-based economic existence

for many, and the rhetorical promise that financial investment will ensure a better life for everyone. Biopolitical analyses thus provide frameworks for understanding how capitalism intersects with citizen governance and how structures like the Economic Reports work to maintain legitimacy that the government is concerned with citizen thriving, even though actual thriving is no longer important to the current economic paradigm for growth.

In this dissertation, I frequently use the word potential to describe the level of citizen wellbeing invested into by government, either at the level of *zoē* potential or *bios* potential. My reason for the use of this word to connote the level of emotional, physical and spiritual wellbeing afforded by social spending is because it is frequently employed in the Economic Reports from the 1960s to the 1990s to indicate maximum wellbeing which would contribute to economic success of the nation (i.e. getting postsecondary education, securing employment, purchasing a house, having children, being able to partake in recreation and buy things). As I have mentioned, the word potential to describe achieving wellbeing and economic success might have been favoured because it was a term that obscured the specifics of who would receive the most benefits of social programming, namely working class, African American and other people of color, and female citizens. The idea of increasing general potential and particularly economic potential would hence make more unassailable the implementation of these programs for any citizens that had prejudice against specific communities. Simultaneously, the social programs of the 1970s were about increasing the general wellbeing of the entire populace, because it was the genuine belief that an entire nation that had reached its personal potential would achieve full economic potential. The use of the word potential even had dual and complementary meanings in the Economic Reports of the 1960s and early 1970s as it meant both the attainment of citizen and economic potential. That realization of one form of potential would naturally translate to the

other was based on Keynesian economic thought of the time. Later descriptions of potentiality in the Economic Reports of the 1980s gradually switched to deemphasizing the relationship between citizen potentiality and economic potentiality, which is when the continued insistence on *bios* potentiality in the Reports became more rhetorical. While the 1980s Economic Reports promote an idea that *bios* potential was a central concern of government, and that all of these higher-level achievements of wellbeing could be secured via investment, in reality, *bios* potential was no longer the way to grow the economy, as it was instead financial investment. Statements affirming the continued need for growth of *bios* potential from the 1980s onwards have hence become mostly empty affirmations, while in reality, many Americans increasingly experience a *zoē* reality of survival.

The interest in achieving citizen *bios* potential was partially couched in the productive potential of this goal, and the inflation meant that presidents had to reassess whether government spending on *bios* really grew the productive economy. I suggest that government sought to align financial investment with *bios* potential because rhetorically, they needed to continue to explain how they were contributing to the wellbeing of citizens. With financial investment however, human *bios* potential is secondary to the growth of financial markets, whereas with social spending, *bios* potential is directly impacted, and crucial, to productive growth. Currently, while the government promotes investment for *bios* potential, they have largely reassumed responsibility of only being responsible for *zoē* of citizens, or survival. This is visible via underfunded k-12 education, privatized postsecondary education, basic and insufficient welfare, limited subsidized medical care, nonexistent subsidized preventative care, and insufficient subsidized housing alongside the financialization of housing resulting in increased homelessness.

To touch on theories of biopotential to further explain why it provides useful context for the emergence of social programing to grow the economy in the 1960s, I will first look at Michael Foucault's definition of biopower in *The History of Sexuality: Volume One* (1978). In this text, Foucault defines biopower as "a regularising technology of power that distribut[es] the living in the domain of value and utility" (1990: 44). He suggests that a biopolitical regime became more important for governments in the 17th century in Western Europe and North America, and distinguishes it from the preceding sovereign one which emphasized the ability to take life from citizenry. Foucault hence writes that "one might say that the ancient right to take life or let live was replaced by a power to foster life or disallow it to the point of death" (138). Foucault further writes that in the 17th century, two conceptions of the body were created, one of the body as a machine and the other of the body as a species body, and that these two conceptions worked together to promote the notion that the government's "highest function was no longer to kill, but to invest in life through and through [...] the old power of death that symbolized sovereign power was now carefully supplanted by the administration of bodies and the calculated management of life" (140). Foucault further suggests that a partial reason for this rise in biopower was the development of capitalism, wherein it became more important to extract value from citizens, writing that "biopower was without question an indispensable element in the development of capitalism" (141). He then further suggests that the inverse capacity to be able to disallow life to the point of death was further supported by the development of the nation-state, with qualifying membership. In my dissertation, I want to further suggest that the combination of an economic ideology which believed that citizen wellness rather than merely citizen existence was essential to optimal capitalist production: Keynesianism, alongside a democratic economic system, further compelled heightened interest in policies promoting wellbeing of citizens. While

citizen wellbeing or even general citizen labor is no longer central to the growth of the economy, which relies the most instead on financial investment, with finance, insurance, real estate, and leasing accounting for the largest share of the country's GDP, at 20.7 percent in 2023 (*Statista*, Share of Value Added [...] in 2023), the democratic framework and legacy of belief that the government should provide avenues for *bios* wellbeing has meant that the government continues to rhetorically promote commitment to citizen wellbeing through improving access to and potential profit from financial investment.

I also use a framework of biopower via Agamben's distinction between *zoē* and *bios* as a useful hermeneutic tool to understand the changing approaches to citizen wellbeing in the Economic Reports through time despite seeming claims to continuity of objectives of the promise to wellbeing via the 1946 Employment Act mandate and the annual publication structure. In *Homo Sacer: Sovereign Power and Bare Life*, Agamben offers an edit to Foucault's work, saying that some degree of organizing citizens around life rather than through spectacles of death existed within older sovereign government structures, wherein in fact a threshold of life was extended to all citizens excepting those who were expelled from society into a state of murder without consequence. Agamben draws on ancient Greek concepts of *zoē* ("natural reproductive life") versus *bios* ("a qualified form of life") to characterize forms of life in old sovereign regimes, saying that these regimes distinguished between who was worthy of *bios* (with inherent *zoē*) relative to those who were just cast off with *zoē* (Agamben 1). Hence there were further nuances in the quality of life versus death, and in the modes of anti-life given. Agamben also uses this theory to further elaborate on modern governance structures, saying that modern governments put *zoē* inside the polis, becoming the new centre of the state's organizational design (Critical Legal Thinking), with the heightened ability to permit life (*zoē*) or

disallow it to the point of death becoming crucial to logics of the nation-state. In my dissertation, I find it helpful to combine the aspect of Foucault's proposal of biopower being connected to the growth of the capitalism (Foucault 141) with Agamben's renewed distinction between natural life (*zoē*) and qualified or improved life (*bios*) to further parse out the shift that happened in the Economic Reports towards government spending more money to increase the wellbeing of citizens to achieve greater economic growth. While Agamben suggests that management of *zoē* has become crucial to governing, I propose that increasing quality of life or *bios*, also became increasingly essential to the government because of the understood economic benefits, reflected in the quote from Lyndon Johnson in his report from 1964, that he regarded "the achievement of the full potential of our resources- physical, human, and otherwise- to be the highest purpose of governmental policies" (3). The social programs proposed in the 1960s Economic Reports such as healthcare, subsidized postsecondary education, increased training programs, increased daycare, increased funding for arts and growth of recreation and national park systems deeply surpassed the initial primarily *zoē* focused welfare system of 1935 and K-12 education which was legislated but not fully implemented in every state in 1930 (Hansan, John; Hornbeck, Dustin). While systems surrounding the management of *zoē* authorized nationality and the nation-state⁴, I suggest that since the 1960s systems of increasing citizen *bios* were legitimized as crucial to proper economic governance. Government has maintained rhetorical recognition of its responsibility to continue to grow wellbeing, despite simultaneously reducing actual programing and expenditure to promote shared growth of *bios*. Thus, while *bios* is perceived as less

⁴ This is also covered by Robert Esposito in his book *Bíos: Biopolitics and Philosophy*, where he discusses the concepts of *communitas* and *immunitas*, with a concept of community needing simultaneously a sense of exclusionary inclusion, such that some people are deliberately excluded. While Foucault focuses on the discourses of power which determine the quality of life granted, Esposito suggests that it is the action of community-definition and exclusion which has greater impact on enacting biopower. We can see this concept of exclusion also expressed within the paradigms of who is granted *zoē* as part of the national community versus who is excluded (sometimes refugees, undocumented immigrants or targeted ethnic or sexual minorities).

important to actual economic growth, because finance is its effective supplant, it is still believed to be important to political strategy for government to suggest it is providing avenues for *bios* potential.

While I use Agamben's framework of *bios* and *zoē* to describe the shift towards increasing social spending with the hopes of increasing *bios* wellbeing, Achille Mbembe's theory of necropolitics can also be used to understand how the shift away from government genuinely attending to the wellbeing of citizens due to the turn to a financialized economic system can also negatively impact many female, poor, disabled and people of color who were supposed to achieve equity through the initial *bios* potential-oriented programs. In *Necropolitics*, Mbembe defines necropolitics as "the subjugation of life to the power of death", and describes the creation of death-worlds, which are defined as "new and unique forms of social existence in which vast populations are subjugated to conditions of life conferring upon them the status of the *living-dead*" (Mbembe 39, 40). Mbembe suggests that necropolitical modes of governance are enacted via necroeconomics such as modern capitalism which produce an excess of populations which cannot be exploited but need to be managed through exposure to hazards, the confinement of particular populations such as refugees, prisons or poor/unhoused citizens into campsites which are precarious and militarized, and lastly the regular enactment of death on a large scale (Mbembe 39). Mbembe's theorization of necropolitics can be useful for considering what are the effects of a lack of attending to *bios* wellbeing. I suggest in my dissertation that the build to *bios* potential developed from first attention paid to *zoē* or survival of citizens, which Foucault notes became more important with the development of capitalism and the nation-state, when some level of citizen wellbeing correlated to expanding capitalist might (Foucault 141). While I propose that the growth of homeless encampments and economic inequality can be discerned as

a returning to survival modes of existence, particularly when there is *just* enough welfare to survive, we can also genuinely read the newfound deemphasis on *bios* potential as creating death-worlds, particularly for those disenfranchised communities who were to benefit most from the initial *bios*-potential oriented programs of the 1960s and 1970s. At the same time however, the desire of governments to secure votes has meant that the government isn't explicit about the creation of death-worlds and instead emphasizes that at the very minimum, survival will be maintain, while investment programs which finally ensure more *bios* wellness for everyone are just around the corner. Hence, presently, the government focuses on economic growth through financial investment, while rhetorically maintaining that it is growing *bios* and *zoē*, and also simultaneously permitting conditions for the expansion of death-worlds, and so people increasingly experience "small doses" of death (Mbembe 36-38). I believe that the government doesn't explicitly want the creation of these death-worlds, but that the necessity of their creation through the financialized economic system that the government wishes to maintain means that the it needs to have people become accustomed to witnessing death-worlds while waiting for the improved financial solutions for *bios* which never materialize. While I read the Economic Reports as striving to create an imaginary that the government is always accounting for citizen *bios* and *zoē*, the increased difficulty in even attaining *zoē* can indicate that increased rhetorical and experienced normalization of death-worlds is becoming essential to economic governing, as affirmed by Achilles Mbembe.

It's also important to acknowledge that while I write of *bios* potential being enabled via social spending and then newly being potentially achieved through financial investment, there were always ways in which goals beyond survival were being achieved outside of social programs. Within Lyndon Johnson's social reforms, for example, there were likely always

individuals and collectives who were resisting the demands placed upon the social reforms for instant translation of funding into productivity. Agamben's perspective in his third chapter of *Homo Sacer: Sovereign Power and Bare Life*, "Potentiality and the Law" illustrates this desire, when Agamben states that: "if potentiality is to have its own consistency and not always disappear immediately into actuality, it is necessary that potentiality be able not to pass over into actuality, that potentiality constitutively be the potentiality not to (do or be), or, as Aristotle says, that potentiality be also im-potentiality (adynamia)" (40). He further succinctly describes it when he says that "an act is sovereign when it realizes itself by simply taking away its own potentiality not to be, letting itself be, giving itself to itself" (42). Hence, it's possible that some people just wanted to be, on a certain level, or express potentiality outside the productive economy. We can also think of individuals, collectives and corporations raising wages and prices as another, alternate form of achieving expression of one's *bios*. Within this framework, it's possible that people didn't just want to have the option not to express potentiality, they also wanted to be able to express it in their own way. Lastly, in addition to these excursions to development and expression of citizen *bios* into the productive economy, it is also likely that some citizens continued to remain excluded from social spending, and so were not benefitting from attempts to funnel citizen *bios* into the productive economy.

With the switch towards *bios* (healthcare, education, cultural experiences, further training) being encouraged to be achieved via financial investment as the alternative market-led way to direct productive growth, there are again many instances where people are left out of expression of *bios* due to the exclusivity of finance. Further, it is difficult to abstain from financial investment as many aspects of *bios* like education and housing have become financialized, hence should you desire either of these things you are participating in a financial

economy. Ways to depart from financialized-focused expression of *bios*, which is very individualistic, would include increased social spending again as well as support for collective wage increases. In *Willing Slaves of Capital*, economist and scholar Frédéric Lordon writes that the “master-desire of financial capital is liquidity” (29) and also observes that:

“Keynes had already noted the fundamentally anti-social character of liquidity, as the refusal of any durable commitment and Desire’s desire to keep all options permanently open – namely, to *never have to take the other into consideration*. Perfect flexibility – the unilateral affirmation of a desire that engages knowing that it can disengage, that invests with the guarantee of being able to disinvest, and that hires in the knowledge that it can fire (*at whim*) – is the fantasy of an individualism pushed to its ultimate consequences, the imaginative flight of a whole era” (30).

Lordon’s writing of the “imaginative flight of a whole era” (30) here reflects the individualistic push of the domestic American economy in the 1980s which was supported in its project via the promoted rhetoric of American individualism. All the same though, we can imagine that there were likely some Americans who did feel limited by regulation in the 1970s and enjoyed increasing their private wealth via this ultimate flexibility. However, given the oft observed and criticized pattern of collective pushes for increased wages and support for social spending in the 1970s, these perspectives were clearly not dominant, nor inherent.

As I will discuss in my fifth chapter, the potentiality for free and individualized expression of *bios* in the 1980s via financial investment, as the US was stripped of its social programs was promoted as “quintessentially American” and touted as a return to American ideals even though the vast buy-in of ideals of social programming, redistribution and collective wage increases in the 1960s and 1970s and historic absence of widespread individual investment

practices disproved that individual investment was the most “quintessentially” American thing to do. Currently, while the amorphous penetration of financial institutions into many aspects of our lives and livelihoods makes it hard to feel that there is *bios* potentiality beyond finance, the rise of productive wage movements, revival of unions and interest in increased social spending, especially for housing, indicate that there is growing interest and belief in ensuring non-financial ways to secure citizen *bios* potential.

Textual Analysis Method

To make the claims that I do in this dissertation that there was a transition from social programs to finance as the new tool for productivity and potentiality, I perform textual analysis of the Economic Reports from mid-1960s to the 1990s. While I will elaborate in the subsequent paragraph on why I center my analysis from within this timeframe, briefly stated, I do so because this time period first covers the introduction of widespread social programming and discourse on its benefits for productivity and citizen potentiality. It then also covers the transition to defunding of social programs and the replacement of social programs with financial investment as the means to promote economic growth and secure individual wellbeing. To trace these evolutions from social programs to finance, I perform textual analysis to observe the shifts in relational understandings of four keywords- potential, inflation, social programs and finance. I embed these analyses within commentary on the state of inflation during the various time periods, and on the prevalence of Keynesian or Monetarist thought, based on the orientations of the Economic Chairmen. I believe that these economic ideologies informed the general directions of the Economic Reports though sometimes the policy recommendations of the reports exceeded or deviated from the Keynes or Monetarist thought, and were based on accrued political ideology

and rhetorical build. This method of tracing keywords is grounded in Raymond Williams's method from his book *Keywords*, in which he chronicles the evolution of definitions of words through tracing their interactions with other words and ideology. My analysis of the shift in governance of citizen potentiality from social programming to finance is related to writings on biopower as well as the thinking of Italian-Marxists, who discuss how systems like the nation-state and capitalism regulate labour. I will further discuss how my analysis relates to these theorists in my literature review.

While for the purposes of this dissertation I am interested in the representational shift of meaning between keywords through time, part of my textual analysis can also consider the relation between writing in the Economic Reports and the changing ways in which it was understood by citizens. Following Stuart Hall's theory of encoding/decoding representation, I believe that we can see dominant economic views on inflation, finance, social programming, and potential that are encoded within the Economic Reports ("Encoding/Decoding" 31). These perspectives are decoded by citizens and the business community, and the accumulation of a sense of congruence or noncongruence with lived experiences is partially what impels the subsequent changes of meaning of the keywords in the Economic Reports, as new leaders get voted in who can capitalize on accumulated dissatisfaction to change the meanings. The new meanings of keywords- such as that financial investment creates potential- are not always aligned to lived experiences, but accumulated dissatisfaction with encoded views is what permits these changes to occur. The meanings are also bound by the mandates of different Acts such as the Employment Act or the Humphrey-Hawkins Act, which delimit the extent to which a meaning can change until a revision to an Act is introduced. The Economic Reports and federal Acts therefore enforce new dominant encodings, which are interpreted in various ways by

citizens, and the reactions can encourage new directions with policy. The new meanings of keywords can be understood as “negotiated” encodings (37) in that they attempt to account for politically tenable ideas, such as the continuation of support for citizen potentiality, within new constraints, such as the need for zero percent inflation, with this balance forcing uptake of new definitions of keywords- such as that finance enables potential- to become imperative to maintaining control.

To perform my textual analysis, I look at a sample size of three or four Economic Reports from the decades of the 1960s, 1970s, and the long 1980s, analyzing at least one report from every president from Lyndon Johnson to Bill Clinton. To most accurately understand the perspective of each period, I: 1) analyze the first and last report of presidents who had two terms, 2) randomly select a report from all other presidents, and from presidents who had had two terms, for whom I analyze more than two reports (only Johnson). As mentioned, I rationalize looking at the reports from within the following timeframe because it coincides first with writing on the benefits of social programming that were later primarily blamed for causing the 1970s inflation, and then with new discourse detailing the benefits of finance for productivity and potentiality. The three time periods I analyze within my chapters of analysis correspond with three major shifts in dominant beliefs in how to assure citizen potentiality and productivity, and limit inflation. To elaborate, in the 1960s, President Johnson’s economic beliefs and policies were derived from Keynesian thinking that fiscal interventions into the economy to increase social spending would increase productivity and individual opportunity; inflation was also increasing, from not being a problem in the earlier 1960s. In the 1970s, we witness steady overall growth of inflation, and increased blame put on these social programs for causing the rising inflation, and the gradual adoption of Monetarist belief that productive growth would happen

through reduced fiscal intervention. Social spending was decreasing, while financial tax incentives and rhetorical legitimizing of finance was increasingly present in the reports. By the 1980s, Reagan had coalesced these beliefs and articulated them into his “reorientation” (3, 1982), wherein social spending was bad, deregulation was good, and finance was articulated as the best way to enable productive growth and potentiality. Another initial source of blame for inflation, increased wages and prices, were also tacitly eliminated as a threat in this late period via increased Federal Reserve interest rates, again reinforcing finance as the main solution for *bios* potentiality. In the 1990s, Bush Sr. and Clinton suggested that finance may have actually been insufficient to ensure productivity and potentiality. Regardless of their statements however, both still suggested more finance as a solution, indicating the entrenchment of the coalesced beliefs on finance for productive growth and wellbeing of Reagan’s reorientation.

Overview of Chapters

My dissertation is structured into this introduction, four main chapters, and a conclusion. My first chapter is a literature review, and is structured with two parts, first looking at work directly relating to my project and then examining literature which influences my arguments. In the first part, I examine: 1) the topics and objects of study of other people who participate in Culture Studies of Finance; 2) the theoretical framework of biopower as well as Italian-Marxist theories of labour which guide my thinking, and; 3) textual analysis strategies such as Raymond William’s keyword analysis method, and other examples of discursive analyses, to contextualize my own close reading analysis of keywords in this dissertation. In my second part, examining literature which informs my analysis, I look at: 1) perspectives on the causes of inflation from Keynesian-oriented and Monetarist theorists, to contextualize the discursivity of the framing of

the causes of inflation in the reports; 2) histories of Keynesianism and Monetarism economic ideologies in the USA in order to provide further context to their influence on the framing of inflation, and; 3) theories of American individualism, to theorize why the individual was used to convince people of the benefits of financial investment over social spending.

My following three chapters are chronological analyses of the Economic Reports, with each decade, the 1960s, 1970s, and long 1980s, taking up one chapter. These chapters are each structured first with an introduction to my analysis of the claims made in the reports of that decade, an overview of the status of inflation, and what were the ideological perspective of Economic Chairmen writing the reports. These introductions are then followed by close readings and analyses of the main bodies of each report, and close with a section which overviews perspectives of the period on potential, social programs, inflation and finance. Generally, my third chapter traces the rise of Lyndon Johnson's rhetoric that social programming could enable productivity and opportunity in the 1960s, and that inflation was primarily the fault of wage-price increases, war spending and some inefficiencies with social programs. In my fourth chapter, I suggest that the 1970s were a transitional period in economic rhetoric and policy, as social programs were increasingly targeted as the main contributor to inflation, and observe key moments when finance was touted and utilized as a means to increase productivity. In my fifth chapter, I propose that in the 1980s, finance was increasingly presented as the way to achieve potentiality and productive growth, while social programming was framed as causing inflation. I suggest that these beliefs seem to have become increasingly entrenched in the 1990s, as witnessed in reading the introductions of economic reports of George W. Bush and Clinton. In my fifth chapter, I also provide a general review of the overarching discursive shifts relating to potentiality, social spending, inflation, and financialization observed in the economic reports

from the 1960s to the 1990s. In these chapters, I often use the word “potential” in lieu of differentiating the type of potential, either *bios* or *zoē*. However, in keeping with themes from discussions in this introduction, reference potential, I am most often referring to *bios* potential, denoting increased quality of lives lived, over survival which by the 1960s was secured (unequally) for American citizens via food subsidy programs, welfare and some subsidized housing.

In my final chapter, I first summarize my findings from my previous chapters, then I examine recent reappropriations of the American Dream by Clinton and Bush Jr., as well as the impact of the framing of the 1970s inflation on economic policy today in light of the recent inflation, to consider how contemporary presidents have coped with and responded to the shifts in perception of finance and social spending in the 1980s. I look at the rearticulation of the term American Dream by Bill Clinton and George W. Bush as “uncertain” in their reclaiming of the term to propose that the American Dream became reimagined to draw upon ideas of essential American practice while encapsulating rising experiences of uncertainty within a financial economy. Building off this analysis, I suggest that the creation of a financialized American Dream mythology founded from an imaginary of a national, historic, ideal attempted to build off of and scale up the 1980s imaginary of financialized *bios* potential as being essentially American. The observable decline of the use of the term American Dream in public writing since the early 2010s despite its rebranding and promotion in the 1990s indicates that individuals are desiring economic policy and imaginaries that promote shared experiences of wellbeing, rather than uncertainty and inequality. Following this analysis, I consider our current “Great Inflation” (researched during 2021-2023) which has taken hold of the American economy since March 2021. I examine how President Joe Biden has been responding to this inflation, both in his

omission of naming it in the Introduction to his 2022 Economic Report, and in his decision to call his 2022 landmark environmental and social spending bill the “Inflation Reduction Act”. I suggest that legacies of the framing of inflation have informed these actions, and that recognizing how this historic framing continues to impact us could help the credibility of future proposals for social spending, preventing us from relying on financialization as an inadequate stopgap for equitable wellbeing and realization of opportunity.

Chapter Two - Literature Review

Introduction

This literature review is structured in two parts, the first part highlighting research that is directly related to the work that I am doing in this dissertation, and the second part comprising of academic work that contributes to the historical background to the dissertation. In my first part, I discuss: 1) other works within the Culture Studies of Finance area in which my work falls, to disclose the specific contribution I am making; 2) the theoretical backgrounds of Autonomist-Marxism and biopower which undergird my analysis; and 3) the rhetorical analysis strategies which are comparable to my textual analysis method. In the second section of the first part of the introduction, I'll look at how other theorists, particularly Michel Foucault and theorists of the Italian-Marxist tradition, have considered how government intervention and novel relations of production impact expression of potential to contextualize my arguments that government felt compelled to supplant social programming with finance as a biopolitical tool, to publicly show that they were caring about citizen potentiality, even though *bios* potentiality would also be expressed more inequitably with finance. In the third section I'll be discussing the methods of Raymond Williams, Michael Hardt and Stuart Hall, who perform textual analyses on primary, legislative and popular texts, to situate my own textual analysis of the Economic Reports to understand the material impact of the writing and dissemination.

The second part of this introduction analyses: 1) interpretations of inflation by economists to emphasize the discursivity of the framing of inflation as being caused by social programs within the Economic Reports; 2) histories of Keynesianism and Monetarism economic ideologies in the USA, to theorize their relationship to evolving framing in the Economic

Reports, and; 3) theories of the origins and qualities of American individualism, to highlight why this ideology was reclaimed to support achievement of wellbeing through financial investment in the 1990s. My section on the discursivity of the framing of inflation will underscore that the framing of inflation as being caused by social spending was enacted for political reasons and aligned with limited fiscal spending notions supported by Monetarism, which was growing as an economic ideology during the late 1970s and was adopted by Economic Chairmen of that period to replace Keynesianism. After analyzing different theories of inflation and the alignment of different theories with the two main economic ideologies in the United States during the second half of the twentieth century, my second section will further outline what Keynesian and Monetarist economic theories promote and trace the timelines of their prominence in economic circles, and relationships to the Councils of Economic Advisors of various presidents. This analysis will additionally demonstrate that different Councils adopted different framings on the causes of inflation in part through influence by the economic theory to which they were aligned further affirming the discursivity of causes of inflation. Lastly, I consider other analyses of the Economic Reports, and suggest that the limited critical analyses of the function and impact of the Reports and Council of Economic Advisors indicates that more research on these Reports is needed, to understand their impact on economic and political ideology, an area to which this dissertation contributes.

As part of my analysis, I read the causes ascribed to inflation within the reports as partially discursive even though they are stated as truth and impact policy. However, as this is also a cultural studies analysis of inflation, I additionally consider the concept of inflation itself as both representative of real material constraints, and as partially discursive; therefore, while inflation does limit potential, the concept of inflation as the devaluation of the dollar mediates

these material constraints within the discursivity of the economy. My analyses of these documents are aligned with the thinking of Lawrence Grossberg in *Cultural Studies in the Future Tense* where he writes that, “‘the economic’ is always, in part, discursive and discursively constructed; we have to avoid naturalist and materialist reductions, even while we simultaneously refuse any culturalist or linguistic reduction” (129).

Part One

Analysis of Finance within Culture Studies

Culture Studies of Finance is a growing field of study, particularly within the last two decades, presumably because of growth of and increased value given to financial markets. In addition, finance is analyzed critically within a wide range of disciplines including Sociology, Political Science, Geography and English. In *Cultural Studies in the Present Tense*, Grossberg outlines a few ways in which cultural theorists study economics. First, he notes that there is “cultural economy work” which includes “the economies of culture or the cultural industries, raising questions about culture markets, labor, classes, ownership, production, commodification, consumption etc.” (112). He then notes that there is “a growing and rich body of work that focuses on what might be called the operation of culture inside economies [...] organization culture, management theory, learning and innovation, as well as the place of cultural identities and differences within various structures and relations of the economy” (112). Thirdly, he observes that there are analyses of the rhetoric and discursivity of economics (112), one of the categories where my analysis in project falls, and fourthly, that there are sociological analyses of the assemblages that make up the economy (113). Fifth, he says that there are diagnoses of new classifications of capitalism, such as monopoly capitalism, “late” capitalism, neoliberalism, a

finance economy, a knowledge economy or an information economy, and sixth, he suggests that there are new bodies of work that consider “alternative economies” (114). To these categorizations, I would add two other categories: analyses of the economy’s impact on life from perspectives informed by affect theory, Autonomist-Marxism and biopower, and cultural analyses of the effects of novel economic technologies.

Within Grossberg’s second category of “the place of cultural identities and differences [...] within relations of the economy”, other cultural theorists have examined the effects of the development of the finance economy on culture. For example, in *Financialization of Daily Life*, cultural theorist Randy Martin looks at the impacts of finance on contemporary society, noting that financial logics can accelerate imaginaries of success despite diminishing experiences of wellbeing and imagine collective individual wellness. He also suggests that finance indexes the future to the present, and that sociality can be mediated by stakeholder logics of buy-in and risk-taking (146). In *Scandals and Abstraction*, Leigh Clare La Berge examines the effect of financial logics on genres and suggests that there was a simultaneous canonization of postmodernism and realism in the 1980s because postmodernism aligns with financial logics that beget both dramatic personality and re-fraction of temporality and realism enables these concepts to be embedded within a lived, realist discourse (14). She argues that the push towards embedding postmodern ideas within realist frameworks happens due to the impulse in finance to balance financial discourses of futurity imbedded in the present with more traditional conceptualizations of the present (historic, slow, ongoing). She suggests that this combination enables financial discourse to leap forward, and be more assured of its future success because it seems to ordinary and pervasive (28). Her observation of the duality between shared time and individualist culture seems to mirror the observation of the celebration of the individual within a social stakeholder

culture made by Martin. Generally, both Martin and La Berge note the rise of heightened identity through the advent of finance capitalism, which is realized through finance's promotion of individuality and risk-taking within stakeholder sociality and the embeddedness of postmodernism within realism, respectively. Relating to these analyses of financial developments on identity, Kean Birch in *Assetization: Turning Things Into Assets in Technoscientific Capitalism* suggests that finance breaks down holistic concepts like identity into assets through the financing of personal data, suggesting that the concept of the financial asset has migrated to new realms such as infrastructure, farmland, cars and spare rooms, enabled by social media platforms like Uber, AirBnB and TaskRabbit (13).

Within the realm of novel cultural analyses of financial technologies, in "High Frequency and the Nodes of Trading Profit", Matthew Tiessen looks at the implementation of algorithms to the high-speed fiber optic cables deployed within high frequency trading and suggests that this creates a logic of finance that values speed over geography and is displacing human involvement. His thinking parallels that of Saskia Sassen in "The Embeddedness of Electronic Markets: The Case of Global Capital Markets". In this article, Sassen looks at the placement of global financial markets in big cities and suggests that the locationality of this technology excludes the involvement of those living in smaller cities and rural communities. Arjun Appadurai, in *Banking on Words*, examines the derivative, and its role in the 2008 financial crash, arguing that it was the uncertainty of language with the derivative that contributed to the crash. He suggests, however, that the unstable referent of a derivative is valued by humans because it permits uncertainty and evades any sort of totality in thinking about the future, while still serving as a vessel to extend our desires (75). Striving, for Appadurai, would thus seem to have the most leeway within finance, because finance enables the broadest opportunities for

action and risk, relative to a socialist or communist system, or even a capitalist system without finance. Appadurai links the quality of uncertainty of finance to the unstable nature of charisma in early capitalism and argues that uncertainty is key to striving. His thinking will be seen to be aligned with that of Michael Hardt and Antonio Negri, who will be examined later in this literature review, in suggesting that productive (particularly material) forms of labour restrict the freedom of striving, and thus the potential for joy. However, he differs from them in suggesting that finance is better because it reflects uncertainty and more wideness of opportunity. Lastly, in “The Asset Economy During and After the Covid-19 Crisis”, Lisa Adkins, Gareth Bryant and Martijn Konings suggest that the rise in housing prices during the Covid-19 pandemic revealed the pre-existing crisis of inequity with home ownership, wherein housing is propped up by government to prevent its default, because it is understood as an asset. As such, even though economies were declining, housing prices continued to rise, exacerbating the inequities of access to assetized housing. The authors suggest that the dependency of the economy to the ‘wealth effect’ of increasing housing prices is at odds with the inequality created out of those who can’t afford houses. The authors then wonder “should progressives seek to deflate the price of housing and assets?” (242). The consideration of the inequality created via asset inflation and wage stagnation in this paper is similar to my own work of examining the transition to reliance on asset inflation, including houses, as a result of the experience of general inflation and the legitimization by government of housing price inflation in the 1970s and the subsequent defunding of social programming. I propose that finance became the primary vessel for productivity and wellbeing, over social spending. Our objects of analysis differ however, as these authors look at data revealing wage stagnation and price increases, whereas I look at the promotion of finance

via social spending cuts, pro-finance policies and rhetorical promotion of finance within the United States.

Other academics working within the realm of Culture Studies and Social Studies of Finance include Mary Poovey, who looks at the history and technologies of finance in the US, Judith Stein, who examines politicians and beliefs which contributed to the rise of finance in the 1970s in the USA, Melinda Cooper, who looks at the impact of the shared value of the nuclear family within both neoliberalism and social conservatism on the growth and success of neoliberalism, Annie McClanahan, who examines cultural objects which arose after the 2008 financial crisis, Julia Ott, who examines American history of popular investment, Irene Finel-Honigman, who looks at the socio-cultural reactions to financial events, Giovanni Arrighi, who theorized capitalistic cycles, with finance as the latter stage, and Fredric Jameson, who, like La Berge, examines the impact of finance on genres.

Additional academics, namely Greta Krippner, have also examined the 1970s inflation from a historical sociological perspective. In *Capitalizing on Crisis: The Political Origins of the Rise of Finance*, Greta Krippner suggests that the increased role of finance in the American economy inadvertently arose out of policymakers trying to find new ways to deflect the role of the state in making fiscal decisions of allocation while saddled with monetary inflation. These methods of deflection were: 1) to deregulate the U.S. financial markets through the 1970s and increase credit, 2) to increase dependence of the U.S. economy on foreign capital to finance deficits beginning in the 1980s, and, 3) to implement the Volcker Shock in 1979. Krippner first looks at the postwar era of American financial policy and suggests that policy which broadly limited access to credit for all Americans simultaneously kept monetary inflation very low. She notes how inflation began to rise in the 1960s with the funding of both the Vietnam War and

Lyndon Johnson's Great Society programs (64). Krippner then examines policy decisions made through the 1970s which were enacted with the goal of combating monetary inflation and easing the social unrest which was arising out of the State having to make decisions of allocation with limited funds (namely, ending the Bretton Woods agreement, and increasingly deregulating credit to increase its access, while reducing social programs (137)). She suggests that inflation continued to grow in the 1970s because of the increased access to credit, and that the extremely high interest rates of the "Volcker Shock" had the effect of promoting financialization, because they created "punishing conditions for productive investment [drawing] economic activity inexorably toward finance" (87). She further notes that extremely high interest rates also attracted foreign capital into the U.S. economy, which expanded credit and inflated financial profits (87). Krippner's analyses of the origin of finance differ from mine, in that, through reading the *Economic Reports of the President*, I suggest that both Presidents and Economic Chairmen in the 1970s and 1980s actively promoted and created opportunities for the concept of finance as a replacement for social programs because they needed a replacement service to which they could enable *bios* potential, as they reassumed being solely responsible for *zoē*. I also argue that they needed a new discursive solution for growing the productive economy. Her analysis can be read as complimentary to mine also however, in that I also believe that the framing of the monetary inflation in the 1970s in the Economic Reports is what enabled and necessitated legitimization of finance, and that finance did arise as policymakers were trying to find ways to deflect from being largely responsible for enabling citizen *bios*.

Departing from sociological analysis, and falling within the additional category of analyses of the economy's impact on life from perspectives informed by biopower, Michael Foucault, in *Birth of Biopolitics* discusses the ideological and economic conditions which created

neoliberalism, and how his concept of biopower can be useful for understanding the effects of neoliberalism on the body. In the text, Foucault outlines what he views as differing origins for the rise of German versus American neoliberalism, with the former arising out of self-derision over deeply horrifically over-involved government following the experience of the fascist Nazi government and the latter stemming from aversion to Keynesianism due to, as Foucault argues, the inherent liberal origins of America. Foucault says that the American model of neoliberalism has birthed biopolitics, meaning that people understand everything in relation to the economy, and their own self as inherently linked to the economy, such as all actions, including learning, loving, maintaining one's health and personal relations can be thought of from within the lens of capital investment. Foucault suggests that this extractive economic nature of understanding ones' actions arises because it is somewhat optional (i.e. there is just enough of a social safety net with neoliberal reforms that you won't actually die if you don't engage in self-investment, rather you will just be not as wealthy) and that part of biopolitics is increasing unexplained market value relative to explained market value, meaning that a growing part of the allure and value of a person or product can't be fully explained. In *Bios*, Roberto Esposito also discusses Foucault's concept of biopolitics⁵, and its altered orientation relative to sovereign power, in reference to Foucault's quote that "the police has to keep the citizens happy [...]" (37) noting that "the affirmative character is already fully delineated above, those features (at least from this perspective) that Foucault seems to assign to biopolitics in contrast to the commanding tendency of the sovereign regime. In opposition to it, biopolitics does not limit or coerce life, but expands

⁵ Though less relevant to my theorizations of economic rhetoric to govern citizen wellbeing, Roberto Esposito's theorization of biopolitics in *Bios: Biopolitics and Philosophy* is very seminal. Esposito proposes that governance occurs through negative reinforcing of who is within community, and hence operates from within this action-oriented emplacement instead of through top-down decrees of who is granted life or death as proposed by Foucault. Sherryl Vint provides a great overview of Esposito's thinking in her review in *Biodialectics* (2010).

it in a manner proportional to its development” (37). This summary again outlines the objective of the biopolitical regime: it maintains its power through affirming the life of its citizens. In the case of the United States in the 1960s, there was an attempt to further enhance *bios*, rather than merely *zoē*, or survival, for greater economic power, which would then positively affect the biopolitical regime.

Foucault published this piece in 1979, and the themes of his choice descriptors of overinvestment and revenue to secure potential- inflation and capital- suggest that both inflation and finance were very important to the world-at-large at that time. Relating his analysis to mine, I’m interested in tracing how reactions to rising inflation alongside the growing popularity of Monetarism created conditions for the semantic replacement of social programs with finance as the provider for productivity and potential. Our analysis for the origins of financial orientation of American economy differ however, as I believe it was primarily due to the event of inflation and its framing and need to discursively provide a new solution for *bios* in the late 1970s, whereas Foucault looks at anti-Keynes thought and innate cultural alignment to Monetarism and neoliberal practices. I do however think that biopolitics is evidenced in and imbricated into government biopower of enabling potential in the 1946 Employment Act, wherein potentiality was to be achieved through full employment, and then also in the social programing initiatives of the Great Society, and rhetoric on the benefits of finance in the 1970s onwards. The biopower of enabling potential, to create trust and a relation of citizens to the state hence has been expressed with biopolitics because of its alignment with economic productivity, with economic power being closely aligned to state power. The normalization of government enabling biopower, expressed in economic terms, is what necessitated a semantic and policy replacement after social programing was wholly criticized, which was finance. Finance thus became the new biopolitical

tool to enable desire for potential, despite its apparent lesser ability of fulfilling citizen desire, and as Foucault notes, government provided *zoē* potential of just keeping people alive.

Within this discussion of biopolitics, I can also mention two other important theorists that have further contributed to the conceptualization of biopower, and which relate in various ways to my understanding of biopower in this dissertation. Achilles Mbembe, who I have already discussed in my introduction, in his book *Necropolitics*, theorizes on necropolitics as contemporary forms of subjugating life to the power of death, which he believes is a larger current governing factor than the organization of life (92). Mbembe writes that currently, vast populations are made to experience a life of the “*living dead*” within engineered *death-worlds* that support contemporary structures of power such as the nation-state, empire, capitalism or resource extraction (92). A fundamental aspect of the normalization of necropolitical regimes, Mbembe also adds, is the normalization of racism which is also supported by class. Mbembe proposes that the development of liberal democracies in the Global North were organized around the subjugation of others who were colonized and forced into transatlantic slavery in the Global South, and that the organization of democracy actually thrived on having this third space or other to posit imaginaries of depravity and thus rationalized violence onto (27). Mbembe proposes that the legacy of racism as a product of the othering essential to undergird contemporary forms of governing like the nation-state and capitalism is what enables necropolitics today.

Like Foucault’s biopolitics, Mbembe’s necropolitics provides a useful framework to understand why citizens are depicted as valuable or disposable. While Foucault viewed biopolitics as arising from American individualism, with neoliberal politics thus being most innate to the self-governing structures of Americans, Mbembe understands racism as being the central governing factor that permits the existence of death-worlds. In my own analysis in this

dissertation, I am interested using biopower as a framework to understand why the government was motivated to programs for help citizens thrive as a governance and economic tool, and then similarly, why the government has been motivated to continue with a rhetoric of wellbeing despite decreasing experiences of wellbeing to assuage citizens. As I mention in my introduction, necropolitics can be a parallel way to understand decreasing experiences of attainment of *bios* potential and *zoē* potential by citizens since the turn to financialization as a means to achieve wellbeing in the late 1970s. I believe that while the government wants to insist that it is ensuring a degree of citizen wellbeing because this is what citizens expect from their government, in fact, some degree of normalization of the witnessing or experiencing of death-worlds is necessary because financialized capitalism operates on exploitative relationships. Thus historically, during the peak of the Keynesian era, citizen thriving was an important political and economic governance tool, and the “letting die” of certain communities affirmed the sovereignty and power the US to those who were so lucky to be part of its economic and political operations, while also upholding extractive relationships. Since the turn to financialization in the US, performative gestures of enabling thriving to save face of prosperity in a democratic government have become important to the government, which no longer relies on citizen labour to the same degree to ensure wellbeing. Simultaneously, as mentioned, increased permission for the witnessing or experiencing of “letting die” becomes essential to the operations of finance capitalism, which we can say operates through the necropolitical legacy of the normalization of the Other.

In this section, I will also further elaborate on my use of Agamben’s appropriation of *bios* versus *zoē* for framing the human desire and economic growth factor behind Johnson’s social reforms. In *Homo Sacer: Sovereign Power and Bare Life*, Agamben examines the Ancient Greeks’ two different understandings of life, with the first being *zoē*, or the simple fact of living

common to all beings, and *bios* which is a qualified way of living proper to a group. Agamben notes that both Plato and Aristotle had differentiated between three kinds of *bios*, which for Aristotle were: the life of the philosopher, a life of pleasure, and the political life (5). Agamben says that early societies like those of the ancient Greeks were most concerned philosophically with *bios*, and that *zoē* was called into question only in acts of exclusion (148). At the same time however, Agamben contends that controlling *zoē* (such as through acts of exclusion) is also central to the exercise of sovereignty. Agamben notes that Foucault traces a shift towards the preoccupation of governments with increasing the *zoē* of their citizens when governments become preoccupied with a biopolitical interest in the “importance of the nation’s health and biological life as a problem of sovereign power” (6) wherein the state “assumes and integrates the care of the natural life of individuals into its very center” (8). Agamben agrees with Foucault that the twentieth century has been dominated with preoccupation of government with controlling its citizens *zoē* and he says that in the turn towards fascist concentration camps is an example of newfound control of *zoē* centered on the death of non-citizens. He also looks at refugee camps as examples of “bare life” existence similar to similar acts of exclusion in ancient societies wherein someone is a non-citizen who isn’t worthy of any access to *bios*, and so instead lives in a non-death state of *zoē* that is also precarious because aren’t granted access to *bios* (111).

As I outlined in my Introduction, in this dissertation, I take the interests of the US government in maintaining its citizenry from its founding in the 1775 and through the 1800s and 1900s by progressively improving basic social welfare, laws protecting citizen life and safety infrastructure to be evidence of it caring for the *zoē* potential its people. I believe that protection of some citizen *zoē* ensured citizen investment in the nation and also enabled psychic and

physical investment in economic growth. In contrast, I believe that the social reforms in the 1960s, centered on increased social spending, subsidized housing, better healthcare, increased training programs, lowered postsecondary tuition fees, subsidized daycare and increased funding for arts and cultural institutions as well as natural reserves represent renewed government interest in increasing the *bios* potential of its citizens. These reforms to increase citizen *bios* however were done explicitly to increase the economic potential of the economy (Johnson 1964 3), and, as I suggest in my Introduction, part of the reason for why these reforms were criticized and people sought to increase their own *bios* through collective wage increases and price increases was because of the control on expression of *bios* (42) (the other reason was their failure to realize productivity quickly enough for the economy). Following the limits of economic growth with social programs and the blocking of citizen wage-price increases to increase their *bios*, government officially backed citizens achievement of *bios* potential via financial investment, which was the new tool for economic growth⁶. The State then reassumed its role in mainly and yet haphazardly supporting citizen *zoē* potential while funneling citizen yearnings for *bios* potential towards investment. As will be observed in Chapter Five, government also mobilized rhetoric of American individualism to promote the individualistic tendencies of personal investment as opposed to collective mobilizing. As demonstrated by my analysis in my sixth chapter, the spirit of the “collective of individuals” was also promoted within the rearticulated American Dream of the 1990s and early 2000s. Despite these rhetorical deployments however, I believe that the evidence in the 1970s that collectives were trying to

⁶ This economic trend of finance growing GDP has continued up until today with FIRE industries (finance, investment, real estate, and rental income) contributing the highest amount of value to the USA’s GDP at 20.7% in 2023 (up 0.5% from 2022). The secondary highest industry in 2023, professional and business services, contributed 13.1% of value to GDP (down 0.1% from 2022), while government accounted for 11.4% of value (down 0.2% from 2022). These statistics are retrieved from *Statista*, at “Share of Value Added to the Gross Domestic Product of the United States in 2023 by Industry” (2024), <https://www.statista.com/statistics/248004/percentage-added-to-the-us-gdp-by-industry/>.

mobilize for higher wages undermines any claims that Americans as a people are necessarily opposed to socially-oriented reforms and collective labor actions, or, that, as Foucault says, Americans are naturally inclined towards neoliberal practices.

Finally, in this first section, I want to turn to overviews of prior analyses of the Economic Reports of the President, which fall within Grossberg's category of "analyses of the rhetoric and discursivity of economics" (112). My examination in this dissertation of the effects of the rhetoric, publication structure and format of the Economic Reports of the President on citizen wellbeing is very novel, and with the exception of Deborah Richey's analysis of the Economic Reports in "The Economic Report of the President: An Analysis" (1989) and Edwin Hargrove and Samuel Morley's *The President and the Council of Economic Advisers: Interviews with CEA Chairmen* (1985), there are, to my knowledge, no other sociocultural analyses of the Economic Reports of the President. In Deborah Richey's article, which I also reference in my Introduction, Richey describes what is the Council of Economic Advisors and the purpose of the Economic Reports of the President. She then also discusses the significance of the Economic Reports. Richey thus says the Economic Reports are the federal government's "most significant publications" (363), and also affirms the essential coordinating objectives that the Economic Reports can fulfil for presidents, saying that the intention behind the creation of the Economic Reports was to promote an interventionist federal approach into the economy, writing that the 1946 Employment Act "was significant [because it] legally compelled Congress and the Executive Office to formally plan economic policy. In turn, the planning mechanism for all new policy – *The Economic Report of the President* – was to be publicly available and open to public debate" (367). Richey's therefore emphasizes the impact of the Economic Reports for altering the macro-level shifts in the economy as experienced both in government and private industry,

and her text generally discusses the role of the Economic Reports in shaping economic policy and impacting decisions in private industry.

In Hargrove and Morley's text *The President and the Council of Economic Advisers: Interviews with CEA Chairmen*, the authors in contrast provide a more internal examination of the Economic Reports of the President, and the function of the Council of Economic Advisors, creating a platform where former Chairmen of the Council of Economic Advisors can reflect on the efficacy of the CEA and the role of the Council during moments of heightened economic intensity. In the book, Hargrove and Morley first overview the creation and function of the Council of Economic Advisors, as well as the relationship between the Council and other economic units which support presidential economic decision-making such as the Treasury and the Budget Bureau. To summarize the relationship between these three units, Hargrove and Morley note that, "the Treasury made revenue estimates, the CEA estimated how the private economy would function, and the Budget Bureau anticipated federal expenditures" (6). After this, they conduct interviews with ten former chairmen of the Council of Economic Advisors from 1949 to 1981, and ask questions about major presidential economic decisions and the Council's positions at the time. They also ask these former chairmen to provide opinions on the effectiveness of the CEA. Overall, most Chairmen express belief in the role of the CEA in providing expert economic advice to Presidents, and also appreciate the small size of the Council's staff. The Chairmen also provide opinions on the economic stances of Presidents, and their relationships to the Councils. Thus, for instance, Chairman Paul McCracken, who was appointed for President Nixon noted that Nixon wasn't very economically-oriented, and therefore was less interested in listening to the Council's analysis compared to other Presidents such as Gerald Ford (327). Hargrove and Morley therefore through their interviews provide

insight into the professional relationships which structured the economic policy created, to provide the reader with context on prior federal economic decisions as well as positions in the Economic Reports. While I am interested in relating between economic decisions and writing in the reports, the personal relationships and perspectives of individual chairmen provide further context.

Apart from Deborah Richey's, and Hargrove and Morley's cultural analyses of the role of the Economic Reports in shaping economic decision-making, additional analyses of the Economic Reports tend to be by economists assessing the economic merits of the proposed policies, and are published immediately following the annual publication of each report. In these analyses, the authors usually speak from their expertise and ideological perspectives. For example, monetarist economist James M. Buchanan in response to the 1970 report wrote that he agreed with the opportunity-cost approach of Nixon, writing that "the underlying theme is that we had best forget the romantic dreams of some inexhaustible source from which all 'needs' might be met" (487) but disagreed with his reticence to reduce social programming. Similarly, Keynesian economist James Tobin responded to the 1982 Economic Report, writing that the stance that there should be rollbacks in government intervention into the economy at a time of high unemployment strayed from the mandate of the Employment Act of 1946 (308). He also commended some of the statistical analyses of the Report, but criticized the policy stances (307). Therefore, we can see analyses of the Economic Reports from the perspectives of economists which seek to understand the policy recommendations of the Economic Reports in relation to the goal of the 1946 Employment Act and its 1978 amendment and in relation to their own ideological perspectives, indicating how bound to the mandates economists expect the CEA to

by, and yet the lived experiences which encouraged proposing alternative plans. The Economic Reports are living and deeply engaged with documents, and yet bounded by their mandates.

The Theoretical Backdrop of Biopolitics, and the Effects of Economic Processes on Life

A main theoretical approach I take in this dissertation is my suggestion that government redacted their economic commitments to achieving *bios* potentiality of citizens and instead promoted financial investment as an alternative means to secure *bios*. At the same time, the federal government reassumed its earlier commitment to just maintaining citizen *zoē*. I read this strategy within the lens of biopolitics, which I defined earlier in this chapter, and I call both social programing and promotion of financial investment biopolitical tools, because the wielding of citizen potential in both programs was borne out of desire for economic and political gain.

My work in examining the ways in which the American government altered its economic politics to subsume American potentiality via social programs into its quest for productive economic growth resonates with work of the Italian-Marxists, who also sought to examine how labor is absorbed into and limited by different political or economic agendas. For example, in *Insurgencies*, Italian-Marxist scholar Antonio Negri distinguishes between constitutive and constituent power, with constitutive power representing “cooperative living labor” that is creative and organically emerging from people (32), and constituent power as being that which is totalitarian and can mold constitutive power (26). He says that ideally, democratic systems are in place so that constitutive powers’ shifting interests can be expressed via constituent power, so it gains expression on the political level rather than requiring expression via the social. Negri states that modern capitalism actually can be viewed as a nefarious constituent power because it becomes weaved into structures of everyday life, saying that “modern capitalism brings to

maturity the concept of constituent power by constructing it as the pervasive force of the entire society, as the continuity of a social power that absorbs and configures all other power, State power first of all” (250). This statement can affirm the way in which the United States adapted its outlook on citizen *bios* by bringing it into capitalist production, and similarly, managed to later reconstruct citizen *bios* as something that could be achieved within finance, as economic growth plans shifted to being sought through financial growth. Negri says that one must work through a constituent power like capitalism to truly alter it, saying that: “on the other hand, only on this capitalist actuality, only on this totality of modernity can it be liberated” (251). By this, Negri insists that the constitutive power of labor has the capacity for liberating itself, and that no constituent power is absolute.

In *Labor of Dionysus*, Antonio Negri and Michael Hardt further elaborate on the ways in which labor power is molded and altered in its expression by capitalist structures in ways that are similar to my analysis of how citizen *bios* potentiality gains more expression via social programs meant to foster productive economic growth and is then limited by government shift towards finance for *bios* expression. Hardt and Negri first look at Keynesian policies and say that they absorbed and funneled both the labour and grievances of workers from industrial capitalism into a total system which just satisfied the worker and further solidified the role of the state in integrating the worker within a capitalist system of production with also furthered the interests of the nation-state (42). The authors also suggest that there was further annexation of labour within neoliberal governance regimes in the 1980s saying that “The Welfare State was seriously eroded in the 1980s, then, in the sense that labor was progressively excluded from the constitution and the State's efforts toward full employment came to an end” (241). Simultaneously however, they observe how labour nonetheless became disciplined via expansion of the administration to fulfil

“liberalizing” economic goals and massive increases to military and police spending (242). Negri and Hardt also note that labour is further aligned with capitalism through the integration of immaterial forms of labour with computerization (akin to material labour being seized by the factory) and by monetary flows being so regulated by corporations, as ordained by the state (274). Hardt and Negri point out the recalcitrance of labour to being appropriated by capital, saying that “the working class is always inside capital, but because it is also capable of stepping outside it, because there is the continual threat that it will in fact do so. The problem for science, and the aim of politics, must be to contain and absorb this threat, this refusal, and absorb it at ever new levels” (44). They also point however to the eventual destruction of capital by the working class, noting that, “the working class is also a project for the destruction of the capitalist mode of production (50). Hardt and Negri’s concept of labour informs my understanding of *bios* potential, when they say that “by labor we understand a value-creating practice” (6), as this informs my understanding of *bios* as being value-creating, either for the individual, for their community or for the productive economy. Their analysis of the redirection of economic aims of controlling labor via social spending towards military and security spending complement my analysis of the turn towards *bios* potential being encouraged to be achieved via financial investment. Because *bios* was achieved less equitably due to cuts to social spending, security spending then had to be increased to quell violence from social unrest.

Two other Autonomist-Marxist scholars, Christian Marazzi and Maurizio Lazzarato also discuss the effects of systemic capitalist changes on subjectivities in ways that are similar to my approach. In *The Violence of Finance Capitalism*, Marazzi looks at the development of finance capitalism and its propensity towards bioaccumulation which most affects the poorest people. He states that: “in a determinate organic composition of capital [...] Fordist capitalism was no

longer able to ‘suck’ surplus-value from living working labor. Hence, since the second half of the 1970s, the primary propulsive force of the world economy was the endless attempt of capitalist companies- demanded by their owners and investors- to bring back by different means the profit rate to the highest levels of twenty years ago” (34). He suggests that financial investment was the best means for companies to increase wealth, over price increases or increased production and paraphrases Greta Krippner’s citing of observing the creeping of financialization into many industries that previously were not financial. He observes that profit, or surplus-value, within finance is achieved via the increase in the consumption of rentiers and thanks to the indebted consumption of wage earners (34). Hence profit is achieved for financial sectors via the overextension and debt of non-financial actors. Marazzi affirms the extractive nature of finance, which states that “this capitalism must invest in the bare life of people who cannot provide any guarantee, who offer nothing apart from themselves” (40). Marazzi notes that the surplus-value generated via finance over “is enormous”, and is “based on the compression of direct and indirect wages” into free labour and that the quantity of this surplus-value (i.e., free labour) is what prevents interest in productive wage and profit growth (54). Marazzi notes that surplus-value is earned outside of normal productive and wage processes and instead via extracting from someone’s bare life or their productive consumption (50) such as through rent, financialized education, influencers displaying their material goods or software companies having beta tests on consumers. Relating Marazzi’s argument to mine, in the late 1970s when government reassumed only ensuring *zoē* of citizens, we can see how some people were able to profit from using financial wealth as a means to develop their *bios* potential, whereas others actually became more exploited as their survival (need for housing and healthcare) and *bios*

(need for postsecondary education, for example) were being mined to grow financial wealth for those with financial assets and revenue streams.

In *Signs and Machines*, Maurizio Lazzarato similarly looks at the effects of capitalist developments on subjectivities, suggesting that codes generated by technology enforce the rigidity and violence of pre-existing identities that were previously enforced through disciplinary structures and performed uniquely by language (42). Lazzarato attributes the lack of mutability of identity within codes to their a-signifying properties that limit the mutations, contrasting to historic organizational and symbolic structures which would have limited the ways in which identities can form. Lazzarato understands both media and finance to fit within the information economy, which is mediated by technology, writing that both “enable the integration and ‘rationalization’ of differences in behavior, opinion, and meaning in accordance with economic logic” (42). Identities are thus both the result of inflexible a-signifying structures and the need for differentials economically to maximize capitalist gain. Lazzarato says that economic identities were broad prior to the information economy (i.e. race, gender and class), with institutionalized hierarchy (9), and that capitalism wanted the turn to the information economy because new coalitions of identities within industrial capitalism were threatening capital (35). Within information capitalism, the same historic differentials can be utilized upon to exploit people, with diminished threat of revolt. Through logics of finance capitalism and austerity, communities are made to compete and unequal but performative gestures are meant to create some inclusion within inherently unequal economic systems.

Other contemporary scholars have researched the relationship between contemporary finance, biopower and governance in ways that relate to my research in this dissertation. In “‘Mortgaged lives’: the biopolitics of debt and housing financialization” (2016), Melissa García-

Lamarca and Maria Kaika examine the biopolitical incursions into contemporary mortgage structures that uphold these extractive financialized processes. García-Lamarca and Kaika propose that mortgage debt is a biotechnology that disciplines human bodies and curtails future labour as well as wellbeing and can also have a punitive impact during market fluctuations. They also propose that the embodied practices of mortgage debt repayment also has the effects of expanding financial markets. In “Microaccountability and biopolitics: Microfinance in a Sri Lankan village”, Chandana Alawattage et. al., advance a similar argument of the ways in which human precarity and desire for social reproduction are capitalized on by financiers to grow financial markets. In their article, they perform field research in Sri Lanka and observe how new tools of microaccountability and mutual invigilating create enable financial institutions to give loans to “riskier” low-income women, while simultaneously incorporating them into global and exploitative financial systems. A final academic who considers the ways in which biopolitical incorporation of human bodies and desires for social reproduction serve to benefit financial institutions is Chris Arthur who in *Financial Literacy Education: Neoliberalism, the Consumer and the Citizen* (2012) critically examines the push of well-meaning policymakers who want to increase financial literacy programs. Arthur proposes that financial literacy is problematic because it is limited in transformative scope, and also has the effect centering blame of poverty on individuals instead of an economic system that is highly alienating, inherently unequal and exploitative. In general, the analysis of the exploitation onto people as a result of financial tools which become linked to social reproduction and also enable the expansion of reach and power of financial institutions relates to my analysis that finance has become forced onto citizens because it was capitalized on by government as a low-inflation alternative to government spending which was also supposed to grow the economy. The effects of the shift to governance of wellbeing via

financialization has been the legitimization of financial expansion, which as I will discuss throughout my paper, engenders increasing exploitation and inequality, which all have to be normalized within the government rhetoric for wellbeing.

Other scholars have proposed that biopolitical regimes of governance are also supported by racism to maintain economic or political power. In “Governing the Resilience of Neoliberalism Through Biopolitics” (2017), Luca Mavelli proposes that biopolitical rationalities of racism support neoliberal governance strategies by displacing risk and dispossession onto “inferior” populations who are depicted as inferior because of their inability to comply to neoliberal expectations. Mavelli also says that the inability to comply with neoliberal expectations, which is also an essential component to the maintenance of neoliberal governance strategies, is also paradoxically framed as threatening to the survival of neoliberalism, which then permits punishment. Hence, racist and hierarchized imaginings of citizens work in tandem with neoliberal governance, to maintain the neoliberal structure. Another academic, Maria Kaika, further explores the relationship between racist biopolitics and neoliberal governance in her article, “Between Compassion and Racism: How the Biopolitics of Neoliberal Welfare Turns Citizens into Affective ‘Idiot’” (2017). In her article, Kaika observes that a current economic crisis in Europe had been marked by alternative reactions of either racism or desire for philanthropy. She proposes that these are both “othering” practices that emerge when privatized methods for personal wellbeing (housing, healthcare, retirement) mean that relations of solidarity are weakened, and people have structural tendencies to view people as others. She then proposes that the racist biopolitical outcome of this neoliberal structure can be weakened if people are provided with socialized economic systems that support politics of solidarity. A final scholar, Mazen Labban, examines proposals for new logics of accumulation for capitalists and suggests

that despite the seemingly reduced need for capital subsume living labor for capitalist gain, due to the rise of profit from financial investment rather than material growth, in fact the financialization of capitalism has actually led to the intensification of the subsumption of labour under capital. Mazen demonstrates this through analysis of the rise of employee layoffs and rate of workplace incidents within oil companies. He proposes that the seemingly decreased need for labour for accumulation is actually accompanied by sustained or rising experiences of workplace incidents which clearly demean labour and subsume it under capital further with its scant opportunities and sustained experiences of violence⁷. Generally, these examples of how racism and classism operate within biopolitical systems of governance to ensure neoliberal functionality relate to my analysis of how the biopolitical rhetoric of wellbeing is accompanied with evolving narratives on how wellbeing is actually achieved, such that social spending is replaced with encouragement for individual investment to in effect decrease experience of wellbeing. While these authors examine how racism or scarcity impact governance to ensure neoliberal operations, I examine how narratives of wellbeing subtly achieve the same outcome of prompting financial growth, while also in fact allowing racism and sexism to sustain growing exploitation.

Generally, the Italian-Marxist and other contemporary scholars discussed in this section further elaborate on ways in which human labour or desire for social reproduction are limited by neoliberal and capitalist ideologies which benefit from biopolitical structures that incorporate these human desires into larger economic or technological systems. In my dissertation, I propose that US governments increasingly sought to organize the subsumption of labour into capitalist productive channels via the 1946 Employment Act, and its attempts to further centralize

⁷ There are quite a few scholars working in critical analyses of how biopolitical regimes operate to support neoliberal and capitalist practices, and vice versa, and other scholars include Couze Venn, Claudia Aradau and Martina Tazzioli

economic production and decrease unemployment. Later efforts to also further enhance wellbeing to improve citizen compliance and interest in production can be understood as further interests in maintaining willingness of citizens to labour, which was impacted by increased expectations placed on government to ensure wellbeing by citizens. Currently, the distended promise for ensuring wellbeing and increasing experience of unwellness indicates how government has strayed from its initial assurance for wellbeing in the 1946 Employment Act, which is simultaneously upheld by the constancy of the writing on wellness in the Economic Reports, albeit in a diminished form. Much like these contemporary scholars express, financial industries benefit from the transfer of biopolitical needs from social organization into financial streams, and the need for social reproduction of citizens supports the maintenance of finance, which can operate almost regardless of the government's continual rhetoric promoting finance as the key to wellbeing so long as there is no policy or regulatory intervention.

Textual Analysis to Illustrate Rhetorical Shifts and the Effects on Potentiality

In my project, I use textual analysis as a method to understand the evolving significance of the framing of inflation, and the causes ascribed. I also seek to map the semantic replacement of social programs with finance as the solution to enabling potential. As I mentioned in my introduction, my reading of these documents is grounded in my belief that the reports, as the premier public economic document published by government, significantly impacted policy direction as well as the approaches of citizens and private business to ensuring potential. The rhetoric of these reports was hence influential, and close reading can reveal how power was being wielded. To structure my textual analysis, I use the keyword method introduced by Raymond Williams in his text *Culture and Society*. In this project, I look at how evolving

definitions of four keywords present within the reports through time- potential, social programs, inflation and finance- interacted with accrued narrative, political positions influenced by economic ideologies and the rate of inflation, to encourage the transition toward finance as a solution for potential, away from social programming. My work of interpreting change from the changing interconnected understandings of keywords is related to Williams' project in his own book of tracing the rise of contemporary and emancipatory understandings of culture as being related to evolving understandings of the words democracy, industry, class and art in the nineteenth and twentieth centuries. Williams notes in *Culture and Society* hence that "there is a general pattern of change in these words and this can be used as a special kind of map by which it is possible to look again at those wider changes in life and thought to which the changes in language evidently refer" (xi), and thus states that the evolution in meanings of words indicates changes in society. While Williams looks at work of a variety of British writers from the late eighteenth century to the twentieth century to trace the evolving relationship between these words and their meanings, I look only at the evolution of meaning of the words potential, social programs, inflation and finance within the Economic Reports. In my analyses, I invoke Raymond Williams in *Keywords*- the text which further developing the method of tracing the evolution of interlinked meanings of words- when he says he wants to examine "the particular and relational changes of the words through time" (xxxiv), such that I trace how my keywords change discursively in relation to each other while also being impacted by events outside the texts like rising inflation and ideological responses to inflation and provision of *bios*.

Other theorists have performed similar work in analyzing texts to discern their material power. In *Thomas Jefferson, The Declaration of Independence*, Michael Hardt performs a close reading analysis of the writings of Thomas Jefferson in the Declaration of Independence, to

argue that the shape of democracy today strays from that conceived in the Declaration. Hardt writes that Jefferson's texts "not only mark the separation of the colonies from the colonial power, but also, and more importantly, seek to keep alive the pursuit of freedom within society [...] what eighteenth-century revolutionaries called 'public happiness'" (11) and notes that in many Jefferson's correspondences following the Declaration of Independence, Jefferson observed that the democratic process had declined. Hardt reads these correspondences and the Declaration to suggest that there is a discrepancy between current enactments of the Declaration of Independence, and Jefferson's intention for this Declaration (25). While Hardt does analyze a series of primary documents, his analysis differs from mine in that he analyses them to understand discrepancies between current enactments of power in policy and the historic intentions of *The Declaration of Independence*'s rhetoric, whereas I read the understudied Economic Reports to understand how they influence and reflect real-time perceptions of economic thought.

Stuart Hall et al. in "Policing the Crisis: Mugging, the State and Law and Order", also engages in textual analysis, examining news from the 1970s to understand the growth of the usage of the word "mugging" and the evolution of its definition, to be connoted with crimes committed by people of colour. Hall et al. write that, mugging came to be understood as the disintegration of social order (viii) and that despite the rise in the word's usage, there were no statistics at the time of actual increases in crime (16). The authors' analysis here is similar to my own, as I also trace how new definitions of words enabled real-world action; while Hall et al. looks at how the rise and new definition and associations of the term mugging legitimized police violence, I examine how evolving definitions of keywords in the Economic Reports justified reduced social programming and policies promoting financialization. Hall et al. examine the rise

and new associations of the word “mugging” in a variety of media, which contrasts to my approach however, of reading for evolving definitions solely within the bounded archive of the Economic Reports. However, in both of our approaches, we trace the changes of word associations through time.

Part Two

Understandings of Inflation by Economists

Different economists, who are sometimes associated with different economic ideologies, tend to have very disparate views on the causes of inflation. This diversity of perspectives can indicate that the causes attributed to inflation in the Economic Reports were likely influenced by the perspectives of the Economic Chair at the time, and not absolute scientific truth on the causes. The Chair would also have been appointed by the President, and so his perspective on inflation would align with whatever other objectives relating to the economy that the President had. In this section, I'll be highlighting theories of inflation of various economists who analyze the 1970s inflation and inflation in general to further indicate the discursivity of the causes attributed to inflation within the Economic Reports to further my argument that the ascription of social spending as primarily causing inflation was incorrect. The first category of economists I look at attribute inflation to issues with the money supply, arising because of theoretical mistakes, excess fiscal spending, a lax monetary policy which enables people to insert too much money into the productive economy, or war spending, which would align them with a Monetarist perspective. The second category of economists I look at attribute inflation to the more complex issue of inequality in society, which can result in corporate monopolies which need to be controlled through government intervention. This perspective that inflation happens because of

inequality is aligned with a Keynesian perspective, that would generally promote fiscal spending and intervention to encourage productive growth with minimal inflation. Lastly, an in-between category attributes inflation to experiences of inequality resulting in people trying to increase wages or investments to solve the issue, and can also arise from the emotional concern about the prospect of inflation. While this category recognizes a deeper cause for inflation resulting in people taking out too much money or raising investments, they advocate for more monetary restraint as a solution, thus aligning them more with the Monetarist perspective on inflation. While the wide range of economic theories covered indicates the lack of consensus on causes of inflation, the discursive consensus adopted in the Economic Reports, particularly by the 1980s, to then influence economic policy indicates the power that discourse surrounding inflation can have on shaping belief and practice, particularly when authorized within the Economic Reports.

To outline the broad differences between Monetarist and Keynesian theories of inflation, sociologist Michael R. Smith in *Power, Norms and Inflation: A Skeptical Treatment*, published in 1992, writes that Monetarists suggest that inflation happened because of overspending (stemming from political intervention or theoretical mistakes of the Federal Reserve) whereas Keynesians suggest that inflation happened because of limits to government intervention (36). Monetarism arose in popularity in the postwar era, and is associated with the economist Milton Friedman. Monetarism generally argues that excessive expansion of the money supply is inherently inflationary, and advocate for a lack of intervention by government, and minimal intervention by the Federal Reserve, to control inflation. Keynesianism originated during and after the Great Depression, and is attributed to John Maynard Keynes. Keynesians believe that aggregate demand doesn't necessarily equal the productive capacity of the economy, and so believe that government and central banks should intervene in the economy, with expansionary

fiscal and monetary policies, when needed. Smith also looks at social scientists' perspectives in his book, and observes that many social scientists believe that class conflict emerging from structural changes was a contributing factor in the creation of inflation in the 1970s (258). Hence, namely, inflation happened because either workers had demanded higher wages or companies had increased their prices, or because the government was trying to mitigate class conflict through monetary expansion. As will be observed through looking at perspectives from different economists, while many do attribute inflation either to monetary expansion or class conflicts, the reasons for monetary expansion highlighted by these economists are diverse, again iterating the political angle adopted in the Economic Reports that inflation happened because of social spending.

My first section of economists I examine mainly attribute inflation to theoretical errors regarding understanding about monetary policy, therefore adopting a more monetarist approach to the issue of inflation in the 1970s and generally. In "Why Don't Oil Shocks Cause Inflation? Evidence from Disaggregate Inflation Data", published in 2011, economists Lance J. Bachmeier and Iklyung Cha examine the claim that the oil shocks of the 1970s were the cause of inflation. They suggest that rather than inflation happening because of the oil shocks, inflation occurred because there were reductions in energy usage due to the oil shocks accounting for two-thirds of the change, and because of faulty monetary policy, accounting for one-third of the change. While these claims do seem to partially remove the blame of inflation from oil shocks, the former cause would only have been initiated because of oil shocks. Thus, Bachmeier and Cha somewhat blame the oil shocks, but also, following a Monetarist stance, propose that improved monetary policy could also reduce inflation. Again, looking at the 1970s inflation, Monetarist economist Allan H. Meltzer in "The Origins of the Great Inflation" (2005), suggests that inflation happened because

of theoretical disagreements on the causes of inflation within the Federal Reserve stemming from a lack of clarity on exactly how to prevent inflation (172). He also notes that many papers have been published since highlighting theoretical causes for the 1970s inflation. These theoretical causes include “the use of money market targets, failure to distinguish between real and nominal interest rates, and neglect of monetary aggregates (Mayer, 1999; Bordo and Schwartz, 1999; McCallum, 1999; and Hetzel, 2003)” (172). Therefore, he says that there were theoretical errors which created inflation, and that a correct theoretical approach which limited the supply of money generally would have prevented inflation. Generally, while all three economists have Monetarist solutions for inflation, they also all attribute different errors in monetary policy to causing inflation, to again indicate the discursivity of the blame on social programming which is given in the Economic Reports.

Another economist, Ernest Hamsag, also suggests that theoretical miscalculations regarding the money supply can lead to inflation, but in a novel fashion, also considers how economic conditions encouraging consumption or saving can create monetary or financial inflation. In creating this analysis of the different conditions, Hamsag acknowledges that inflation can be caused by citizens acting to ensure their wellbeing within economic conditions that either enable spending or saving, and also that monetary inflation and financial inflation are related, with financial inflation occurring when conditions which would enable spending for wellbeing, to potentially create monetary inflation are limited. Hamsag doesn't state which inflation is preferable, though his analysis of monetary inflation arising from theoretical miscalculations indicates that he believes that monetary inflation is problematic, and needs to be limited through monetary constraints to align him more closely with Monetarism. His analysis of monetary inflation happening through excess spending, either via fiscal spending or raising of

prices and wages, and financial inflation happening through excess saving within investment is observable in the narrative of the Economic Reports. The enactment of this theory indicates that while citizen investment was supported by rhetoric acknowledging the need to continue to ensure citizen wellbeing when spending was reduced, it might have also just occurred naturally when citizens were faced with limited options for spending to ensure their wellbeing. Therefore, in “The Real Causes of Inflation”, published in 2014, Hamsag suggests that there are theoretical miscalculations which lead to inflation. He writes that “the deep cause of inflation is the out of balance relation between consumption expenditure and saving” (1). Hamsag says that monetary inflation happens “if consumption expenditure increases more than saving”, whereas financial inflation happens if “saving increase to the prejudice of consumption expenditure” (1). Hamsag says that either happens because of inadequate redistribution of the benefits of increased productivity, therefore, unequal distribution forces people to access funds to meet their needs in different inflation-causing ways (9). He then also looks at patterns in retirement saving in particular, and says that “the introduction of a retirement by distribution corresponds partially to a forced consumption” to create monetary inflation, whereas the “introduction of retirement funds by capitalization corresponds partially to a forced saving”, contributing to financial inflation (9). Hamsag’s analysis affirms my proposal that monetary and financial inflation are connected, and that financial inflation happened because access to some monetary inflation was blocked.

Fredric S. Mishkin, similarly echoes the perspective that inflation is a monetary phenomenon, while equally proposing that the causes of inflation are unclear, to continue to indicate that the position in the Economic Reports that inflation was caused by social spending is political. In “The Causes of Inflation”, published in 1984, Mishkin noted that there had been a

convergence of understandings on the causes of inflation within the economic community; he then observes that general belief on the cause of inflation was that it was a monetary phenomenon. He says however that the causes of monetary expansion are unclear, and then iterates that his paper determines that it primarily happened because governments were trying to use social policy to get to zero percent unemployment (1), to affirm the position in the Economic Reports that it happened because of excess social spending. He also however says that inflation can happen because of attempts by the Federal Reserve to finance budget deficits (14), to therefore suggest that it isn't just excess government spending which can be the cause of inflation but rather also actions on the part of the Federal Reserve. Monetarist Tim Congdon, in "Money Growth Causes Inflation – Do We Have to Learn the Lesson Again?", published in 2005 iterates that he also believes that inflation is caused by monetary overspending. He also negates the claim which he said was growing increasingly popular at the time that inflation was happening because of "an assortment of supply-side influences and wage costs" (1). He notes that this claim was being supported because countries were experiencing lower prices because of supply-side changes in Asia of intensifying competition which was driving down the dollar (1), but then suggests that what was additionally happening was that inflation rates were still diverging based on monetary growth (1). He observes that "critical to the [current popular supply-side] inflation story is the way that technology, productivity, and global competition have structurally transformed corporate pricing behaviour", but then states that a mass amount of evidence supports that inflation is caused by money supply growth.

Two final economists, Michael Bordo and Mickey Levy, also echo the claims that inflation is a monetary phenomenon, to align with Monetarist perspectives on the causes and solutions to inflation. In "Do Enlarged Fiscal Deficits Cause Inflation? A Historical Record", published in

2021, Bordo and Levy suggest that, looking historically, both war and bond-financed fiscal deficits, unbacked by future taxes, have caused inflation. They also note that expansionary fiscal policies during the Great Inflation of 1965-1983 in the USA (hence monetary expansion) created inflation. They state that though expansionary monetary and fiscal policy had not led to inflation during the financial crisis of 2008, they believe that inflation may happen after the monetary response following the COVID-19 pandemic, a prediction which did in fact occur (79). Bordo and Levy note that the American federal government failed to account for why inflation did not rise following the bailouts of bank debt following the 2008 financial crisis, which was also accompanied by low interest rates and quantitative easing. They suggest that this may have happened because companies and private households adopted risk averse behaviour, and because, though interest rates were very low, some banks tightened credit standards (77). Low inflation following the fiscal stimulus provided after the financial crisis of 2008 might have also happened because banks were given stimulus to finance their pre-existing debts, which differed from events of inflation which usually occurred through stimulus for war expenses or social programs, both which would have created some “unproductive” expression of potential. The financing of bank debt would have been instantly “productive” when compared to war expenses or social programs because it was returning money directly back into the productive economy by alleviating debt. Further, without social programming handling the potential burden of taking out money with low interest rates for personal social expansion (which would also likely have created some monetary inflation), it is likely that only people who could already afford to withdraw money without the risk of debt would do so. Hence, people were indeed risk-averse and opposed to assuming the burden of debt with low-interest rates, with the exception of those who could already afford to do so (higher credit standards despite low interest might have also

prohibited certain people). People who could afford to take out credit or access liquidity would likely also invest their money within financial markets which were inflationary (to the benefit of the buyers-in) without contributing to monetary inflation.

While the theorists above attributed monetary inflation mainly to political or theoretical decisions or miscalculations resulting in an enlarged money supply, Liping He, Qianwen Liu, David A. Lopez, Pär Stockhammer and Pär Österholm suggest that it is partially psychological, or induced by citizens decisions outside of political streams. These perspectives further affirm the discursivity of the framing of inflation in the Economic Reports, and could also align with both Monetarist or Keynesian perspectives on the causes of inflation, because corporations or labour would be ensuring or advocating for higher wages in order to match anticipated inflation, which would ultimately just create more inflation. In “Causes of Inflation in China: Inflation Expectations”, published in 2011, He and Liu say that the public’s expectations of inflation are the main cause of inflation in China in the early 21st century. They note that quantity theory of money, wherein increased aggregate supply creates inflation, is not the main cause of inflation as “the economic system evolves and people’s wealth grows” (18). Because they attribute it mainly to people’s expectations of inflation, they then say that the most emphasis should be on policy instruments that have “direct and strong communication links with the public” (19). They simultaneously also promote monetary solutions to inflation such as increasing the bank deposit reserve requirement ration and reducing the share of Central Bank short-term financial bills (32). Thus, their solutions to inflation seem more Monetarist, though also suggest that inflation is caused by public expectations of increasing inflation rather than increases in aggregate supply; this approach suggests that the causes of inflation aren’t because of government-induced monetary expansion but they do happen because people are trying to increase their standards of

living or match revenue to rates of inflation. These perspectives are shared by David A. Lopez in “The Great Inflation: A Historical Overview and Lessons Learned”, published in 2012 about the inflation of the 1970s, where he writes that he also believes that inflation may have partially happened because people believed that inflation would increase, and by Pär Stockhammar and Pär Österholm in “Do Inflation Expectations Cause Inflation”, who similarly say that they believe that beliefs about inflation do contribute to marginal increases in inflation. These statements all also resonate with the research done by economist Robert Shiller in *Irrational Exuberance* into inflation of financial markets. In his book, Shiller suggests that psychological factors motivate the overvaluation of financial assets into “irrational exuberance”, much like how monetary inflation can rise because people believe it will happen (and seemingly, because people want to maintain or increase their standards of living, and the financial economy, similar to how the monetary economy with low interest rates or an interventionist government, can accommodate these increases). The perspectives of these theorists could fit within a Keynesian perspective, that inequality encourages people to try to individually pursue their own wellbeing, or problematically, some people are just especially capitalist, and defying government strategies for growth of the economy. Conversely, they could also fit within a simple Monetarist perspective that this increase of inflation is caused by excess access to the money supply, and would be resolved by tighter monetary policies.

Economists also suggest that there are deeper structural issues relating to wellbeing which provoke inflation, such as Roel Beetsma. In his 1996 article, “Does inequality cause inflation?: The political economy of inflation, taxation and government debt” suggests, similar to Hamsag, that there are deeper reasons for inflation relating to citizens trying to secure their current and future wellbeing. While Hamsag suggested that monetary inflation occurs when citizens secure

their wellbeing through consumption exceeding saving, such as with pensions, and financial inflation occurs when citizens secure their wellbeing through saving exceeding consumption, such as with financial investments for retirement, Beetsma says that inflation occurs because of inequality in society and fears of future precarity encourage citizens to vote for governments that will create social programs and structures that ensure that prosperity is shared, which, he says, can create inflation. Beetsma writes that ““a democratic society in which the distribution of wealth is unequal elects political parties that are likely to represent the interests of poor people. It is in the interests of the clientele of the resulting governments to attempt to levy inflation taxes in order to erode the real value of debt service and redistribute from the rich to the poor” (143). Beetsma notes that this frequently happens when a populist government is elected, because it is their hope to “promote development without escalating class conflict by making use of idle capacity” (151). He then says that “the actual policies involve reactivation with redistributive measures and an expansion of aggregate demand” (151). Beetsma’s observations are different from Hamsag, because while Hamsag says that inflation happens because people are looking to meet their needs within systems (i.e. pensions vs. finance) which inherently tip toward inflation when peoples’ needs are met, Beetsma says that inflation happens because government within an unequal society induces inflation as by-product of increased aggregate demand. Beetsma therefore puts the emphasis on government responding to inequality whereas Hamsag puts emphasis on the inherent nature of the system within which people are trying to meet their needs. Beetsma’s perspective indicates that there can be motivations pertaining to wellbeing that precede the government spending which he says causes inflation, just like the greater motivations for wellbeing which encourage people to increase wages or prices, which Hamsag says causes

inflation. This indicates that broader social issues are what encourage the increases to aggregate demand which Beetsma and Hamsag say are inflationary.

Another economist who proposes that inequality is what provokes inflation is Laurence Whitehead, who says that crucial government support for fiscal intervention is needed, and inflation couldn't occur without government approval. In "The Political Causes of Inflation", from 1979, political economist Laurence Whitehead says that political decisions rather than just general social events like inequality (569; 575), are what create inflation, saying that inflation happens because either "a deliberate centralized decision to start up inflation in pursuit of some high priority political objective, [and because of] a weakening of the power structure underpinning a given market so that sectional conflicts of interest can no longer be peacefully resolved except by tolerating inflation" (564). In his example, while inflationary events might be demanded because of inequality, the government actually has to create the policies or programs which can grow the inflation. Whitehead's proposal can be read as an in-between analysis of Hamsag and Beetsma, with inflation only occurring if government acts to respond to inequality.

The last category of theorists to consider are those who make conjectures on how inflation happens from Marxist economic perspectives. These perspectives would align with Keynesian proposals on the causes of inflation and solutions, suggesting that inflation occurs because of capitalist greed, necessitating government intervention to remedy. In "A Marxist View on Inflation", published in 1979, Marxist economist Paul M. Sweezy writes that inflation happens more in the twentieth century, compared to the nineteenth century, because capitalism has transitioned from being competitive in the nineteenth century to being monopolistic in the twentieth century. Sweezy notes that capitalism in the nineteenth century had used mechanic advancements to lower production costs, whereas monopolies in the twentieth century have

enabled the raising of costs (38). This Marxist perspective on the causes of inflation is also echoed by Gillad de Souza Silva and Eduardo Filho in “Marxist Theories of Inflation: A Critical Review”, published in 2017. In this text, Silva and Filho observe that Marxist scholars tend to attribute inflation to either 1) conflicts over the distribution of income (something that was also suggested by Beetsma and Hamsag) or 2) because of the growing power of monopolies (thus similar to Sweezy) (21). Aligned with Monetarist perspectives however, Silva and Filho also observe and state that inflation in either case happens because of increases in the supply of money (21).

To summarize, the economists above attribute inflation to monetary expansion (caused by theoretical errors, fiscal overspending on social programs, war spending, or people just taking out too much money to secure their needs) or monopolies who benefit from deregulation to greedily raise prices. Some economists also attribute inflation to inflation expectations, wherein people inflate prices in anticipation of future inflation in order to make sure that their future needs are met. The diversity of perspectives here indicate that the narrow focus on social spending as causing inflation in the Economic Reports was likely discursive and not reflecting absolute truth but rather a narrative that would benefit the various Councils of Economic Advisors’ and government’s developing economic agendas. Lastly, in “The Deflationary Bloc”, Yakov Feygin observes that there is increasing interest from independent central banks for the end to the deflationary consensus, that the European Central Bank, and the Federal Reserve have “begun to re-evaluate the legacy of prioritizing inflation targeting over full employment”. This perspective can also remind us that the gravity that is ascribed to inflation is also partially discursive, and was used to initiate austerity measures and monetary restraint measures which limited social spending and wage growth for decades. While monetary inflation can be

problematic, Hamsag proposes that the alternative is financial inflation, with monetary restraint methods currently used to limit monetary inflation encouraging more inequality to ultimately benefit those profiting from financial inflation.

In the next section, I will cover the growth of Keynesian and Monetarist thought, which, as I will outline, influenced the various Councils of Economic Advisors, and contributed to the changing perspectives on the causes of inflation in the Economic Reports, initially blamed on citizens and companies increasing wages and prices to fit within a Keynesian framework, and later being blamed on social spending, to fit within a Monetarist perspective.

The Economic Theory Backdrop: Keynesianism and Monetarism

While my last section in this chapter outlined different theories of inflation, and how they can possibly be aligned with Keynesian or Monetarist economic ideologies, I also want to outline the rise of Keynesianism and Monetarist ideologies and the relation of their emergence to the publication of different Economic Reports. I propose that we can observe Keynesian or Monetarist influence in the economic recommendations of different Economic Chairmen and the framing of causes of inflation, with the blame on individuals and corporations raising wages and prices and proposals for more social spending and fiscal regulation of the Lyndon Johnson and Richard Nixon reports reflecting Keynesian economic ideology and the suggestion that social spending was creating inflation reflecting a Monetarist economic position.

To first briefly outline the economic theories, according to Gordon Fletcher in *The Keynesian Revolution and Its Critics: Issues of Theory and Policy for the Monetary Production Economy* (1988), Keynesian economics served as the standard macroeconomic model in developed nations during the later party of the Great Depression, World War II and the post-war economic

expansion (1945-1973). As Alan Blinder writes in *A Monetary and Fiscal History of the United States, 1961-2021* (2022), Monetarism rose to prominence in the 1970s in the US because of the crisis of inflation, and also because of the unique brilliance of Milton Friedman and his skill in debate (44). To clarify the main tenets of Keynesianism and Monetarism, Keynesianism proposes that the economy is basically unstable, and that fiscal policy can be used to manipulate the economy. It also says that inflation is caused by independent cost-push factors. In contrast, Monetarism proposes that the economy is basically stable, and that government use of fiscal policy can guarantee economic instability and inflation. For Monetarists, inflation is caused by excessive growth of the money supply, and monetary policy (i.e. interest rates) rather than fiscal policy should be used as an intervention.

In his book, Blinder proposes that Keynesian-oriented policies of social spending were unfairly blamed as causing inflation, whereas inflation was primarily caused by the 1960s tax cuts, Vietnam War spending, and slowness on the part of the government to adjust any spending (26). Though social spending was framed as causing inflation by the 1980s, in George Tavlas's (2023) review essay of Ed Nelson's recent book, *Milton Friedman and Economic Debate in the United States* (2020), Tavlas writes that despite the Monetarist-positioning of the Economic Chairman Arthur Burns, whose writing I will later examine, in the early 1970s, political pressure and the institutionalized nature of Keynesian-oriented economic approaches in the Federal Reserve in the early 1970s and "prestige-seeking behaviour" as criticized by Milton Friedman (Nelson 1:373), meant that many economic policies in the early 1970s (like wage-price controls, and social spending) remained Keynesian in nature. Tavlas also notes that the institutional entrenchment was due the feedback loop of federal money funding Keynesian research at the University of Pennsylvania and MIT, and the subsequent hiring by federal economic branches of

PhDs from these institutions. The importance of federal institutions and their economic-orientation for shaping economic proceedings is echoed by Leon Wansleben in *The Rise of Central Banks: State Power in Financial Capitalism* (2022), who states that neoliberalism can be attributed to the new governance techniques of central banks who increasingly wanted to use finance to grow the economy (18). Both Tavlas and Wasleben's perspectives can therefore show how Keynesian or Monetarist ideas became increasingly entrenched in economic policy because of the relationship between academic or other governmental institutions and the Council of Economic Advisors, who hired staff from institutions that aligned with the economic biases of the President. As I mentioned, the publication structure of the Economic Reports and mandate of the Employment Act would also work to entrench certain actions, such that citizen and economic potential were meant to continue to grow, despite proposals that social spending was causing inflation in the 1970s and then, that inflation had to be rendered to zero percent after 1978, to eradicate new meaningful proposals for social spending. Therefore, the relationship between academic institutions and federal institutions enabled the build of Keynesian or Monetarist belief, even when there was mounting criticism, while the form of the Reports and their designated function also supported the entrenchment of expansive or restrictive policies.

While Keynesian-supported ideas held on for longer than they might have otherwise because of the entrenchment of institutional support and also mandate of the Employment Act of maximizing citizen potential and production, they were eventually replaced by Monetarism, which also eventually evolved from its original iteration. We can consider how societal framing of economic events as well as government narrative within the Economic Reports and other narratives enabled this shift in ideology, which again legitimized shifts in the Economic Reports. In "The Rises and Fall of Keynesianism and Monetarism" by David Glasner (2022), Glasner

writes that Keynesianism failed because “supports of the Monetarist views of Milton Friedman argued that the high inflation and unemployment of the 1970s amounted to an empirical refutation of the Keynesian system” (3). Glasner then writes that “The brief Monetarist ascendancy following 1970s inflation conveniently collapsed in the early 1980s, after Friedman’s Monetarist policy advice for controlling the quantity of money proved unworkable, when central banks, foolishly trying to implement the advice, prolonged a needlessly deep recession while central banks consistently overshot their monetary targets, thereby provoking a long series of embarrassing warnings from Friedman about the imminent return of double-digit inflation” (3). The turn to neoclassical economics via “Reaganomics” in the 1980s was characterized by belief in after-tax supply-side growth of the economy that strayed even further from Keynesian demand-side economics than Friedman’s theory (Glasner 3) and justified reduced taxes, reduced social spending and deregulation. These framings of economic events, mostly relating to inflation, then were instrumental to creating shifts in ideological popularity, which impacted economic policy in the Economic Reports.

To look at additional analyses on the failure of Keynesianism and Monetarism, in “Capitalist Crisis and the Rise of Monetarism” (1987), Simon Clarke writes that the “Keynesian dream was that the state could reconcile the contradiction between the dynamics of capitalist accumulation and popular needs and aspirations” (419), but that it can’t achieve this because it “does not abolish the crisis-ridden character of capital accumulation, but translates the potential for crisis from the market to the political institutions that have assumed responsibility for capitalist regulation” (420). Simultaneously, he notes that “these political institutions can only serve successfully to regulate capitalist reproduction to the extent that capital is able politically to subordinate them to its needs” (420). The political difficulty of this economic subordination and

democracy is what creates space for Monetarism. In “The Rise and Fall of Monetarism” (1987), David Smith turns his criticism to Monetarism, saying that the rate of money growth is beyond the control of monetary policy, but that there had been very grave costs in the US of high unemployment and retarded growth as a product of relying only on monetary policy (487). Lastly, a final academic, James Sawyer, also in 1987, suggested that another problem with the Monetarist-inspired neoclassical synthesis economics practiced under Ronald Reagan was that “because the neoclassical synthesis lacks a theory of profit, transactors who pursue its dicta in a complex economy are led to treat capital homogeneously with finance”, resulting in productivity not maximized (113). Sawyer’s analysis of the unique interest on finance relates to the turn to *bios* potential being achieved via finance, as finance became the way to reconcile political subordinating needs and aspirations with capital’s interest in profit. These critiques indicate the additional issues that economists took with Keynesian or Monetarist economic ideologies, as well as post-Monetarist economic policy centered on financialization as the ideal for economic ideology. While this dissertation suggests that citizen wellbeing was a major reason for the initial introduction of social policies in the 1960s, and that the framing of inflation in the 1970s necessitated the shift from social programs toward finance as a means to continue to ensure wellbeing, with shifting economic ideologies relating to how to solve inflation supporting this transition, these critiques also illustrate other critical institutional experiences of the economy, which likely also supported the ideological transition. Lastly, while I am interested in identifying the economic ideologies of each Economic Chairman in the reports, I also believe that these narrative accruelements, political views and personal ideologies also impacted economic policy decisions, meaning that the policy recommendations and economic analyses were never entirely Keynesian or Monetarist.

Perspectives on American Individualism

In my last section of this literature review, I want to recount theories of American individualism in order to provide some context for my analyses in my fifth and sixth chapters on the Economic Reports from the 1980s onwards, first emphasizing the merits of individual enterprise, and later, promoting a very individualistic American Dream ideology. First, I propose that the Council of Economic Chairmen and Ronald Reagan's Office of the President began to emphasize the merits of individualism in the Economic Reports in the 1980s because individualism was most compatible with the new socioeconomic policy of financial investment, rather than social programming or collective wage increases, to ensure citizen wellbeing. Collective Great Society objectives were transformed into individualistic impulses, which were also articulated as inherent to the American psyche. While older versions of the American Dream imagined that individual hard work would merit upward mobility, new imaginaries for the American Dream, which was being recycled as the new governmental catchphrase for financialized achievement, rendered that success even more individual, uncertain and rare. While examples of individualistic language will be more fully discussed in my fifth and sixth chapters, examples use of the language from the Introductions written by the Executive Office of the President to Ronald Reagan's 1982 and 1989 Economic Reports include statements like: "people should be encouraged to go about their daily lives with the right and the responsibility for determining their own activities, status and achievements" (1982; 3) and "the main role of the government is to provide a stable economic environment that allows each individual to reach his or her full potential" (1989; 6). While the first quote includes the directive that individuals should pursue their own individual efforts to achieve wellbeing or *bios* potential, described as

“activities, status and achievements” (1982; 3), the second quote discusses the role of government, which in contrast to the earlier Great Society social policy direction, reflected a financialized economy, where individuals could use financial tools, which are inherently individualistic, instead of collective tools like wage increases or social spending, to achieve wellbeing.

While individualism was promoted by the American government in the 1980s onwards in order to promote financial investment, these Executive Offices of Presidents and Councils of Economic Advisors were also drawing from collective imaginaries of American individualism to construct their narratives, which likely had the effect of solidifying support for an individualistically centered agenda. I will now turn to discussing the origins and cultural perspectives of American individualism as proposed by different academics. According to scholar Alex Zakaras, from his 2022 book *The Roots of American Individualism: The Political Myth in the Age of Jackson*, American individualism became a concept in the Andrew Jackson era of the 1820s to 1850s. During this time, there were three interconnected mythic figures that were created: the myth of the independent proprietor, the myth of the rights-bearer, and the myth of the self-made man (5). This perspective that it emerged in the Jacksonian era contradicts an earlier widely regarded theory by sociologist Seymour Martin Lipset that proposed that the American value of individualism emerged during the Revolutionary era of the 1770-1780s (Grabb et. al 501).

American individualism is considered to be a core feature of Americanness, as elaborated by sociologist Robin Williams in *American Society*, published in 1970s. In this book, he suggested that individual personality was a key quality of American identity, as opposed to group identity, but then also suggested that American individual identity is still at its core

relational and instead about excessive restraint on economic freedom (Williams 502; 485).

However, despite these claims on the historic origins of culturally intrinsic American individualism, we can see in the Economic Reports of the 1960 and 1970s that Americans were uniting to achieve increased wages and also had elected in Lyndon Johnson in 1964, who was an outspoken proponent of social spending, indicating that interest in collective wellbeing and prosperity is also part of the American ethos. When President Ronald Reagan's Executive Office of the President wrote in his Economic Report from 1982 that Reagan wanted to "foster the energy, creativity and ambition of the American people so that they can create better lives for themselves, their families and the communities in which they live" (1982; 3), and wrote the examples provided above, the Executive Office of the President was tapping into this historic rhetoric of American individualism in order to naturalize his new economic agenda of *bios* being achieved via financial investment, and not via social spending. As I will later explain in my sixth chapter, this rhetorical technique of leaning on the concept of American individualism functioned similarly to the later redeployment and rearticulation of the term "American Dream" in Economic Reports from George Bush Sr. and Bill Clinton in the 1990s. In these Reports, the American Dream was rearticulated as uncertain and unequally achieved, rather than guaranteed through hard work, and was defined this way to attempt to collectivize and nationalize the experience of rising inequality with *bios* being achieved through individual investment. What is different however is that while in the 1980s, the concept of American individualism was just brought up to naturalize the new project of individual financial investment, in the 1990s, the American Dream was reintroduced with a definition that was different from older definitions, to suggest that the American Dream was inherently exclusive and uncertain.

In my next chapter, I will start my textual analysis of one subsection of contemporary Economic Reports: those of Lyndon Johnson from the 1960s. I'll be examining how Johnson framed social spending and growing citizen potential as crucial to the growth of the productive economy, and propose that his position on inflation as being caused by wage-price increases of individuals and companies was due to hesitance in blaming it on his social programing initiatives or spending for the Vietnam War.

Chapter Three – The 1960s Great Society and Social Programing for Potential

This chapter analyzes the 1960s Economic Reports, specifically those of 1964, 1967 and 1969 for their definitions of potential, inflation, social programming, and finance. In the Reports of this decade, Johnson and his chairmen state that enabling citizen potentiality via social programs is morally good and integral for the growth of the economy. Johnson's social program reforms fell within the banner of the Great Society, and were building off the New Frontier Initiative of President Kennedy. Though Kennedy launched his New Initiative in 1960, most of the bills weren't passed until 1964 and 1965, at which point Johnson was President (Barnes 8). These Presidents were likely engaging in these initiatives in response to the social movements which were fomenting in the 1960s due to the postwar prosperity gap between wealthier and white segments of the American population, relative to poorer people of color (Marwick, *The Sixties*; 65). Therefore, while full employment had been the earlier biopolitical tool to achieve both *zoē* and *bios* potential, introduced by the 1946 Employment Act, Johnson's Great Society made social spending out as a new tool to grow *bios* potential, as he recognized that many Americans had deep desire for increased wellbeing that was also, if achieved, expected to boost the productive economy. Programming for the Great Society included funding for education reform, housing reform, rural community aid, expanded healthcare, funding for the arts and recreation, funding and policy for environmental protection, expanded social security and a significant tax cut. All of these programs introduced ways for citizens to achieve their potential and secure their wellbeing.

In the 1964 Report, Johnson and his Economic Chairman Walter H. Heller had emphasized repeatedly that inflation was no longer a concern, stating that "productive gains were not at the expense of the American consumer- whose income is no longer being eroded by

inflation” (1964; 5) and that his new programs- “large and sustainable productivity improvements” (118)- would actually prevent inflation by encouraging a growing economy to offset any potentially rising prices. Heller also stressed that social programs to “increase[e] unused capacity”, weren’t causally proven to create inflation (114), but that “clearly the collective bargaining power of unions and the market power of large firms can interact to inject an inflationary bias into our price-wages” (114), thus suggesting that wage-price increases on the part of unions and businesses were causing inflation because it suited the current social spending agenda. By 1967 however, Johnson and his new chairman Gardner Ackley were singing a different tune. While they still primarily blamed inflation on necessary expenditure for the Vietnam War, and business and unions raising wages and prices, they also said that “choices will have to be made- not to solve one problem at the expense of another, but rather to allocate resources in such a way as to permit balanced progress on many fronts” (1967; 138). By 1969, Johnson was further solidifying the proposition that social spending might be causing inflation, alongside wage-price increases, noting that “government should look at its own programs and policies to ensure that they do not add an unnecessary penny to the costs of production” (11). Despite suggesting that social spending could be an additional cause of inflation, however, the 1967 economic chairman Gardner Ackley, and the 1969 economic chairman, Arthur Okun, as well as Johnson would say that these social programs continued to be important for productive growth, and so it wasn’t about defunding social programs, but rather making sure they were efficient. Discussion of finance is basically absent from these reports, and when it is mentioned, it is framed negatively. For example, Walter Heller, the Economic Chairman for Lyndon B. Johnson suggests that if the strength of the economy in 1963 was a “result of

unsustainable buildup of stocks or an excessive resort to credit, it would amount to borrowing from the future” (48) and so would be bad. This would change by the mid-1970s.

In the introductions to the 1960s reports, Johnson also repeatedly refers to good and bad emotions for citizens to have, stating for example that the challenges facing Americans were “prejudice, impatience, apathy, weakness and weariness” (1967; 3) and in his 1969 report that “many of us are feeling impatient” (24), while later in 1967 report saying that “progress requires maturity” (8). Johnson was keen to dictate proper emotions for citizens to have both because excess individual desire and impatience were deemed the primary cause of inflation via wage and price increases, and because Johnson was trying to manage and mould citizen desire into productive outlets via his social program policies. Citizen *bios* potential thus could be positively expressed via social programs but could also slip into self-serving and inflationary behaviour if people were raising wages and prices to get ahead.

Johnson and his Economic Chairmen all identified as Keynesians, and Johnson’s Great Society policies were implemented within a Keynesian theoretical framework which again believed that fiscal spending towards realizing the *bios* potential of all Americans (via education spending, healthcare, skills training and recreation) would be beneficial to increase productivity. In terms of actual inflation, inflation was below 2% at the start of Johnson’s term, in 1964. By 1966 it had risen to 3%, and then continued to rise, reaching 5.46% at the end of Johnson’s second term. The Chairmen first blamed the Vietnam War, because it could be framed as a necessary expenditure. Unions and businesses increasing wages and prices could also be blamed and framed as inefficient and inflationary because they were trying to achieve prosperity and *bios* potential beyond the collective aims of the Great Society. Johnson and the Economic Chairmen of his later 1967 and 1969 reports, Gardner Ackley and Arthur Okun, were less critical

of the actions of citizens to increase wages and prices to meet their needs. Instead, they emphasized that social spending was the best tool to ensure citizen potentiality by highlighting the collective emotions that were experienced when *bios* potentiality was reached through public spending and expanded into the economy. So, for example, Johnson notes that “individually and collectively, Americans have insatiable appetites for more education and better health” (1967; 20). When speaking of environmental programming, he notes that a poor polluted environment “diminishes individual vitality [and] takes some of the joy out of life” (1967; 21). Lastly, he emphasizes the importance of collective achievement of *bios* potential, which would be attainable with collective social programming over selfish gain, hence saying that, “the overwhelming majority of us face our challenges in comfort, if not affluence [...] the sacrifices required of most of today’s generation are not income or security; rather we are called on to renounce prejudice, impatience, apathy, weakness and weariness” (1967; 3). Johnson was emphasizing collective emotions in his reports because they were aligned with collectivist goals of realization of all citizen *bios* that were backing his social spending mandate. He was encouraging citizens to buy into the incremental yet assured positive changes for all citizen *bios* that would arise through social spending translated into productive growth, instead of succumbing to impatience or weariness, leading to selfish inflationary actions or insufficient productive contribution. At the same time, Johnson was also assuring citizens that shared wellbeing would eventually be attained through his programs, which was important because people in the 1960s were increasingly protesting enduring inequality and discriminatory practices. Because social programming was framed as equitably growing the productive economy and citizen *bios*, inflation was positioned as something arising from selfish individualistic impulses or necessary war spending. These positive and negative dichotomies

could take any heat away from allegations that social spending was inflationary. I now turn to analysis of the 1964 Economic Report, the first report that I'll be analyzing, from the 1960s decade.

1964 Economic Report

Introduction

In Lyndon B. Johnson's introduction to his first ever Economic Report of the President, Johnson relies on the economic and moral arguments for increasing the potentiality of American citizens, and biological appeals to the reader, as the basis for why it was good to implement social programming. Johnson states that citizen potentiality can be achieved through government intervention into the economy via social programs and through tax breaks. He iterates that it would be a problem if businesses or unions were to use tax breaks to hike prices or wages to increase potential, because that would create inflation (10), and also says that the lack of public funding into social programs creates depression (16), because it produces conditions where individuals are unable to achieve wellbeing. In detailing how inflation or depression arises, out of an excess or dearth of opportunities for expression of potential, Johnson emphasizes that expression of potentiality should primarily be achieved through public funding. The emphasis in this introduction on the economic and moral reasons for social spending, and economic and moral problems of private spending, would legitimize the rhetoric of social spending to grow citizen *bios* potentiality. This emphasis indicated how the Johnson government viewed it as the responsibility of government to provide for citizen wellness and also what the consequences of a lack of central coordination would create: either inflation or an emotional or economic recession. Government spending was thus essential to steady the mood and create the right kind of growth.

Johnson uses the word “potential” eleven times in this span of this short introduction, and closes his introduction by stating that “strengthened by the programs I have outlined in this Report, the Nation will move steadily toward the realization of its full potential” (18). He moralizes enabling expression of potentiality (through social programs) by saying that “[he regards] achievement of the full potential of our resources- physical, human, and otherwise- to be the highest purpose of governmental policies”, and which is only superseded by “the protection of those rights we regard as inalienable” (3). Beyond rhetoric, Johnson creates another argument for funding for social programs, observing that nearly a fifth of Americans live in poverty (14) and that forty-four percent of non-white families are poor (16). Part of his moral argument for the need for social programs to increase *bios* potentiality is thus to ensure equity, and he states that it would take constructive action beyond civil rights legislation to end the poverty gap (16). In the main text of this Economic Report, Johnson’s Chairman writes extensively on the importance of fighting discrimination and how Johnson’s government’s social policies would benefit minorities and grow the economy, while also including extensive breakdown of poverty levels by race and age. These elaborations, which will further be explained in my analysis of the main body of the text, indicate I believe the genuine interest in the Johnson government in improving inequity because the social unrest demanding greater government support for *all* citizen wellbeing and because the clear productive economic benefit perceived in doing so.

Johnson also notes the specifics of his legislature of a one-billion-dollar investment into social programming, and a tax cut, saying that the stimulus would be three times greater than that of the years 1961-1963 (6; 7). When detailing his concern that selfish actions with the tax cut would create inflation, to thus further the argument that wage-price increases *do* create inflation, Johnson says that he expects that “taxpayers will respond by putting the released funds to work

in the private economy [and] that business will resist the temptation to exploit stronger markets by unneeded price boosts [and labour must] resist the temptation to exploit stronger job opportunities by excessive wage demands” (10). He further says that he would hope that the tax cut would “challenge American businessmen, investors, and consumers to put their enlarged incomes to work in the private economy to expand output, investment and jobs” (6). As noted in my opening to this section, Johnson also states that the inability for people to achieve their potential results in depression, saying that a “cycle of chronic depression” arises out of the inability of communities to provide economic uses “for their idle or underutilized human and physical resources” (16). Both this criticism of potential deviant wage-price increases causing inflation, and suggestion that lack of social spending creates depression would be discursive tools to suggest that the biological need for material reproduction and expression of potentiality is most realized by social programs. Throughout this introduction, Johnson also outlines the social programs that would be implemented or grown, namely: employment insurance, disability insurance, services for the elderly, improved transportation infrastructure, the expansion of housing and community development programming, and programming to help improve education and health inequities. He suggests that implementation of these programs and the stimulus from the tax break would enable the most, and most equitable expression of potentiality, to grow the productive economy, thus saying that it would permit a “free and growing economy which [...] operates at the full potential of our human and material resources [...] avoids setbacks from recession or inflation [...] meets ever more fully the needs and preferences of our citizens as freely expressed in the market place and in the halls of government [...] provides increasing leisure [...] distributes fairly the fruits of economic growth among [and] eliminates avoidable suffering and insecurity from the lives of our citizens” (18). Achieving full wellbeing

was therefore understood as a key responsibility of government for Johnson, and was view as capable of both increasing productivity and equity, which were two complementary objectives of the government.

Johnson closes his introduction to his 1964 report by detailing his definition of the American dream, which he articulates as “the American dream of equality of opportunity for all citizens” and which he says is one of the aims of his economic program (18). This collectivist and equitable definition of the American Dream will later be contrasted to financialized incantations of the American Dream; its reappropriated definition and use would emblemize the broader gaps between government discourse on the potential of finance, and its actual inherent limits for equitable realization of material reproduction and *bios* potential. Generally, in this introduction however, the American Dream signifies collectivist aspirations for expression of potential, and its nationalist language could legitimize the social programs which were being articulated as the best way to enable equality of opportunity.

Main Text

The main text of the 1964 report was written by Johnson’s chairman Walter W. Heller, who, as mentioned, was a Keynesian. Beatrice Cherrier in “How to Write a Memo to Convince a President: Walter Heller, Policy-Advising and the Kennedy Tax Cut” suggests that Heller redefined the role of the Chairman of Economic Advisors to be highly personal, and engaged and responding to public opinion (4) and that he was effective in influencing economic policy because of his strategy of succinctly connecting economic policy objectives to broader ideological or policy aims of the president (10). Thus, while presidents appointed their Chairmen and Council of Economic Advisors, these Advisors also had their own agendas carried through

in rhetorical strategies of persuasion that were like those of a president describing rationales in order to convince the voting public in the Economic Reports. Cherrier explains how Heller was successful in convincing President Kennedy, and then Johnson, to implement tax cuts by linking it to broader economic and social objectives of the administrations (for economic growth and increased equity) (2), and similarly, in Johnson's introduction, and in Heller's main section here in the 1964 report, both the President and Chairman relied on moral and economic rationales, as well as biological arguments for how to attain potentiality and material reproduction that would be appealing to the public, in order to legitimize their policies. Rhetoric was thus a consistent tool, alongside the effects of actual policy, in shaping further policy decisions and citizen affect (including that of the President). Heller in this main section affirms Johnson's perspectives in his introduction that social spending was the best way to grow the productive economy, and that the tax cuts, while beneficial, could potentially create inflation with people being emboldened to create wage-price increases. In contrast to Johnson's introduction however, Heller's main text is largely devoid of writing appealing to the emotional desire of citizens for increased potentiality and improved material reproduction, and instead primarily emphasizes the economic or moral benefits of increased social spending (i.e., it is morally right to have increased social spending because it increases equality). This might have been done because the readership of these main sections of the Economic Reports would be primarily other economists, and not the public at large; these economists would be more interested in economic or possibly social arguments, but less interested in emotional descriptions in how programs were improving citizen *bios*. In contrast to later reports of the 1970s, Heller also barely discusses finance in this report.

Moving to the analysis, in Chapter One of the report, Heller creates a history of the benefits of social spending, saying economic growth from 1961 to 1963 happened through

federal expenditure (32) and then also observes that the growth was matched with price stability, and thus was non-inflationary. He notes that high productivity needs to follow increased expenditure, “a high rate of productivity increase is the surest means of reconciling the aspirations for all for higher incomes with the maintenance of a stable price level and improvement in the balance of payments” (36). Thus, from a biopolitical perspective, Heller observes that these desires for material reproduction and expression of *bios* potential via social programs and other means are only tenable if they if they are effectively realized without inflation in the productive economy. This statement would further nuance the biopolitical element of Johnson’s philosophy. While social spending enabled the optimum realization of equitable expression of potentiality, in contrast to inequitable excess of potentiality when business and unions false increased prices and wages to create inflation, or insufficient potentiality resulting in depression when there wasn’t public funding, there were also an economic stipulation to the granting of public funding: people had to be productive with that money. This framing would absolve government from causing inflation, because if it did occur, it simply meant that citizens were being unproductive with their opportunities; the spending itself wasn’t the issue but it was how citizens responded to it.

In Chapter Two, Heller discusses Johnson’s goal of eliminating poverty through social programming and his discussion indicates the importance of improving *bios* wellbeing for his government. The chapter breaks down poverty by region and demographic, and then explains the moral and economic rationale behind the expenditure and programming implemented by the Johnson government to alleviate poverty. Heller writes that poverty “deprives the individual not only of material comforts but of human dignity and fulfillment” and again connects social programming to nationalist ideals, saying that “equality of opportunity is the American dream”

(56). He then observes that “we pay twice for poverty: once in the production lost in wasted human potential, again in the resources diverted to coping with poverty’s social by-products. Humanity compels our action, but it is sound economics as well” (56). In these statements, Heller connects the interest in social programming for increasing *bios* potential because it was morally sound or ethically viable, with the need to also use this potential to grow the productive economy. *Bios* potential was essential for productive economic growth. Heller outlines eleven aspects of the anti-poverty measures including: maintaining high employment through tax cuts, accelerating economic growth through tax cuts, fighting discrimination through legislation and dedication of Americans, improving regional economies, rehabilitating urban and rural communities, improving Federal-State employment services and unemployment insurance, expanding economic opportunities, enlarging job opportunities for youth, improving the nation’s health, promoting adult education and learning and assisting the aged and disabled (76). While Heller doesn’t directly say what would be the cost of the programming, he contrasts it to a proposed alternative program of just paying everyone the necessary sum to ensure that everyone is above the poverty line, which he says would cost \$11 billion a year, or less than 2 percent of GNP (77). This is notable because it contrasts to the program that the Johnson government actually implemented, that involved government dictation into how potential is expressed, with the assumption that these programs would more effectively encourage productive growth. Additionally, the fact that there is such extensive itemisation of people afflicted by poverty (from page 56 to 72), and polemic writing on the problems with poverty, when compared to the minimal descriptions justifying the tax cuts suggests that social programs were more controversial than tax cuts. This controversiality of social programs, even during a sweeping

period of Keynesianism, could also be why later, in the 1970s, social programs rather than wage-prices increases, were the primary culprit blamed for causing inflation.

In Chapter Two, Heller also discusses how social programs would improve racial inequity and outlines why this is important. The emplacement of this discussion within the main body of the Economic Report, the careful proposal of current experiences of poverty by different races and genders, and the explanation that social programs could improve experiences of equity indicates that improving racial discrimination was important to the Johnson government, in contrast to later governments that would either gloss over ongoing experiences of inequity and uniquely point to positive examples of equitable growth while normalizing reduced experiences of wellness in society as this was congruent with using finance for wellbeing. In Chapter Two, Heller emphasizes that reducing poverty generally is a major concern of his government, noting that “poverty is costly not only to the poor but to the whole society [...] poverty is no purely private or local concern. It is a social and national program” (55). Heller spends nearly two pages expanding on why poverty is problematic both morally and productively for society, and then also suggests that poverty disproportionately affects those who have are racialized, female, elderly or living in the South, and enumerates many data points on their experiences of poverty on page 56 and 57, noting for example that nearly one-half of racialized people live in poverty (56), nearly 50 percent of all families headed by a woman are poor (57), and 50 percent of all families headed by someone over the age of 65 are poor (57). Heller then breaks down experiences of poverty by age, race, education, location and gender further on page 61, which again indicates that the Johnson government was taking the concept of trying to reduce inequity through social spending seriously, and that ending discrimination was a major component in the achievement of improved *bios* potential.

Heller states that low productivity and discrimination can both create poverty (66), and observes that “policy will have to be more sharply focused on the handicaps that deny the poor fair access to the expanding incomes of a growing economy” (72). Within his “strategy against poverty” in the second half of the chapter, Heller states that eliminating discrimination for African Americans, Native Americans, Latino-Americans and other minorities is a major priority of his government because “the economic costs of discrimination to the total society are also large [and] discrimination affronts human dignity” (74). Heller also interestingly links the interest in improving *bios* wellbeing of his government to the efforts of the New Deal in the 1930s, which he noted “were designed principally to alleviate poverty in old age and to shield families from the loss of all income during period of unemployment” (73), while he says that his government’s objectives were expanding these efforts to secure *bios* potential, in order to “coordinate our older programs and some new ones into a comprehensive long-range attack on the poverty that remains” (73). Heller was thus acknowledging that his government was trying to improve wellbeing of citizens, that had first been viewed as an obligation of government in the 1930s with the New Deal and then also expanded with the 1946 Employment Act full employment mandate. These programs were part of a general expansionary logic of attending to citizen *bios*, also of the most impacted marginalized populations, because apparent political benefit but also because genuine belief that investment in citizens would encourage greater economic growth.

In Chapter Four, Heller pivots to considering inflation, the enduring menace to wellbeing and productivity, and suggests that were inflation to happen, it would be because of wage-price increases on the part of businesses and unions. He then also observes that inflation would be a problem because it would contribute to inequity, thus undermining the project of enabling

equitable potential, of the social programs. In this situation, inequitable inflationary actions in the private sphere are at odds with equitable and non-inflationary actions with public funding to grow the productive economy. Heller opens the chapter by noting that “inflation need be no more of a threat in 1964 than it was in 1963 or 1962 or 1961” and says that the outcome of whether or not inflation occurs “rests in private hands- yet it is the responsibility- and the determined purpose- of the Administration to do all it properly can to promote the right outcome” (112).

Heller was therefore outlining two scenarios, one where individuals increase wages and prices to increase their *bios* potential but at the same time create inflation, or another where individuals follow the proper course of acting within the social programs and policies to grow their *bios* potential and contribute to economic productivity without increasing inflation. Hence, he says that “it is true that the tax cuts, by stimulating demand and expanding output and employment, will increase the opportunity and the temptation to raise prices and wages contrary to the public interest. But they also will reduce management’s and labor’s need to pursue such a course”

(115). To that point, he notes that part of the reason that the economy was noninflationary in 1961-1963 was because it was union and business leaders didn’t make inflationary wage and price decisions (112). Heller then also outlines why inflation would be a problem, saying that it: 1) redistributes real incomes and wealth arbitrarily, thus “when prices rise, those groups that are able to expand profits and wages most rapidly improve their situation at the expense of those whose incomes respond slowly” (116); 2) has a negative impact on balance of trade and balance of payments (116); and 3) would have a negative effect on full production and full employment (117). Inflation was therefore framed as problematic because it heightened inequality and undermined the *bios* potential of some people while also reducing productivity. Inflation was only articulated as happening through self-serving wage-price increases that get ahead of the

proper and steady route to increasing *bios* potential via social programs and increased productivity. Heller also notes though that his government would intervene to prevent inflation by strengthening antitrust laws to prevent price fixing, investing in the economy through increasing productivity through the tax cuts and also ensuring that government gets “full value for each dollar it spends”, as the largest buyer of goods and services (118). By the latter point, Heller was insisting that productive use of public spending was also important to prevent inflation that could also happen through gratuitous wage-price increases.

Beyond increasing productivity, reducing poverty, and preventing inflation, other chapters in the report discuss technological changes, the issue of international deficits resulting from other countries buying American gold, offshore purchasing of credit and international economic development assistance funding. The tone of development assistance funding section is similar to the section on domestic poverty and Heller emphasises the importance that all people globally can reach their potential, writing that: “we have a development assistant program because we believe in the dignity of human beings [...] it speaks with a powerful voice between people in the language of common wants, fears and aspirations for themselves and for each other” (151). Heller also writes how the development assistance funding helps US security and economic interests (151). From a biopolitical perspective, this articulation of the economic and security benefits of increasing funding to developing countries is similar to the benefits articulated for increasing domestic funding for citizens, namely that by enabling the desire for material reproduction and potentiality, the government could dictate to a certain degree how potentiality is expressed, to encourage it to fit within the capitalist economic and political agenda of the US government. Heller closes the chapter by saying recognizing that the distance between realization of *bios* potential through public spending and the desire for this *bios* potential was

resulting in negative emotions for Americans, noting that citizens “feel fatigued” at the lack of observable results from the development assistance efforts but that they ought not to, because results were forthcoming (163). This strategy of empathizing with citizens on their feelings due to unfulfilled *bios* potential is similar to that employed by Johnson when he noted that Americans felt chronically depressed *and* experienced chronic economic depression because of unfulfilled potential (16). This strategy of emphasizing would affirm that these feelings were valid, and that desires for realization of potential should ultimately be achieved within centralized social programs and policies, for most productive gain and diffusion of unhappy feelings.

In this report, Heller is also opposed to finance, stating that it, like excessive wage-price increases, is a false and inflationary representation of growth. In Chapter One, Heller notes that residential construction and consumption of automobiles was expansive during the 1961-1963 period (48), but says that if the “strength” in 1963 was a result of “unsustainable buildup of stocks or an excessive resort to credit, it would amount to borrowing from the future. If, however, it reflected long-term growth forces it would be cause of optimism” (48). Heller acknowledges that the expansion was in fact achieved through expansion of mortgages and credit, but suggests that these liberalizations are both sustainable due to rising incomes, which make increased credit debt to fund investment reasonable (50). Heller’s criticism that finance was about short-term and selfish gain rather than productive growth will contrast to later perspectives after social programing was framed as unproductive and inflationary, that imagined financial growth as a key indicator and assurer of productive growth, and a valid means to secure *bios* potential. This perspective is deeply interesting though, showing early opposition to finance for productivity and shared wellbeing.

Generally, Heller's writing in this report, alongside Johnson's introduction, clearly illustrates the main economic philosophy of the early Johnson administration, namely: 1) enabling material reproduction and opportunities to reach potential for all Americans was tantamount to a successful productive economy; 2) the best way to help Americans achieve potential was through funding social programs; and, 3) inflation could arise if businesses and unions sought quick gains for themselves by creating inflationary wage and price increases. Finance was barely discussed in this report other than being described as bad if it represented another sort of quick gain that was at the expense of true productive growth. In this report, Heller and Johnson advocate for tempered desire for potentiality, as an excess of desire will create inflation, whereas too achievement of potential because of a lack of public funding will create "a cycle of chronic depression" (16) in which the depression itself fuels further lack of reaching potential. Johnson and his government position themselves as the arbiters of *bios* potentiality with their social funding and tax break packages but also suggest that consistent and well-expressed productivity is needed to continue to legitimize the funding and tax breaks; hence, any grants for material reproduction or achievement of potential must have productive output. They also validate feelings of frustration over lack of *bios* growth, and in doing so, reaffirm the importance of their social programs and policies for shared achievement of *bios* potential and real productive gain. Inflation is framed as being caused by greed and undermining equity, a position that would shift later when it would be blamed on government, and *bios* potential reimagined as individual and to be achieved via legitimized financial inflation.

1967 Economic Report

Introduction

As we move to Johnson's 1967 Economic Report, we can see that Johnson builds on themes from his earlier report on the importance of growing citizen *bios* for productive growth and overall betterment. In his introduction, his repeated descriptions of collective emotions that citizens were experiencing would reflect Johnson's ideals of the collective goals behind his social spending project and also convey that Americans were united in their quests for potentiality. These statements would affirm to readers that collective efforts were the best to achieve the absolute most and most shared expression of citizen potential, while wage-price increases were aligned with problematic individual impulses and inflation. Johnson describes collective emotional experiences, but also explains what were bad emotions for Americans to have. In doing so, he was also trying to align people to his social programing initiative, and shame selfish impulses leading people to increase prices or demand wages that were too high.

Johnson opens his report by noting that the challenges faced by Americans currently were "as trying to men's spirits as any we have known" (3), hence emphasizing a collective emotional experience of spiritual exhaustion. As I mentioned in my introduction, Johnson then goes on to state that most Americans were facing the spiritual challenges in comfort, and that the challenges presented were thus, "prejudice, impatience, apathy, weakness and weariness" (3), hence noting the negative emotions that were preventing Americans from fully participating in the social systems and social ideology that could grow *bios* for everyone. Johnson also suggests that *zoē* potential had mostly been achieved by everyone, noting that "in purely material terms, most Americans today are better off than ever before. That fact expands our responsibilities, as it enlarges our resources to meet them" (3). In this statement, Johnson was affirming that

government's new role was to ensure wellbeing of citizens rather than just survival, because it was perceived to be beneficial to respond to mounting dissatisfaction with inequality and because believed that increasing citizen wellbeing would have productive economic benefit.

In this Introduction, and in contrast to later reports which would emphasize financial wellbeing over shared livable salaries, Johnson states that increasing disposable income was the most important indicator of economic wellbeing, hence stating that, "the single most meaningful measure of economic well-being is real disposable income per person—the after-tax purchasing power in stable dollars, available on the average to every man, woman, and child" (4). This indicates that although Johnson was against false wage-price increases, he was still for real wage increases, which he saw as the best marker for economic wellbeing. Johnson hence notes that disposable income rose at 89\$ per person, which he states was three times better than the average yearly gain in the 1950s (4). He then also observes specific areas of economic growth that had been achieved in the last 6 years, since Johnson's predecessor John F. Kennedy had been elected, noting that, 9 million jobs had been added (4), the rate of unemployment "for white adult males fell from 5 percent to 2 percent; for Negro men, from nearly 12 percent to less than 5 percent" (4), the number of Americans in poverty fell by 5.5 million (4), and "GNP grew by 50 percent in 6 years" (4). These statements of gains against poverty and unemployment, and achievement of a stronger economy again emphasize that Johnson was aspiring to collectively achieved potential, which he was demonstrating was also growing the productive economy.

At the same time that he references anti-poverty and unemployment measures, he also focuses his writing on collective emotions on those for *bios*, or wellbeing beyond survival. Hence, he observes that he wishes to invest in improving urban areas and increase environmental regulation because pollution "“takes some of the joy out of life” (21), and also that he wants to

increase educational and health services because Americans, “have insatiable appetites for more education and better health” (20). By calling the desire “insatiable”, Johnson was presumably connoting desire that went beyond essential needs, for higher education and improved preventative care. In another passage in this introduction, Johnson again appeals to collective emotions, and connotes proper emotional behaviour, hence stating that there is no “wonder drug which can suddenly conquer [poverty and deprivation]” (8), and hence, “our capacity to stay to the task will be a test of our maturity as people” (8). Johnson was shaming self-interested actions which could serve as a “wonder drug” for individual people to achieve wellbeing at the expense of others, while at the same time criticizing anyone who believed there could be rapid transformation of citizen wellbeing. General wellbeing, Johnson emphasized, would take time and hence collective maturity.

Johnson assumes a very Keynesian approach to economic growth in this introduction, noting the importance of government intervention to grow the economy. Hence, he states that, “to ensure our full divided from economic growth requires that markets for goods and services expand steadily and adequately, but not excessively. In recent years, we have tested and refined the power of fiscal and monetary policy to stimulate or moderate the expansion of total demand” (8). He also observes that federal expenditures had growth by 19\$ billion in 1966 in the areas of Social Security, Medicare, grants to States and local governments, and defence spending (8). He notes that increased taxation of “higher payroll taxes, the restoration of some excise taxes, the institution of graduated withholding, and the suspension of tax incentives to investment” (9) enabled a 9\$ billion-dollar removal of spendable incomes. Alongside these Keynesian measures, Johnson also observed that private investment threatened to outrun private saving, and hence “sharp monetary restraint was also applied” indicating ongoing concern that private actions

would grow inflation (9). Overall, in this introduction, we see that *bios* was not meant to be achieved via excessive investment but rather via real wage growth or beneficial social programming, while interventions were being made to quell inflationary income and insecure financial growth. In 1967, Johnson proposes having more social programing, stating that social program spending could be increased by twenty percent, and that there could be more training programs, “so that we open opportunities for individual development and self-fulfilment. And we make possible higher production without inflationary pressures” (18). At the close of his introduction, he also restates the mandate of the 1946 Employment Act that mandated the Economic Reports, stating that the Act declares that it is the responsibility of government, with assistance from industry, labour and State and local government, to continue to coordinate the economy in order to “promote free competitive enterprise and the general welfare [...] and to promote maximum employment, production and purchasing power” (26). In invoking the Employment Act, alongside his proposals for expanding social spending and affirmations of the need for maturity and calmness on the part of citizenry, Johnson was claiming his right to grow citizen wellbeing with his Economic Reports and centralized economic planning, which had been mandated over twenty years earlier. In this statement, we can see how Johnson was affirming that government spending to increase citizen wellbeing to grow the economy, though especially needed in the 1960s because of social protests, actually had a legacy from the 1940s, which imagined some increase in citizen wellbeing, via employment, as vital to economic growth. Johnson was hence proposing that his government was just expanding the responsibility of government to grow the economy’s power via its citizens, to dispel concern that these actions were unprecedented or novel.

Similar to his 1964 Report, Johnson again writes fairly extensively about overcoming inequality through his social programs, including his writing on renouncing prejudice (3) and acknowledging that government had a responsibility to increase wellbeing for everyone. Johnson also states that “hardcore unemployment” as a cause of discrimination, unwillingness or inability to move from economically depressed areas, and physical or mental disability is a leading economic problem (5). Johnson also says that these historically “invisible poor” were becoming more visible because of “awakened public conscience” (5) and then refers twice to how solutions will be attained, on page 7 where he lists social programs to combat poverty including rent supplements, child nutrition spending, legislation for higher minimum wages and spending aid to impoverished public schools, and on pages 16 to 20 where Johnson enumerates other policy solutions to combat poverty and increase wellbeing. In this section, Johnson claims that the United States would be the first country wealthy enough to end poverty within its borders, and acknowledges that ending poverty is connected with ending unemployment, stating that “there must be full employment so that those qualified and able to work can find jobs” (16), but that it is also achievable through enabling other markers of wellbeing, saying for example that, “those not now fully qualified must be given the education and training, the health and guidance services which will enable them to make their full contribution to society” (16). In these statements, Johnson was affirming again that productive economic growth was connected to poverty reduction and the achievement of other markers of wellbeing, to reinforce the connection between his strategy and the mandate of full employment of the Economic Reports. Generally, the extensive itemization of policy to reduce poverty and assertion of the importance of reducing inequality and discrimination to achieve economic growth affirms the importance of ending poverty and discrimination for the Johnson government.

Main Text

In the main text, Gardner Ackley, who was the new Keynesian-oriented chairman appointed in 1964, focused on similar themes of the benefits of social spending, the need to curb potential inflation through preventing wage-price spirals and excessive war spending, and the importance of collectively growing citizen potentiality. Ackley was appointed in 1964 after Heller resigned from his position over disagreements with President Johnson over the decision to continue with what he believed were overly expansive tax cuts, alongside war and social spending (Cherrier 22). Ackley may have been more open to spending and tax cuts than Heller was, but also states in this Economic Report of the need for some more discretion when it came to spending to meet desires over needs of citizenry, saying that: “if needs are everything that could be reasonably desired, then they will not be fully met for generations” (168). Compared to Heller in the last report, Ackley also proposes that government spending, and not just character faults of unproductive citizens, is also to blame for inflation, indicating the beginning of the shift toward the dominant perspective in the 1970s that inflation was caused by government, hence saying, “how far can unemployment be reduced without inflation?” (99). In making the first statement, Ackley was suggesting, like Johnson, that the appetites of Americans were mostly for *bios* potential rather than *zoē* potential, because *zoē* had mostly been met. Because of this, all new potential had to be achieved within the context of productive growth, and citizens had to be patient and mature, as *bios* potential gradually expanded.

In the first three chapters of this report, Ackley focuses on inflation, indicating the start of the transition towards thematically focusing on inflation as a policy issue, a trend which would continue through the 1970s. Ackley states that the primary cause for inflation had been the Vietnam War, saying that “the major theme of recent economic developments in the continuation

of progress. But there is also a secondary theme of problems and imbalances, many of which can be traced back to mid-1965, when the sudden increase in defense requirements for Vietnam led to a marked acceleration in economic activity” (45). He also, however, recognizes that some spinoff from the war also contributed to inflation, observing that “spurred by defense buildup, total demand, public and private- forged ahead at an extraordinarily rapid rate in late 1965 and early 1966” (37). Ackley does suggest that demands by labor for increases in wages were somewhat to blame for inflation, saying that “the tight labor markets generated by rising demand were mainly responsible for the rapid rise in hourly compensation, although collective bargaining power was important in a few sectors” (78) and also that, “producers and labor unions can learn to use their market power more responsibly” (100). For Ackley then, Vietnam War spending was the primary cause for inflation, though rising labor costs due to demand and bargaining was also secondarily attributed. He claimed that his government had gotten a hold of the inflation through restrictive tax policies in 1966 mentioned by Johnson in the introduction, and monetary policies, noting that, “the brakes [imposed by government] had worked” (38). He also demonstrated his Keynesian orientation by advocating against monetary restraint to cool inflation because its purported inequitable outcome undermining the objective of shared wellbeing, noting that, “the economy had shouldered the burden of active hostilities without the need for cumbersome and inefficient controls and without losing its basic health and stability [...] in particular, the power of tight money as a tool of restraint- as well as its uneven impact- was demonstrated beyond any reasonable doubt” (38). He also mentions later that monetary policy as a tool for restraint is problematic because its “highly uneven, both in magnitude and in timing” (65) and then says that flexible taxation is preferable (68). The rising inflation from 1964 to 1967, going from 1.28% in 1964 to 2.77% in 1967 (*Macrotrends*) was likely the reason for

this new focus on inflation as a policy issue. Ackley likely was blaming the Vietnam War and labor because he didn't want to blame his government's social spending or tax cuts. He also stated that the restrictive tax policies had eradicated the threat of inflation, saying that "prosperity has conferred its benefits on nearly every sector, industry and region in almost every year" (38), thus exhibiting unfounded confidence given the inflation to come.

In addition to having a Keynesian-focused outlook on solutions for inflation, Ackley also proposes Keynesian-focused solutions for production. He proposes that the federal budget should be growth-oriented for 1967, saying "the budget will be appropriately stimulative in the first half of 1967" (61). He dedicates a considerable amount of space in the report discussing areas where expenses have been made, including anti-poverty measures, social security, healthcare, education and invigoration of inner-cities (135-167) and also outlines how expenses have expanded since the 1950s, noting that since the 1950s, "expenditures for educational services and health care combined have risen from about 8.5 percent to 12.5 percent of gross national product, and expenditures of States and localities have expanded from 8.5 percent to 11 percent of national output in the past decade. Federal transfer payments to persons have risen from 3 percent to 4.5 percent of gross national product" (167). Continuing to expand social spending despite inflation indicated that Ackley both didn't really believe that social spending caused inflation, and also that he believed that it was important for extending citizen potential and growing the economy. While the extensive itemization of where social expenses had been made could have been for transparency, it could also reaffirm the value of social spending for local government. He also says that Americans were aligned with these objectives to increase citizen *bios* and productive growth through social spending, noting that, "through their dollar votes on the market and their votes at the polls, Americans have reaffirmed their strong desires for greater expenditures in

these areas” (167). Ackley therefore wanted to affirm the importance of social spending for his government. He also suggested further Keynesian-oriented methods to cool inflation, noting that there was going to be a “six percent income tax surcharge on personal and corporate income tax liabilities, with an exemption for low-income families”, while also saying that this tax would last two years or as long as “the special Vietnam costs continue” (62).

Though Ackley promotes social spending as a means to grow economic and *bios* potential, he also, similar to Johnson, acknowledges the need to funnel this growth into the productive economy to avoid inflation, and also wonders on the limits of all *bios* being achieved via social support. He states that he questions, “how far can unemployment be reduced without inflation [and] if there is a ‘trade-off’ between lower unemployment and price stability, how do we choose between them?” (99) and then says that there are three remedies to this possible issue, observing that, 1) “the pattern of skills and related attributes of the unemployed can be more closely adapted to the pattern which employers seek”, then that, 2) “all Government policies affecting markets for goods and services can be directed toward the objective of achieving general price stability in an economy with sustained full employment”, and lastly that 3) “producers and labor unions can learn to use their market power more responsibly” (100). In creating the first two solutions, Ackley was saying that government did need to make sure that its spending into *bios* potential was being matched with productive output into the economy. Ackley’s last solution was also about making sure that companies and unions were not acting selfishly. Generally, Ackley conceptualized *bios* growth as that which was being fully expressed back into the economy, and not “bunched” unfairly within specific producers or laborers, or not being relevant or expressed into the economy.

In addition to suggesting that spending had to be efficient, Ackley was also wondering on the limits of allotment of spending for *bios*, by questioning what *bios* potential exactly was, and which desires should be prioritized. Hence, he stated that, “to tolerate any unemployment, other than temporary, means subjecting individuals to concentrated hardship, both economic and psychological” (100), but also that “choices will have to be made- not to solve one problem at the expense of another, but rather to allocate resources in such a way as to permit balanced progress on many fronts” (138). He later also observes, as mentioned, that “if needs are everything that could be reasonably desired, then they will not be fully met for generations” (168). In making these statements, Ackley was proposing that there did need to be some limits on social spending to achieve *bios* potential, presumably because of inflation, and then he was also wondering what the limits would be. He says that, “it can be confidently forecast that the problem will be to find the means to fulfill our public and private aspirations rather than to deal with any redundancy of resources” (169), indicating that it wasn’t so much about halting spending on *bios* potential for public and private aspirations but rather about making sure that the spending was efficient. In making these statements, Ackley was affirming the moral and political importance of expanding social spending. He also stated that “pace of progress in meeting [social programs of poverty, lack of education, ill health and urban decay] will be held back as long as our commitments in Vietnam absorb a substantial share of our economic growth” (137), hence indicating that inflation caused by war spending was also delaying the meeting of aspirations for *bios* potential. Ackley was thus reaffirming his government’s commitment to *bios*, while also indicating the problems like war spending, ineffective use of resources, and gratuitous wants, that could delay it.

Ackley also discusses the need to reduce discrimination, to ensure that all citizens can achieve wellbeing. On page 102, as Heller had elaborated, Ackley breaks down unemployment by race, age and gender, observing that unemployment is higher with racialized citizens, women, teenagers and older citizens. Ackley then states that disadvantage is what creates structural unemployment, and suggests that increased jobs, as well as “a concentrated attack on the causes of ‘structural’ unemployment is obviously essential if we are to move toward continually lower unemployment while maintaining the stability of prices” (108). Ackley says that the government needs to attack discrimination “not only because it stands in the way of fuller utilization of our economic potential but because it is morally wrong” (108). In this statement, Ackley thus affirms the economic and ethical, as well as political, reasons for reducing discrimination. Citizens were demanding reduced discrimination at the expense of greater protest or unhappiness, and conveniently, there was also economic gain. Ackley further discusses impact of discrimination on education, employment, housing and health in his fourth chapter, “Selected Uses of Economic Growth”, where he provides data elaborating on differential experiences of education, employment, housing and health white versus racialized citizens (138-158). Ackley acknowledges the impact that discrimination has on wellbeing, suggesting for example that for African-Americans who are trying to find employment in suburban centers, “racial discrimination in housing and inadequate commuter transportation facilities have made it difficult to follow the jobs to the suburbs” (155). The extensive enumerating of data points on how discrimination affects different markers of wellbeing, alongside the different policy solutions presented to combat poverty indicates that the Johnson government was earnest in their attempts to reduce differential experiences of wellbeing because of discrimination because of political motivations, ethical convictions and belief that it would contribute to economic growth.

Ackley also briefly mentions the benefits of finance in this report in a way that is comparable to how later presidents would speak about finance, indicating that though Ackley and the Johnson administration still supporting government spending as the primary means to grow the economy and achieve potential, there was nonetheless still some interest in the possibility that finance could also fulfill this role. In Chapter Four, Ackley states that:

“A Great Financier is said to have remarked that compound interest is the eighth wonder of the world. No doubt he was referring to its remarkable properties in enhancing private fortunes. However, those concerned with national policies for economic growth have also become aware of the power of compound interest. If the American economy continues to grow at 4 percent a year, output will double in 18 years, triple in 28, quadruple in 35. If that potential is wisely and efficiently shared among competing uses, great advances in the economic well-being of all Americans are assured” (135).

In this quote, Ackley is creating a metaphor, and saying that growth of GDP was comparable to the accrued compound interest on a loan or deposit. He was then saying that though compound interest made financiers rich, the comparable analogy with GDP would assure that eventually the US would be rich enough to meet the desires for bios potential of all Americans, so that, “great advances in the economic well-being of all Americans are assured” (135). This quote demonstrates that Ackley still didn’t believe in finance as a way to achieve *bios* potential for all citizens, or as a means to grow the economy, because he understood it primarily as a tool for individual amassing of wealth. Nonetheless, he understood the principle of financial gain as comparable to how the government could also meet the needs of Americans through gradual assured growth of wealth. This imaginary would shift in time, as the US

government would just propose that Americans ensure their wellbeing privately within the financial economy, instead of through the coffers and distribution cycle of the government.

Generally, the tone of this 1967 is a bit more conflicted compared to that the 1964 report; the growth of inflation necessitated an event to blame, and Ackley and Johnson were both identifying the Vietnam War as the primary culprit. At the same time, they were also suggesting that some inefficiencies with government spending, and re-evaluation of needs versus desires of Americans was in order, to make sure that all spending was fully going back to the productive economy, and not superfluous to basic survival and wellbeing. Ackley insisted that government spending was the best way to achieve equitable wellbeing and potential growth of the economy, but also wanted to ensure that this growth was tempered, because, as was implicitly implied, *bios* potential that wasn't matching the capacity of the economy or contributing to its productive growth could be inflationary. Ackley and Johnson wanted this to eventually be realized via government support because they believed in government being the best was to equitably achieve *bios* potential and growth, and they also believed that citizens wanted this equitable realization of growth and had elected their government because they wanted programs that would achieve it. The ongoing negative portrayal of finance, as a phenomenon that contributes to inflation and declining potential is acknowledged when Ackley states that the selfish outcomes of financial investment to "enhance private fortunes" (135) can be contrasted to the distribution of "that potential [that is] wisely and efficiently shared among competing uses [to achieve] the economic wellbeing of all Americans" (135). This position on finance and potentiality would clearly change by the end of the subsequent decade, when finance would be articulated as vital to increasing citizen potential, in contrast with problematic social spending and government intervention.

1969 Economic Report

Introduction

The 1969 Economic Report was the final report that President Johnson would be responsible for writing, as Richard Nixon would be elected later that year. The report primarily maintains the key positions that Johnson and his administration had taken on the economic benefits of using social spending to increase *bios* potential. He also continues to maintain that inflation was primarily arising because of necessary war spending and businesses and unions increasing wages and prices. He opens his introduction by restating what was the opening of his 1964 report, that he regarded “the achievement of the full potential of our resources- physical, human, and otherwise- to be the highest purpose of governmental policies next to the protection of those rights we regard as inalienable” (3), thus indicating that achieving broad increase to citizen potential and reducing discrimination remained important for the ideology of his administration. This would be further affirmed in the introduction when he stated that, “we must share more equitably the fruits of prosperity among all our citizens. A Nation as prosperous as ours can afford to open the doors of opportunity to all” (4). Johnson also suggests that Americans were feeling aligned with this objective for broader enabling of *bios* potential, saying “many of us are feeling impatient” (24), and then also that “this feeling is great in the American tradition” (24). By these statements, Johnson was suggesting that his policies were aligned with the desires of the American public, and that his desire for betterment and improved conditions was actually also part of the American fabric. This tactic of prescribing a trait to the American people would also be adopted later by Reagan, who would use rhetoric of suggesting that Americans desired “freedom”, to justify cuts to social spending, so that you could achieve *bios* potential on your own terms.

Johnson dedicates a significant portion of this introduction to referencing concrete statistics about federal spending and productivity, to further validate his stance that inflation was caused by businesses and unions, and war spending, and not his programs, necessitating tax increases to absorb excess liquidity. He notes that in his six years as president, his administration had spent “\$969 billion on programs and received \$936 billion in revenues” (8), ensuring that “the total deficit for that period amounts to \$33½ billion” (8). He also notes that his government had so far spent \$109 billion dollars on the Vietnam War, and provided \$35 billion in net tax reductions (9). He observes that the social spending had been mostly successful, and that the Nation was in its 95th month of economic advance (4), after a brief blip of inflation in 1966 and 1967, during which more restrictive fiscal policies of some monetary restraint and tax surcharges had been introduced (5). Like his last report, Johnson also lists the successes of his government in achieving economic growth and evidence of increased *bios* potential because of his social programs. He observes that: “the over-all unemployment declined from 5.7 percent of our labor force to 3.3 percent” while “unemployment of nonwhite adult males dropped particularly dramatically, from 9.7 percent to 3.4 percent” and, “the number of persons in poverty decline by about 12½ million- progress greater than in the entire preceding 13 years” while, finally, “the average income of Americans increased by \$535”, and “corporate profits rose by about 50 percent” (5). With this list, Johnson was enumerating the successes of his government in creating change via increased realization of citizen potentiality, reduced discrimination and increased economic growth.

In this introduction, Johnson also maintained similar stances on the causes of inflation, partially blaming businesses and labor, while also insisting that everything was under control, and that government spending had mostly been efficient so far. Johnson observed that progress

happened of “American labor and business in effective partnership with government” (4). He then however also noted that the largest challenge for the nation was “combining our prosperity with price stability” (4), and presented two solutions to inflation, “productivity and efficiency”, and “voluntary cooperation” (11). Johnson didn’t back away from proposing the benefit of government programing to improving productivity and wellbeing, saying that, “productivity can be raised even more rapidly and manpower employed more effectively through many methods in which Government can lend a hand” (11) but then also that “government should also look at its own programs and policies to ensure that they do not add an unnecessary penny to costs of production” (11). He further adds that, “both in their own interest and in the public interest, business and labor should exercise the utmost restraint in price and wage decisions” (11). These statements posit inflation mostly as the fault of businesses and unions and somewhat on government, iterating however that if inflation were to be caused by government spending, it was merely because of inefficiencies of the spending, not the programs themselves. In this overview, it would seem that war spending might have at least been partially the cause of the inflation, given that it was over \$100 billion, while tax reductions had only been \$35 billion, and the revenue deficit for social spending was \$33 billion. The \$33 billion dollar deficit from social spending would be overshadowed by the \$936 billion dollar revenue, which both enabled productivity and potentiality, which otherwise would have not been achieved, or would have been achieved inequitably.

Johnson says that in 1969, he plans to continue to fund essential social programs and the Vietnam War (8). Simultaneously, in addition to encouraging efficient spending and wage/price practices by private industry and government (11), Johnson also says that he will promote fiscal restraint by extending an income tax surcharge (8). This increase of taxation, as a response to

inflation, would be a Keynesian-oriented solution for governing the economy. Again, speaking from a Keynesian perspective, Johnson says that he wishes that there was greater freedom given to government to create fiscal policies, to avoid unnecessarily relying on monetary policy to restrain inflation, saying that “greater fiscal flexibility would help to ensure that monetary policy is not asked to carry an undue share of the load in restraining—or stimulating—the economy” (13). This suggests that Johnson and his administration believed that Keynesian ideology was still superior to Monetarist ideology. Johnson also dedicates seven of the twenty-three pages of the Introduction to restating and outlining his commitment to creating and funding social programing that would increase general prosperity and enable people to reach their potential, indicating the ongoing ideological commitment to the benefits of social programing for citizen potentiality. Johnson lists the areas of concern for his administration, namely: “improve the environment by ensuring clean air, pure water, and the conservation of natural resources [...] assist in community development and in education [and] provide a more comprehensive social insurance system to protect against the financial impacts of retirement, unemployment, job accidents, and long-term illness of a breadwinner” (17), among other solutions. While Johnson doesn’t directly explain the costs of many of these programs, he does note that the cost of eliminating poverty would be 1 percent of gross national product, or 25 percent of growth in an average year (23), which appears to be insignificant, relative to total prices. He also reaffirms his government’s commitment to reducing poverty specifically, suggesting that unemployment solutions, improved health and education programs, improved and non-discriminatory affordable housing plans and improved income support was needed, again both to grow the economy and convince citizens of the government’s support for wellbeing (21-23). He closes his introduction

by stating that “the Nation remains on the march” (24), which again iterates the collectivist and equity-driven ideology sustaining his policy to increase social spending to grow *bios* potential.

Main Text

The main section of the Report is written by a new chairman again as of 1968, Arthur M. Okun, who had been part of the committee in the earlier years of the Johnson presidency, and was again a Keynesian (Lodewijks 141). Economist John Lodewijks describes Okun as “intent on translating macroeconomic discussions into a form suitable for actual policy-making to alleviate pressing social and economic problems” (141) and asserts that he “was able to communicate these ideas to those actually concerned with public policy formation” (141), again indicating the newfound value, authorized in the 1946 Employment Act, of appointed economists providing advice to administrations in line with their shared ideological objectives to further entrench those ideologies. The writing here on “translating” and “communicating” again indicates the sort of role that Economic Chairmen were supposed to have, to describe both to the President and the public how to use economic policies achieve sociopolitical ends. However, given the ongoing political importance for an administration of proving they had a strong economy, public displays of affirmation and guidance from economists for an administration such as the one in this 1969 Economic Report would also be good for the validation of the government; this cohesion of the President and Economic Chairmen vocalizing the relationship between social and economic policy would thus allow policy to reach the public in a united way. In this report, similar to prior reports of the Johnson administration, Okun says that social programming was important for equitably enabling potential and increased productivity, and that inflation was mostly caused by war spending or businesses and unions increasing prices and

wages and was at-risk of being increased by inefficiencies government spending which hadn't yet occurred. His perspective on the importance of increasing government spending because of the importance of citizen potential for moral and productive reasons would again reflect a Keynesian ideology.

This Report is notable for its continued dedication, building off the 1967 Report, of focusing its writing on inflation and indicating that it persisted in being a political crisis for the administration. Four of the chapters of the report discuss specific strategies for avoiding general inflation while expanding the economy. There is a final chapter that restates goals for eliminating poverty, and a special section that discusses plans for transitioning defence expenditure once the Vietnam War ends. In this report, Okun remains committed to Keynesian rhetoric on the causes of inflation and preferable ways to alleviate it. Hence, he suggests that inflation was largely happening because of necessary defense spending, noting that government expenditures were the most important expansionary force of the first half of 1968, but that most of the growth in expenditure came from defence spending (40). Okun says that this defense spending was the cause of inflation, as he states that before the US got involved in the war in 1965, the American economy was "remarkably well-balanced" (187), and, then says that the war hadn't contributed to the growth of the economy, rather it was "a load for the economy to carry- *not* a supporting 'prop'" (187). This description placed the blame for inflation solely onto war spending where it was excused because it was a necessary expenditure, but also contrasted it to productive social spending. The inflation was hence excused while government interventions into the economy were legitimized. Okun also describes plans for redirecting the expenditure from the war back into the productive economy, through lowering taxes and using the spare liquidity to expand federal spending programs and ease monetary policy, saying that, "[surplus from unused war

spending] could be induced by a reduction in taxes, an increase in Federal transfer payment, or an easing of monetary policy” (201). Keeping with economic logics adopted by other chairmen, Okun in his first chapter also outlines the tension he sees with reducing inflation via fiscal and monetary restraint, resulting in decreased opportunity of expression of *bios* potential and growth of the productive economy, and affirms the economic and political reasons for social spending to grow the economy, hence saying:

“One approach would be to adopt a drastically deflationary fiscal and monetary policy, involving a sharp reduction in Federal expenditures or a further increase in tax rates reinforced by extreme credit restraint [...] But the cost would be intolerable—unemployment would rise substantially, and the United States could easily experience its first recession in nearly a decade. As the over-all unemployment rate rose, the rates for the disadvantaged—including nonwhites and teenagers—would rise even more rapidly [...] The danger of serious social unrest would be greatly increased. Moreover, the entire economy would suffer a huge loss of output, at a time when full production of goods and services is urgently needed to fulfill national goals” (53).

In this statement, Okun was observing that it was most important for his government to continue funding *bios* potential, because if not, *bios* would be attained unequally which would be wrong, or intolerable, and also grow political dissatisfaction. For Okun, government was positioned as the arbiter of *bios* potential via its expansionary fiscal policies and monetary policies which were going to grow the economy. While he was blaming inflation mostly on wage and price increases, he was saying that any reductions in fiscal spending because of this inflation would be unredeemable because of the impacts on *bios* and productive growth. This position would shift in the 1970s when low inflation became politically prioritized allowing for reduced spending and genuine attempts at increasing overall *bios* potential.

Similar to the report from 1967, Okun in this report both grapples with what constitutes legitimate *bios* needs to provide funding, while also reaffirming his government's commitment to provide that funding. In his fifth chapter, "Combating Poverty in a Prosperous Economy", Okun notes that "a family is 'poor' if its income is insufficient to buy enough food, clothing, shelter and health services to meet minimum requirements [...] as average incomes rise, society amends its assessment of basic needs. Individuals who cannot afford more than a small fraction of the items enjoyed by the majority are likely to feel deprived" (151). He suggests that what counts as fulfillment would necessarily change through time as the US became more prosperous (151). In these statements, Okun is suggesting that what counts as legitimate bare minimum *bios*, that the government could provide, beyond *zoē* was somewhat unclear because of the expansive nature of *bios*. He outlines areas for increased spending to ensure meeting of *bios* and *zoē* potential, including further improving education and training, amending hiring practices, improving welfare programs, improving housing assistance and increasing medical aid (166). Okun also outlines social insurance programs which could also benefit from growth, including social security for retirement, improved disability insurance, and improved unemployment insurance, and states that the costs for this new programming would be \$40 billion (204). Like Heller and Ackler, Okun provides extensive detailing on differential experiences of poverty and wellbeing via health, housing, education and employment by different races, ages and genders, and suggests that targeted social spending would achieve reduced discrimination with regards to wellbeing (155-178), affirming belief of the Johnson government that reductions to discrimination would create greater productive growth and was equally important because citizens were desiring of greater wellbeing. Despite acknowledging the imprecision of what counts as legitimate *bios* desires that can be met by the government, Okun also reaffirms his

government's commitment, saying that "fulfilling the Nation's commitment [to ending poverty] is far more important than the details of the precise tactics used" (179). By this statement, and the one in the previous paragraph on the need to continue to fund social programs over reducing inflation, Okun was stating that his government believed that increasing *bios* potential and ensuring *zoē* potential of citizens to be its ultimate priorities, because achievement of these goals would power the productive economy and appease citizens desiring greater wellbeing.

To close this section, I would like to flag a notable foreshadowing of desire for potentiality becoming funneled into financial investment. Okun opens his first chapter, "Strengthening the Foundations of Prosperity", by reviewing the economic gains achieved by the Johnson government in the year prior. After stating that the "American economy achieved large gains in output and employment in 1968, as it continued to expand through an unprecedented consecutive year [...] the value of the Nation's total output of goods and services- gross national product (GNP)- rose by \$71 billion from 1967 to 1968; after adjusting for price increases, the gain amounted to 5 percent" (33), he then says that "this exuberance was too much of a good thing" (33), and then goes into detail on what plans should be implemented in 1969 to limit exuberance, namely by balancing expansion with economic restraint (3). This description of too much growth as being exuberant is notable because it is similar to how Alan Greenspan, the chair of the Federal Reserve from 1987-2006 would describe "excessive" investment into stock markets, as "irrational exuberance" (Francis Boyer Lecture). In reading the migration of this word, exuberance went describing GDP to describing overheated financial markets. The excessively exuberant or inflated general economy then went to an excessively exuberant financial economy, with the transition towards finance being what I trace in this dissertation. Exuberance was the outcome of some excess government spending and attempt of companies

and unions to raise prices and wages to achieve *bios* potential with Okun's description of exuberance, and then later was the outcome of excess investment of individuals to secure revenue to achieve *bios* potential. Though the cause of exuberance in Okun's usage is multifaceted, the changing deployment of the term to describe different economies also show how expression of *bios* potential shifted from being shared to becoming more localized.

Overview of 1960s Economic Reports

Generally, Okun's 1969 report contains the same tone and ideas of the 1964 and 1967 reports. Johnson's repeated opening, of his 1964 and 1969 reports, that he saw: "achievement of the full potential of our resources- physical, human and otherwise- to be the highest purpose of governmental policies next to the protection of those rights we regard as inalienable" (1964; 3; 1969: 3), as well as his ongoing commitment to using social spending to achieve those goals indicated the Keynesian-oriented ideology of Johnson's government and the interest in increasing citizen *bios* potential. Time was key to equitably meet needs for potentiality within the healthy rate of GNP growth per year. In these reports, Johnson oscillates between appealing to moral and productive reasons, as reasons for why his social programs were important. A fundamental part of these policies to improve wellbeing were also to achieve reduced inequality, again because of the perceived productive gain and because citizens were desiring of improvements to their circumstances that had been initially created because of discriminatory or unequal social and governmental practices. The extensive research on different experiences of wellbeing of different races, ages and genders, within the chapters detailing social programs that were intended to grow wellbeing and reduce discrimination indicates the earnestness of the

Johnson government's efforts to create greater equality in society, which was again backed clear belief (and easy to understand motivators) of economic gain and increased political favour.

While inflation was being blamed on war spending or companies and unions increasing prices or wages, the Economic Chairmen all also were suggesting that social spending ought to be efficient, and were wondering what might be the limits of what *bios* potential should be assured by the government. Social spending wasn't being blamed for causing inflation and was still being framed as productive, but the fact that the Chairmen were wondering of the parameters of *bios* potential does indicate that they believed that some *bios* might have been superfluous to the essential needs of citizens, or would fail to benefit the productive economy. Also, finance was still unimportant for the attainment of *bios* potential, or to achieve productive growth. Overall, in these reports, we see rich language establishing the federal government as the arbiter and funder of *bios* potential for citizens, because, as they frequently mentioned, citizens were desiring this potential and believed that government ought to provide it for the country. In the 1970s reports which we now turn, we will see a shift where inflation became blamed on social spending, and government sought to find a rhetorical replacement for its social programs as the improved provider of *bios* potential and productive growth, which was finance. Further, the desire for increased wages or prices would become financialized, while the equity argument backing social programs would slowly be replaced with ideals of "freedom" from government intervention, resulting in increased inequality and decreased wellbeing. This shift in keyword definition and ideology, tempered by the constant desire for potential despite diminishing achievement, is where I now turn.

Chapter Four – The 1970s Inflation and Finance as the New Contender

In Richard Nixon's inaugural speech following his first election in 1969, Nixon stated that "in these difficult years, America has suffered from a fever of words; from inflated rhetoric that promises more than it can deliver; from angry rhetoric that fans discontents into hatreds; from bombastic rhetoric that postures instead of persuading" (The American Presidency Project). Though Nixon's diagnosis of too much rhetoric might have been overstated, his statement also emphasises how important speech was to the project of increasing potential and productivity through social spending. The writing contained in speeches and annual reports like the Economic Report of the President was essential in directing and realizing the potentiality that the various governments wanted to see. By "inflated rhetoric", Nixon was also proposing that rhetoric on the spending possibilities for *bios* potential might be overemphasized, and that inflation was the result of these overambitious social programs. This inaugural speech flags a common theme in Nixon's Economic Reports: that there needed to be limits applied to government spending for *bios* potential because it was causing inflation. Various solutions were proposed including collective decision-making on spending priorities, and the growth of permitting financial investment, to allow unbridled inflation within individual bodies. By the end of this decade, Gerald Ford and then Jimmy Carter would undertake a radical shift and unequivocally promote financial investment over social spending, which became a way for them to continue to demonstrate continued commitment for *bios* potential, in a way that was imagined as being non-inflationary and which would unfortunately decrease experiences of wellbeing.

Inflation, as per the note of problematic "inflated rhetoric" in Nixon's inaugural speech, was a major economic concern for government. By 1969, inflation had climbed to 5.46%, and by

the end of the decade, it would have reached its thus far historic highpoint of 13.55%. Inflation was already a political crisis, as was observed in its thematic prevalence in the Economic Reports of 1967 and 1969 and its steady rising permitted a re-evaluation of the economic ideology of Keynesianism guiding the current means of government fulfilling its commitment to citizen potential and economic productivity. While Paul McCracken, the first economic chairman of President Nixon, was described as a middle-man between Keynesian policies of fiscal intervention, and Monetarist policies of limiting the federal government's economic role, and Charles Schultze, the economist chairman of Jimmy Carter at the end of the 1970s described himself as "definitely not a Monetarist" (*Time*, 1977), the economic rhetoric of the 1970s emphasized the finitude of government spending, paving the way for government to implement interest rates rather than fiscal intervention to stimulate growth alongside new financial ventures.

The shift towards growth of financial investment as the dominant means to increase *bios* potential was gradual through the 1970s, and can be flagged as occurring via three pivotal policy moments in the 1970s Economic Reports: 1) the introduction in 1978 of the Humphrey-Hawkins Act and mandatory "Investment Policy Report" as amendments to the 1946 Employment Act, 2) Jimmy Carter describing social spending as charity rather than an economic tool for growth in 1979, and 3) Carter's Economic Chairman Charles Schultze legitimizing citizens financializing housing prices both as a means to offset impacts from other inflations and secure potentiality. To touch on the first moment, which encouraged the shift towards financial investment for potential and productivity was the introduction of the Humphrey-Hawkins Act in 1978. The Humphrey-Hawkins Act was an amendment to the 1946 Employment Act which stated that low inflation needed to be an economic goal, alongside low employment. The Act also proclaimed that an annual Investment Policy Report would need to be a new mandatory addition to the regular

contents of an Economic Report of the President. The Investment Policy Report would “review and assess existing Federal Government programs and policies which affect business investment decisions [...] provide and assessment of the levels of capital investment available [...] and provide a description of the programs and proposal for carrying out the policy set forth in section 102” (Humphrey-Hawkins Act). The Act also noted of the Investment Policy Report that: “in addition, the Economic Report shall include an assessment of the effect of the overall economic policy environment and the rate of inflation on business investment. The President shall recommend in the President’s Budget, as appropriate, new programs or modifications to improve existing programs as concerned with capital formation” (Humphrey-Hawkins Act). The Investment Policy Report and the Humphrey-Hawkins Act both signalled that private investment, rather than government spending was intended to be the new thing which would contribute most to productive growth. By creating a mandatory stature for annual investment report the Carter government was also proposing that investment, over social spending, was the way forward. Lastly, by suggesting that the rate of inflation and “overall economic policy environment” was impacted by government programs, the Act was proposing that social programs caused inflation, and so programs would need to be reduced, to decrease inflation to encourage investment. Through this Act and its language, a new dominant narrative on financial investment, inflation and social spending was being entrenched.

The second event which encouraged the transition toward financial investment over social spending for wellbeing was Carter’s renewed definition of social spending as a charitable action instead of something to create economic growth and increased general wellbeing. In the early 1970s, Richard Nixon, much like Lyndon Johnson in his later reports, continued to say that there needed to be limits to government spending, observing for example in his 1970 report that:

“there is no unclaimed pool of real resources from which we shall be able to satisfy new demands without sacrificing or modifying some existing claims” (5). These proposals for negotiations because of inflation and the proposition that it was being caused primarily by social spending (instead of wage-price increases or war spending) encouraged gradual reconsiderations of social spending plans through the 1970s, such that by 1979, Jimmy Carter had simply redefined social spending not as a source of productive growth and a way to increase collective wellbeing but rather as a means to help only “the poor and the disadvantaged” (1979; 12). This rearticulation of social spending as something that was for the poor created a binarization of who was the proper recipient of social spending, which was no longer all Americans to increase general economic power and citizen wellbeing, but rather only the most downtrodden citizens. This reconceptualization removed the productive connotations of social spending and made the wellbeing acquired through social spending \ shameful rather than a universal experience.

The final shift was in Carter’s 1979 Economic Report, when his Economic Chairman, Richard Schultze observed that people were inflating the prices of their houses faster than the rate of inflation, noting that increased housing prices, “may also be stimulated by expectation that houses will continue to be a good inflation hedge. Over the past 7 years purchase prices for new homes, adjusted for changes in quality and size, have risen at an annual rate about one-third faster than other prices” (1979; 32). Schultze’s acknowledgement of this increased price differs from the stance taken by previous Economic Chairmen and Presidents, who would instead criticize the growth of wage or price as contributing to inflation. His benign, and even approving observation of the increase in housing prices can be understood as signalling the turn to financial investment as the primary means to grow *bios* potential in the 1980s, as social programs were targeted for creating inflation and limiting financial investment. While general price or wage

growth was bad because it was inflationary and indicated that people needed to reign in their desires, these price increases within a legitimized space for price increases was articulated as good. Unbridled desires for price increases were thus okay within housing because it was financialized, and government was slowly realizing that this could be a hands-off means for government to enable *bios* potential and grow financial investment which they believed would in turn grow the productive economy. Schultze's statement here indicates the beginning of government articulating finance as good for *bios* potential *and* productivity, to continue their rhetorical commitment to providing a pathway for *bios* potential which was less grounded in actual policies aimed at increasing citizen wellbeing, as this wellbeing was now viewed as inflationary and no longer productive.

1970 Economic Report of the President

Introduction

To begin to examine the specifics of this transition from social spending as the enabler of productivity and *bios* potential towards finance as the replacement for these two needs, on the opening page of Nixon's Introduction to his first Economic Report of the President, Nixon immediately takes a stance on the cause of inflation that is different from Johnson, saying that "government itself is often the cause of wide swings in the economy" (3). Later, he says that "we have learned that there is a human element in economic affairs- habit, confidence, fear- and that the economy cannot be managed mechanistically and will not suspend its laws to accommodate political wishes" (3). He closes his Introduction to this report however with the assertion that "the free economy of the future will rest squarely on the foundation of genuinely equal

opportunity for all [...] the national conscience demands it, human dignity requires it, and our free and open economic system cannot be fully effective without it” (11). The opposing perspectives in these statements, within the span of Nixon’s short introduction, encapsulate the tension throughout Nixon’s presidency in both celebrating the moral and productive reasons for social programming while equally saying that it is to blame for inflation. Nixon’s reference to emotions that “cannot be managed mechanistically” (3) can be read as a foreshadowing to the initial desire in the Nixon Economic Reports for citizens to comply to being satisfied with current public spending allotments and also recognize that there were limits to funding, and so there needed to be collective decisions made on which *bios* potential needs received funding first. Later, this recognition of deviant emotions would just provide further fodder for arguments that social spending needed to be reduced, to, as later presidents would articulate, liberate the true and legitimate desires that people were having to increase their incomes, on their own terms. While this was the eventual perspective that Carter and later Reagan would adopt, at the present moment, Nixon said that there was a need to “add a new realism” to the governance of the economy (4), and that he wished to create more transparency and collectivity to federal economic decisions to “enable the people to make more intelligent judgements about the future” (4). Nixon wanted to temper wild desires of *bios* potential which he thought were beyond the current scope of productive output, and also limit deviant wage and price increases to achieve *bios* potential.

Later in the Introduction, Nixon continues to describe the ongoing tension between wanting to continue to fund programming because he believes in its importance and the problems and limits with government spending. Nixon notes that if all plans for public and private expenditure were implemented, then inflation would continue until 1975 (5). He again suggests

that there needs to be negotiation, to decide which public expenditures are worthwhile saying that “there is no unclaimed pool of real resources from which we shall be able to satisfy new demands without sacrificing or modifying some existing claims” (5). Nixon then also minimizes the role of public spending, saying that, “[the claims on national output are] mostly made by individuals who produce the output, earn the income, and decide how it should be spent”, but then also adds that “nevertheless, a Federal Government with a budget of \$200 billion has a great influence on how national output is used” (5). In this writing, Nixon thus is both minimizing the role of government, but still emphasizing its relevance, and then equally suggesting that government spending is partially to blame for inflation, and this inflation is related to excessive realization of potentiality, understood as new demands and existing claims. Nixon also notes that the gross national product (GNP) for 1970 will be \$985 (8), and then says that this would be a 5.5 percent increase of GNP over 1969 but would also represent a slower rate of increase compared to previous years (8). Despite stating that his government, and the public generally, needs to make decisions to limit spending, in order to reduce inflation, Nixon also notes that the decrease in the rate of growth would likely create unemployment. Nixon then pivots towards suggesting there should be increase in social spending, to compensate for the unemployment (8) and lists three proposed programs: a training program should unemployment get too high, increased benefits for the unemployed and an increased Family Assistance Program (9). Thus, even though Nixon was advocating for some temperance in government spending, he still clearly understood it as being the main way to achieve shared achievement of bios potential, which was a priority for his government. So far, Nixon saw no practical or rhetorical alternative.

In this Introduction, Nixon also writes that “in the real world of economics, there is a place for dreams- dreams that are realizable if we make the hard choices necessary to make them

come true” (4); this perspective seems to encapsulate the economic perspective of his government, described in this introduction. Social programs were still understood as good and important for productivity and potentiality, but also the partial cause of inflation. Excessive desires for *bios* potential were at the core of the growth of inflation, and needed to be wrangled in. Nixon wanted to call-in these deviant interests through collective decision-making, suggesting like Johnson that there needed to be some temperance and also discussion, to decide which dreams for wellbeing could be fulfilled first. In great contrast to the Johnson Reports, Nixon barely acknowledges disadvantaged subsections of the population or any policies to help them, observing only that “some, because of race or national origin, find themselves far back in the starting line in our economy [...] we are deeply committed to make a reality of the promise of an equal opportunity in life, so that the fruits of our economic progress and abundance will become available to all. The national conscience demands it, human dignity requires it, and our free and open economic system cannot be fully effective without it” (11). Despite this observation and claim of responsibility, the 1970 Economic Report both in its introduction and main body contained far fewer specific policies or programs to target discrimination, and as well as fewer data points on ongoing experiences of inequality, which reflects the fact that social programs were increasingly being perceived as inflationary, rendering the goal of increasing wellbeing less assured.

Main Text

Nixon’s Economic Chairman for this report, and from the period of 1969 to 1971, was Paul McCracken, who was labelled a “gradualist” between Keynesianism and Monetarism (Chan). McCracken was aligned with Nixon’s own contradictory ideology of suggesting that

social programs were the cause of inflation and yet vital for productivity and enabling potentiality, and that citizens needed to be solicited to help make decisions on federal spending priorities for *bios* potential. McCracken's gradualist leaning is observable in the Economic Report when he suggests that there should be reduced government spending but then equally suggests that there will need to be more social programming to compensate for the effects of reduced fiscal spending and money supply. McCracken further reveals his in-between position in his second chapter, when he says that there were disagreements amongst economists as to whether monetary or fiscal restraints were the best for reducing inflation, then states that his government was adopting a policy of implementing both, saying that "the safer course would be a more moderate posture for both fiscal and monetary policies. (59). McCracken's gradualist position is expressed in ideology in his first chapter, when he blamed inflation on the Vietnam War and the expansion of domestic programming, rather than just inefficiencies with programming, noting, "the current inflation was generated by the mounting budget deficits and rapid monetary expansion that begin in 1965 with the escalation of the Vietnam War and the massive increases in Federal spending for domestic programs" (22). This position differed from Johnson's position in his Economic Reports of blaming inflation on some inefficiencies with social programs, alongside war spending and wage-price increases. For McCracken, fiscal expansion for social programs was inflationary. Beyond his ideology, McCracken's economic policies further reveal the gradualist approach that he was taking towards fiscal policy, which was also guided by persistent belief in the benefits of social spending for *bios* potential. McCracken hence noted that the government reduced expenditure increases to \$9 billion annually, compared with \$20 billion annually previously allocated, and also that monetary restraint reduced the growth in the money supply from 7.2 percent in 1968 to 2.5 percent in 1969

(28) while simultaneously noting that social spending would continue to grow because of reductions in defense expenses (31). McCracken's second chapter outlines what social programs were to be introduced to offset the issues caused by unemployment because of reduced defense spending creating unemployment and monetary restraint: the Manpower Training Act and the Family Assistance Plan (62-64). Before explaining the programs, McCracken notes that "the risk of a rise in unemployment, even if small and temporary, adds to the urgency of steps to spread its burden more equitably and to minimize its adverse effects on those who become temporarily unemployed" (63). McCracken's stated concern here of the effects of monetary restraint and reduced defense spending on citizens indicates that he did believe that government was responsible to ensure citizen *bios*.

Similar to Nixon in his Introduction, McCracken in the main section of this report also discusses the unruliness of citizen desire, and suggests that it would be helpful to have more citizen input on federal spending decisions, as a way to better govern affect. In his second chapter, McCracken first observes that "swings in sentiment and attitudes in our affluent economy have a powerful effect on the inclinations of consumers and businesses to spend" (69), thus suggesting that desires of citizens, enabled by money, can further direct how desire and potentiality are expressed. As Nixon had observed in his introduction, McCracken then say that "it is important to have better statistical data, to control for and measure these aggregate changes in emotion" (69), thus initially saying that these desires could be managed and directed through increased surveillance. He shifts gears in his third chapter however, to then also suggest that there should be more collective buy-in of citizens, as a regulation technique. McCracken observes that the turn to being more interested in national output "came after a generation in which it had seemed that the country could make a quantum jump in available output that would

dramatically improve the quantity of life” (72), and then outlines the growth in national output since the 1930s. He states that in the 1950s and 1960s, there grew a misconception that “faster growth” could resolve lingering unemployment and increase national output, which contributed to beliefs that increases of expenditure, alongside correct attitudes could increase national output and avoid inflation (72). McCracken then writes that there are inherent limitations on the rate of growth due to inflation and that “a mature people can find a better way to make these choices” (73); by choices, McCracken is referencing the different ways in which wellbeing could be expressed, be in better healthcare, schooling, better housing, increased wages or greater access to recreation. McCracken further emphasizes the need for collective-decision making on which desires get expressed on the following page, saying that “differences of interest, value, and opinion among people are inevitable, and they are not of a character that can be resolved objectively” (74) and then states that, “they must, however, be reconciled and it is the function of the political democratic process to do this” (74). These statements alongside the positioning of *bios* as a “dream” in the Report’s introduction, all generally indicate that Nixon’s administration, unlike Johnson’s, was framing federal spending for expression of potential as not a productive force, but as a potentially inflationary one. As observed in the previous paragraph’s discussion on family assistance and training programs, McCracken believed social spending was important because it ensured equitable expression of potential. At the same time however, McCracken wanted citizens to decide democratically which people and causes could receive aid first as he suggested that the economy couldn’t grow quickly enough such that all potential could be turned into productive growth without inflation. This transitional perspective on the limits of social spending because of the limited but ever-expanding potential of productive growth would be

altered later with the Carter and Reagan governments, such that social spending would just be understood as charitable, and not enabling productive growth at all.

Another theme in this report is the consideration, alongside discussion the benefits of Keynesianism versus Monetarism, of whether it is good to have government intervention into the economy generally. These discussions would foreshadow amendments to the 1946 Employment Act in 1978, which would mandate that low inflation be considered equally alongside unemployment goals and that there need be an annual investment report, included with each Economic Report, to reconfigure how affects were being governed. McCracken in his third chapter says that government influence is “inevitable or desirable or both” (73), and then describes its significant role in national output, noting that government purchases 11 percent of gross national output, collects 20 percent in taxes and social insurance contributions, gives a sizable portion of taxes to households in transfer and interest payments, accounts for 13 percent of expenditure from state and local government expenditure and 11 percent of consumer expenditure, and generates 6 percent of the financing for private investment (73). Despite suggesting that government intervention is inevitable or desirable, his fourth chapter, “Government and Market”, is dedicated to legitimizing the role of government in economic regulation and policymaking. The inclusion of this chapter would indicate that the role of government was being questioned in a way that it hadn’t in the 1960s, and again, would foreshadow later reconfigurations of power. McCracken first calls-on the 1946 Employment Act to justify an involved role, noting that the Employment Act had mandated government involvement in order to “foster and promote free competitive enterprise” (90). Throughout the chapter, he outlines the roles of government, including: 1) improving efficiency of markets by promoting competition, creating antitrust laws and limiting mergers, 2) ensuring adequate

information for consumers, 3) protecting the environment and 4) creating regulation for areas like financial markets, agricultural sectors and non-competitive markets. This list notably does not include spending for social programming, to increase productivity and opportunity, which indicates that the tenability of this argument was being questioned. McCracken was trying to insist on the valid roles of government, beyond the one which was most contentious.

A final notable aspect of this 1970 report is a new positive perspective on finance. In his third chapter, “Uses of National Output”, McCracken observes that federal spending is currently maxed out. He says however than an alternative plan would be to reduce government expenditure to enlarge the availability for funds which could be given to private investment, “with purchases in these categories lower, more of the national output would be available for investment” (82). McCracken also notes that greater private investment could be achieved through raising taxes to restrict private consumption, which would release resources for investment saying that “the second alternative would be to raise taxes to restrict private consumption, this releasing resources for investment” (82). These two perspectives reveal that the Nixon government was imagining that investment could be a better alternative to social spending because it possibly would create more productivity and opportunity for *bios* potential. McCracken was arriving at this position because of the proclaimed limits to social spending because of inflation. McCracken’s perspective on finance’s procession differed however from the actual steps of its implementation. First, while McCracken imagined that total national spending and revenue to be a closed circuit, wherein less revenue to one source would mean that more would be available for another, financial debt in the 1980s would instead be financed by foreign capital funds. Also, in the 1980s, higher interest rates rather than higher taxes would contribute to the growth of financial investment. McCracken’s imaginary here of higher taxes

fueling private investment again indicates his gradualist approach between Keynesianism and Monetarism, which would have been a better and more equitable way to introduce growth investment.

It's not exactly clear here why investment was imagined as better than federal spending when it had been described as either driving short-term growth, or the venture of money-hungry and rich financiers, who were making profits off of someone else's productivity, in the Johnson Economic Reports. Part of the reason could be the aforementioned criticism that social programs were causing inflation, and that because of that, government would be unable to fulfil its commitment through social spending of enabling *bios* potential. McCracken notes at the end of this chapter that the 1949 Housing Act had set a goal for a federal funding contribution to ensure a decent home for everyone, while the 1968 Act had an alternative goal of constructing 26 million homes for Americans (114). McCracken says that the "enactment of [the 1968 Act] was not based on a calculation of the costs of achieving it and a decision to pay those costs whatever they might be" (113), and that it would be better if government supported improved private financing of homes through easing access to credit and mortgages, and stabilizing mortgage payments, saying that "federal policy toward the nonsubsidized part of housing is probably best understood as an effort to improve the operation of private markets" (114). McCracken was therefore suggesting that the limits to *bios* potential because of the inability of government to "pay those costs" meant that private investment could be an alternative means to achieve housing desires. It is notable however that instead of proposing increased taxation for funds, McCracken was just proposing investment, indicating that in two short years, government solutions for the ambitious goal of housing for everyone had been derailed because of framing of inflation.

In McCracken's first chapter, he observes that economic and policy developments taken by his government to combat inflation were the "main elements of the story" (28). This concept of the economy being a "story" is evidenced in the competing storylines present in this report, between following Keynesianism or Monetarist themes. This report was also presenting a new narrative, that inflation was mainly caused by excess government spending rather than wage/price increases or the Vietnam War. This new primary source for blame was most likely chosen because of the increased interest in Monetarism, which advocated for limited fiscal intervention. All the same Nixon and McCracken were trying to maintain that social spending had productive value and was important because it could enable shared achievement of *bios* potential for citizens which was important because "the national conscience demands it, human dignity requires it, and our free and open economic system cannot be fully effective without it" (Nixon 11). This balancing act between enabling some government spending, especially for social programs, and reigning it in because of inflation was finding rhetorical relief in the third proposition of finance. As observed in the example of housing, McCracken and Nixon believed that private investment could offload some pressure on government to deliver on all its promises for *bios* potential, and McCracken wanted it to be achieved through reducing some social spending and increasing taxation, to encourage a migration of energy towards financial investment. As will be observed, the actual achievement of this "third way" wouldn't actually achieve equitable achievement of *bios* potential, as had been hoped. However, given the growing popularization of the story that social spending caused inflation, this nascent proposition for financial investment for productivity and potential was the alternative ending that Nixon and McCracken hoped would gain ground.

McCracken also has significantly fewer charts or policies proposed to target discrimination, relative to Economic Reports of Johnson. He has one chart breaking down unemployment by age, gender and race (47) as well as a further table in Appendix A, “Unemployment and the Economy”, where he notices that unemployment rates are particularly high for women and people of color, with unemployment rates for people of color being double those of white citizens (152). Despite these observations, McCracken doesn’t propose any solutions beyond maintaining regulation to prevent discrimination (91). He says that bringing down the unemployment rate of citizens of color to the level of white citizens “... requires long-term policies designed to improve the distribution of education, skill levels, occupational and industrial affiliation and job opportunities” (156), but doesn’t actually present any specific policies. In addition, McCracken only focuses on differentials of unemployment rates by race, age and gender, and not other markers of wellbeing such as access to healthcare, levels of education or incidences of secure housing. The likely reason for this shift was because the Nixon government was being mindful of increasing criticism of social spending creating inflation, which was partially being levelled by the Nixon government itself. In light of this, policies to actually decrease inequality and increase general wellbeing were being reduced. The government choose to provide some rhetoric proposing that citizen wellbeing remained a priority, because the legacy of the 1946 Employment Act and political pressure, while in actuality, policies to increase wellbeing were diminishing.

1974 Economic Report of the President

Introduction

Nixon's Economic Report published four years later, and the final Nixon report I examine, builds on the themes from his prior report of proposing that there needed to be less social spending because it was causing inflation and limiting investment. At the same time, Nixon also continued to propose some expansion of social programs, indicating that he continued to believe that social programs were the primary means to enable *bios* potentiality in citizens, even as productivity had been disconnected from social spending because its association with inflation. In upcoming reports, as mentioned, future administrations would also begin to propose financial investment as a way to grow *bios* potential. In this report however, Nixon closes his Introduction in a similar way to Johnson in his later Economic Reports and Nixon himself in his first Economic Report, by continuing to propose that there were limits to government's ability to endlessly provide for *bios* potential, with the effect of reaffirming the government as the provider of this potential, saying that: "compared with our parents and grandparents we are enormously rich. We have protections against the ebbs and flows of economic life that they never expected and barely imagined. [...] Like our parents and grandparents, we have our own tests. If we meet them with fortitude and realism the period ahead can be one not only of material advance but also of spiritual satisfaction" (10). In this statement, Nixon's reference to "spiritual satisfaction" was asking citizens to embody patience and temperance in waiting for money to self-actualize. Nixon's collectivist approach to material advance indicates that he believed that government was the primary provider of this wellbeing. At the same time however, his request for realism towards material advance also indicates that he wanted citizens to collectively also practice self-restraint towards individual actions for self-gain, like raising prices or wages. Embodying an

ascetic approach to waiting for potentiality was for Nixon the way to achieve collective future material wealth. Further, by observing that Americans were “enormously rich”, Nixon was proposing that it was *bios* potential, rather than merely *zoē* potential that Americans were desiring in the contemporary era. Nixon’s government was committed to enabling these desires but also proposed that they were non-urgent because they weren’t centered on survival and had to be achieved in a measured way to prevent inflation.

In this Introduction, Nixon connects achievement of *bios* potential via social spending to creating inflation most explicitly, compared to his earlier report and those of Johnson when he states that: “in the middle of 1971, when the New Economic Policy was launched, the country had three economic objectives: to promote the expansion of output and reduce unemployment, to correct the persistent deficit in the U.S. balance of payments, and to check the inflation which had been going on for 5½ years” (3). He then says that “there has been great progress toward two of these three objectives (3), and that “of course, the progress on the first two objectives was connected with the disappointment on the third” (4). Nixon directly connects social programs to reduce employment and increase output were growing *bios* potential but were also causing inflation. His willingness to suggest a direct correlation in this Introduction indicates that he, and his Economic Chairmen, were actively searching and establishing alternatives for productivity and potentiality that wouldn’t be connected to government spending because it was related to inflation. On the topic of inflation, Nixon says that past experiences have taught him “the importance of patience”, saying that, “to correct a powerful trend of the economy which has been going on for some time requires time [...] we need greater steadiness of policy” (5). Nixon’s use of the word patience here is reminiscent of his use of the phrase “spiritual satisfaction” (10) later in his report, as well as Johnson’s entreaties for maturity to achieve progress (8; 1967). These

terms were all asking citizens to exhibit inner temperance and patience while waiting for inflation to go down, or government to be able to provide for their *bios* potential. Because the goal was collective wellbeing and productive growth, Nixon wanted to avoid sharp cuts to spending which would impact citizen potentiality as much as he insisted that increases of spending to grow potentiality by reducing unemployment would result in inflation. Temperance, also applied to citizens resisting desires for inflationary increases in wages or prices, was essential to achieve the collective growth achieved through government.

Nixon's proposed economic strategies mostly reflect a Monetarist ideology, yet are also somewhat Keynesian, a stance which speaks to the transitional ideological moment. In this section, Nixon writes that he is interested in maintaining a budget of moderate economic restraint, supporting economic activity and employment if necessary, using the Congress to enact legislation for improving the unemployment compensation system, removing price and wage controls, and making efforts to reduce oil prices through developing better relations with oil-importing countries and increasing domestic supply (6-7). In saying that he wanted to improve the unemployment compensation system, Nixon was suggesting that social spending could continue to improve *bios* potential. However, his statement that he wanted to remove wage-price controls also indicates a transition towards accepting wage-price increases as inevitable, and instead pivoting to funneling these actions to grow *bios* potential into price increases of assets through monetary restraint.

In this Introduction, Nixon also touches on novel themes. He discusses the need to increase international trade, saying that "our ability to buy abroad what is produced more efficiently abroad, and to sell abroad what we produce more efficiently, contributes to the productivity of the American economy (8). He also discusses the need for increased American

production of oil, to prevent vulnerability to international increases to oil prices (7). While proposing funding into domestic oil production, for what he was calling, “Project Independence”, Nixon interestingly also wasn’t blaming increased oil prices for the broader inflation, and was defining it instead as caused by government intervention leading to excess output and unemployment. Similar to his 1970 report, he also says “the government should not absorb private savings into financing its deficits in times when private investment would otherwise utilize all the private saving [...] taxation should not depress productive investment by unduly burdening its return” (9). While not encouraging financial investment in this introduction, Nixon *was* encouraging reducing public spending and taxation, to increase funds for private spending. Productivity was thus to come from private hands, rather than public hands, while social wellbeing was still to mostly to come through government intervention through time. In keeping with the general theme of needing to temper spending to reduce inflation, and to have patience for the general improvement of wellbeing, Nixon doesn’t discuss specific policies to aid poorer people, women, disadvantaged people of color, economically depressed urban or rural communities, or older people. His policies therefore reflected a stance that actual policies to decrease inequality or improve equity were harmful because they were potentially inflationary. In advocating for patience, Nixon was really asking that these discriminated or disadvantaged communities would withhold their demands for greater wellbeing, with the promise that it would eventually come. The only mention of improving wellbeing for specific communities comes close to Nixon’s conclusion, where he writes that it is important to remove barriers, “against the entry of women and minorities into any occupation and against their maximum training and advancement” (9). This was a virtue-signal action affirming Nixon’s commitment to equality, which was clearly grounded in no funding or specific legislation, to indicate to the reader that

Nixon remained somewhat committed to improving inequality, which in actuality he clearly did not, or could not, because of the alignment of social policies with inflation. Nonetheless, the actions would be done in order to appease citizens, who remained expectant of greater wellbeing.

Main Text

Chairman Herbert Stein was the successor to McCracken and opens his first chapter similar to how McCracken had in the 1970 report, by framing inflation as a story, saying that “for eight years economic policy and the news about the economy have been dominated by inflation. The story has been a frustrating one” (21). This framing of inflation as a “story” would suggest that they were aware of the power of framing economic discourse, which would also be evident in the mandatory publishing of the Economic Reports, as a tool to direct public opinion and legitimize policy-making. In this report, Stein discusses what changes will be made to the current plot, to try to get to a happy ending; while he promotes the Monetarist concept that social spending was causing inflation, he also continues to discuss ways to increase social spending. Social programming was no longer associated with productivity because its connection with inflation, but was still important for potentiality. The biopolitical thru-line of social programming enabling potentiality had to be maintained, because there were no new alternatives given yet with how government was going to ensure this biopolitical need to which they had committed. Herbert Stein succeeded McCracken as the Economic Chairman, and he was appointed in 1972. In an article Stein published in 1996, titled “A Successful Accident: Recollections and Speculations about the CEA”, Stein writes that “the constitution of the CEA was designed defensively; it reflects fear of some invisible Rasputin whispering in the president’s ear. Having three advisers rather than one was protection against the president’s mind being monopolized by some dangerous person” (3), reflecting Stein’s awareness of the power of the Council’s framing

of economic discourse. At the same time, he says that “I believe that the CEA has given the government and the public economic advice as good as the economics profession has to offer [...] the presence of the CEA makes the quality of that advance better than if it all bubbled up through the political process” (21). Thus, even though economic discourse was a story, Stein would say that the closeness of the CEA to the president was best for government and the public, to be able to clearly give advice, again indicating the power of economic narration, and the power of the CEA.

In Chapter One and Chapter Two of the report, Stein oscillates between recognizing the different *bios* potentialities Americans were wanting realized, trying to suggest that private investment rather than public spending would be the best way to achieve this potential because of inflation, and yet still promoting increases to public spending to achieve potential. These somewhat conflicting positions again indicate the in-betweenness of Stein and the Nixon Administration’s economic ideology. Stein opens his first chapter by observing that “there are many things the American people want to do, collectively or individually. They want to maintain an adequate defense, to clean up the environment, to provide more generously for the disadvantaged, to improve the standards of health, and also to continue to raise the quality of their lives” (22). Stein’s comment here conflicts with Nixon’s in his Introduction where he said that Americans were “enormously rich” (10), and instead recognizes that Americans were still desiring of ways to enable their potential and reach higher levels of material reproduction. Unlike chairmen from the Johnson administration however, who had mainly suggested that public funding and social programming would enable these advancements, Stein instead says that fiscal policy “would not inject stimulus to push the economy above its average rate of expansion” (29) and that “if the Federal Government runs a deficit and borrows under conditions

of strong private investment demand, its borrowing absorbs funds which would otherwise have been invested in private projects. Unless all of that deficit is used to finance direct Government investment, which is unlikely, the deficit depresses total investment” (38); thus, even though Americans *were* desirous of various ways to expand potential, Stein was observing that it shouldn’t come from public spending because public spending was less productive, and inflationary. Relating to one area where Americans were wanting to increase potential, housing, Stein stated that there would be an attempt to increase access to housing not by fiscal expenditure, but rather by lowering mortgage rates (32), because that wouldn’t increase government deficits. In this example, the Nixon government determined that it would be best to increase housing potentiality through private spending because that wouldn’t create deficits which was feared because it was believed it would lower productivity and increase inflation. At the same time however, Stein noted that monetary policies of increased liquidity had expanded credit, but also increased inflation, saying that “the immediate effect produced by a high rate of increase in the money stock is to increase the supply of credit; but such a policy also tends to increase the expected rate of inflation and thus to raise the demand for credit” (83). This indicates that even though public spending was being attributed to causing inflation, private spending also appeared to be contributing to its growth, indicating that by this point in time excess housing prices were recognized as inflationary, a position which would change as housing would get framed as noninflationary and positive for the economy and wellbeing with the turn to reliance on financial investment.

Stein dedicates his third chapter to considering the merits of the wage-price controls, which his administration was committed to phasing out. Stein observes that these wage and price controls increased inequity but also decreased inflation. He observes that “it is rare for anyone to

think that he has received his just deserts, and this is especially true where Government is concerned” (105), and that “in a price-wage control program, many will complain of unfairness” (105). These two statements reflect perceived lack of justice with controls to prevent wage-price increases, and are notable in comparison to how Johnson’s administration described wage-price increases as creating inequality because some people were taking advantage of the ability to increase their wages and prices to the detriment of those who were unable, to thus undermine the goal of collective prosperity. The perception of unfairness between the administrations is thus displaced from collective experiences of unfairness at being unable to achieve general prosperity to individual experiences of unfairness at being unable to achieve individual prosperity and indicate the transition towards government’s redefined role as providing pathways for individuals to succeed via price increases to their own financial investments, if they were able. Because of this shift encouraging the removal of wage-price controls, Stein also said that “no one can disprove the thesis that the controls had a significant effect, although 1973 makes it a hard thesis to believe” (108), indicating that the removal of the controls was due to changing ideological perceptions of fairness with regards to potential, rather than their inability to prevent inflation.

Stein however also speaks at length of the benefits of social programs for *bios* potentiality in his fifth chapter, “Distribution of Income”, which sees a return to a chapter focusing on anti-poverty measures, like the poverty alleviation strategy chapters of the Lyndon Johnson Economic Reports. In this chapter, Stein proposes that while his government didn’t believe that social programs could increase productivity as much as they were originally believed to be capable of, they were still good for reducing poverty. In this chapter, Stein oscillates between providing extensive data outlining ongoing experiences of income inequality between

different races, genders and ages and proposing the maintenance of some programs to achieve greater wellbeing, while also questioning the extent to which social programs should be preserved. Stein opens his chapter by outlining three types of equity, then saying that government should make sure it's allowing capitalism to reward hard work, while not allowing too much inequality, saying that, "the Government seeks the proper balance between distributing income to the disadvantaged so that they may have the basic amenities in life and allowing a reward system which gives individuals incentives to work to their fullest capacity" (137). In this statement, Stein was revising earlier ethical proposals that social spending was necessarily good because it was reducing poverty, by adding a clause that it was also important ethically to reward people for their hard work. This claim was clearly trying to revise the earlier vision of social spending because of its framing as causing inflation, and concerns about its productive potential. Because of the growth of inflation, some revising of the narrative on social spending was necessary.

At the same time, Stein spends a considerable amount of space in the chapter analyzing income inequality, and how poverty or discrimination had contributing to this inequality (137-160), such as looking at years of schooling by white and African American races (146), before examining federal transfer programs which had aided with poverty. When acknowledging the effects of discrimination on inequality, Stein states that "past discrimination has contributed to current differences in productivity because of the once widespread barriers to equivalent schooling and on-the-job training" (138). Despite the acknowledgement of discrimination, as well as ongoing experiences of inequity and outlining of various programs which assist poorer Americans, such as Social Security and Aid to Families with Dependent Children, the only programs which Stein proposed to increase were Medicaid and Medicare. This contrast between

extensive outlining of how social programs had aided citizens of different genders, races, and ages with increased wellbeing and poverty reduction, and then the lack of any inclusion for new proposals for social spending, and proposals that citizens needed to experience reduced social programs rather than increased social programs so that they would be incentivized to work harder, indicates that by 1974, the transition of discourse towards promoting that citizens should discover their own ways to secure their wellbeing was occurring. What's notable of this point in time is that both extensive government support and individual agency without support were being promoted, because the Nixon government hadn't managed to fully shift the narrative to only promote individual initiative partially because social programs were effective and because they didn't have a new tool to promote for how individuals could legitimately secure wellbeing, as social programs and wage increases were under attack, and rhetoric on finance hadn't yet developed into a full ideology.

This report encapsulates the transitions that were occurring in the 1970s regarding framing of inflation, potentiality and productivity. Inflation was described as bad, and attributed to social spending and wage-price increases. Social spending was also described as good for increasing *bios* potentiality, but not necessarily productivity. Private investment into industry was described as a better way, compared with social spending, to increase productivity because it wasn't conflated with inflation and was imagined as a "clean way" to achieve *bios* potential beyond problematic inflationary wage-price increases. While individual impulses to grow potential through false augmentation to wages or prices were therefore still criticized, as they had been during the Johnson era, productive investment impulses were celebrated for growing the productive economy. The government then had a new way to achieve productivity that they had landed on, as social programs were under fire; at the same time, social programs were still

described as the best way to achieve potentiality. Later in the 1970s, with the reports of Gerald Ford and Jimmy Carter, which we will turn to next, financial investment and not just productive investment would both be confirmed as the best ways to achieve productive growth, while citizen potentiality would also be rearticulated as best achieved through financial investment as social programs were rearticulated as a charitable enterprise for the truly desolate. Through this process, the original commitment to increasing citizen *bios*, enshrined in the Employment Act would be reshaped as a lesser commitment as rhetoric, mandates and policy supporting financial investment increasingly ballooned.

Brief Analysis of Economic Reports of Gerald Ford from 1976-1977

In this following section I'll be briefly analyzing the Economic Reports of Gerald Ford, who was the Republican president from mid-1976 to 1977. In Ford's Reports, we first see questioning of whether social programs really were beneficial for potentiality, and we see the introduction of the proposal that financial investment could benefit productive growth and *bios* potential. In Gerald Ford's economic policies, then, we can see the beginning of the total transition towards finance being the main supplier of productivity and *bios* potentiality.

Alan Greenspan was the economic chairman for Gerald Ford, who became president after Nixon had resigned. Greenspan was a Monetarist, and his policy suggestions and perspectives as an advisor to Ford reflected advocating for reduced fiscal intervention, notably by undermining any extant claims that social programs might help enable *bios* potential for citizens except those who were the most destitute, after the argument that they enabled productivity had already been eliminated. Greenspan would later become the Chairman for the Federal Reserve, from 1987-2006, and would assume the role of deciding whether or not to expand or limit the money

supply. In these reports, Greenspan advocates for increased financial investment, for productivity and opportunity. His support for finance was centred on belief that finance wouldn't require fiscal spending or even loose monetary policy to grow the economy. Rhetorically transitioning from social programs to finance as the way to achieve *bios* potentiality worked with Greenspan's Monetarist agenda for reduced fiscal spending, which was also supposed lower inflation, while departing from the objective of collective achievement of potentiality.

There are a few notable themes of Ford's 1976 and 1977 Economic Reports, and the first one I will look at is the proposal that social spending needed to be cut because it wasn't enabling potentiality. In Chapter Three of the 1976 Report, titled "Income Security and Health Issues", Greenspan suggests that reductions to social spending would increase economic production, and that it is unclear what the effects are of these social programs on enabling potentiality. The latter questioning of whether the social programs do increase potentiality also seems to have been done to cast doubt on the belief that social programs can increase potential, to then legitimize defunding. Greenspan's initial opening of this chapter states that "the federal government, over the years, has undertaken and expanded a wide range of programs in pursuit of social objectives related to the health and welfare of society. Many have benefitted from the programs [...]" however, the growing scope and cost of these [social] programs have begun to attract serious analysis of their impact of their impact on the allocation of resources, the distribution of income, and the general wellbeing of the public" (93). Greenspan then spends the rest of the chapter analyzing the benefits and limits of income security programs (including food stamps and meal programs for children), unemployment compensation, social security and medical care, and suggesting where there could be cuts in expenditure. On income security programs, Greenspan observes that "it has, however, been difficult to measure the precise contribution of the programs

to reducing poverty” (95) while on providing funds for child nutrition, Greenspan proposes a repackaging of funding, to reduce the amount of funding required, to again increase efficiency (106). On unemployment compensation, while Greenspan says that it is “one of the best tools to prevent further recession during recessionary cycles” (106), he also proposes that there be reorganizing of the program to ensure that costs aren’t too high (117). Lastly, on Medicare, Greenspan also suggests reorganizing the programming, to save \$2.2 billion dollars annually, when compared with current costs (127). Generally, in this chapter Greenspan is both undermining some claims that social programs aid with increasing potentiality, while also proposing many cuts to this programming.

While Ford’s 1976 Report had mainly focused on the need for decreased fiscal spending, because social programs were inflationary, ineffective and expensive, Ford’s 1977 report was focused on what was to be the solution for productive growth and potentiality: financial investment. Ford opens his Introduction to his 1977 Report by saying that to achieve productive growth, “the present policy of moderation in fiscal and monetary affairs and of relying on a restored vitality in the private sector must continue” (4). He also iterates the importance of financial investment given fiscal and monetary restraint, to enable productivity and potentiality, saying that “investment has for some time been falling short of the levels required if we are to provide enough productive jobs for our people [...] and if we hope to renew and improve our capital stock so that we can meet our requirements for energy and make headway toward environmental, job safety, and other goals” (4).

Greenspan continues this theme of increased financial investment for productivity and potentiality in chapter four of the 1977 report, which is titled “Policies to Increase Supply”. Greenspan also continues with the theme of advocating for less social spending from his writing

in the 1976 report. Greenspan opens this chapter by writing that macroeconomic fiscal and monetary policies to reduce inflation and increase employment and productivity are not always effective, and microeconomic approaches might be better (136). He says that macroeconomic unemployment programs are sometimes not as effective as they could be in encouraging people to find employment, and that training programs should be cut (145). Moving to investment, Greenspan says that “a higher rate of investment is desirable for two reasons: to help sustain expansion in the short run and to provide the new capacity required in the longer run to ensure rising real incomes, productive employment opportunities for a growing labor force, greater self-sufficiency in energy and a cleaner environment” (162). Greenspan says that the investment tax credit should be modified; whereas it used to be applicable only for medium-term investments because they are most favorable for production, Greenspan says this should be altered so that tax credits are given for all investments, because all benefit production (164). He then also closes by saying that there should be greater long-term incentives for investment, saying “to help meet the economy’s need for more capital, the most pressing goal of policy should be to strengthen the long-term incentives for investment” (168). Generally, finance is described as important for productive growth and potentiality (described as to ensure rising real incomes, employment opportunities and a cleaner environment), and is promoted both in its short-term and long-term capacities. Greenspan’s interest in short-term investment can be compared to Johnson’s critique of investment as problematic if it represented only short-term gains; whereas for Johnson this sort of investment would not be emblematic of real productive growth, Greenspan is supportive of it because it “help[s] sustain expansion” (162). Greenspan also notably in his chapter seems to be trying to decide if social programs harm investment, saying that “to the extent that social security benefits are expected to yield significantly higher returns to individuals than are

available in private capital markets, the incentive to save is further reduced during the working years” (168), and thus observing that because potentiality and material reproduction are enabled by social spending, people aren’t as interested in having these things be secured through private investment. The 401(k) plan of employees deferring some compensation tax-free saving and investment was introduced by the Carter government in 1978, and would introduce a financialized way of securing retirement that would establish an alternative and privatized method of saving that would build on the concerns mentioned by Greenspan that money to individuals for economic potential was limiting the money for finance for potential that was soon to eclipse citizen productivity as the most viable way to grow the economy, in the 1980s.

In contrast to the Johnson and Nixon Economic Reports, Ford and Greenspan largely neglect to discuss how discrimination or poverty impacted citizen wellbeing, or any specific measures that the government was adopting to confront it. Equally, both don’t focus on analyzing inequality by race, which remained an issue as we can see by the focus on poverty and unemployment rates of different races in the Nixon Economic Reports. Because the Ford government wasn’t introducing any policies to combat poverty or discrimination, they also likely wanted to minimize them as being policy issues. They were also likely cognizant that financial investment wouldn’t have a positive targeted effect on citizens affected by discrimination or poverty, and so couldn’t promote the rhetoric that finance would grow wellbeing for specific impoverished communities, and instead just had to espouse its generally beneficial effects on the population at large for those who were able to engage. The only specific moments when either report mentions how policies would affect different races, genders or classes differently is first in the 1976 Economic Report when Greenspan examines the Aid to Families with Dependent Children program, and suggests that reason for the growth and retention of users in the program

is because the welfare provided to single mothers is comparable to the salaries of many women at the time (96), to affirm that social programs were eroding productivity, and acknowledgement in the 1977 Economic Report that African-Americans and older citizens suffer particularly from structural unemployment (139). The latter observation was not accompanied by specific policies to be implemented to improve the situation, but rather with a proposal that “it is therefore useful to review current and proposed policies designed to expand job opportunities for persons with difficulties in finding and retaining employment” (139). We can see that actually solving discrimination or unemployment had become significantly less important for the government because there wasn’t perceived economic benefit. It might have been a bonus to have a fully employed population or single mothers out of poverty, but what was most important was reducing social spending because of its effects on inflation, and a new narrative for how wellbeing could be attained and what really counted as wellbeing, such as freedom to invest and theoretical protection from absolute depravity, had to be introduced.

Generally, the Ford reports signify a huge transition in discourse on social programs, potentiality, inflation and finance. Ford and his chairmen clearly suggest that social programs are hindering productivity, are ambiguously bad for potentiality, and contribute to inflation. At the same time, they were newly articulating finance as something that would have the capacity to grow the productive economy, and help with increasing potentiality for individuals via enabling higher incomes. This new narrative on social programs, potentiality, inflation and finance was a departure from that of the Nixon reports, which were attempting to hold onto values of Johnson, that social programs were the best way to enable potentiality while also being inflationary and not contributing to productive growth. Finance had made the semantic leap to being articulated as the best new “tool” for productive growth and potentiality.

Another shift in these reports from those of Nixon and Johnson was Ford's lack of either suggesting that inflation was happening because of business or unions raising prices or wages or implementing wage-price controls. Again, the refusal to blame business or unions for inflation was likely because Ford wanted to primarily blame inflation on social programs, so that he could advocate, from within a Monetarist framework, for a reduction in fiscal spending. Stein had noted that people complained that wage-price controls were inequitable, and Ford also wanted to enable more financial investment; by getting rid of wage-price controls and criticisms of wage-price increases, while also decreasing social spending, some of the impulse for desire for potentiality could be directed in novel ways towards a new, legitimate arena for the raising of prices to secure *bio* potential: finance. By finding a new solution to the perplexing issue of *bios* potential, the government could confidently denounce social spending and create a new economic system while affirming that the wellbeing of citizens was being prioritized and accounted for even though they themselves acknowledged that social spending doing such an adequate job of ensuring citizen wellbeing that finance wasn't be considered by the average citizen.

1979 Economic Report of the President

Introduction

The election of Jimmy Carter in 1977 brought a return to a Democratic administration, after a Republican reign from 1969 to 1977. While Carter was a Democrat, his policies and rhetoric on social programming, potentiality, inflation and finance signified a continuation of trends building from Ford's term, with Monetarism beliefs of fiscal non-intervention continuing to guide actions to supplant previous Keynesian-oriented policies. In this 1979 Report, Carter

does return to some of the earlier themes of Nixon and Johnson, such as admitting the benefits of social programming for *bios* potential and attributing inflation to the raising of wages and prices. However, he also proposes that social spending should only be implemented for charitable reasons, noting that they ought to support “the needs of the poor and the disadvantaged” (12). This was a significant shift from the function of social programming articulated earlier by the Johnson and Nixon governments, which was supposed to be to increase collective wellbeing to grow collective prosperity. Now, instead, social programs were merely for the most impoverished citizens, and had a charitable purpose instead of a moral but shared purpose of achieving maximum economic growth. Because social spending had been framed as causing inflation, it couldn’t be understood any longer as creating economic growth, and was only to be implemented for extreme circumstances. Thus, Carter says that the government had “assisted the poor to acquire the basic necessities of life” and “we have taken steps to assure adequate incomes and medical care for the elderly” (11). However, he also acknowledged that “in a period of inflation, our ability to act is limited” (11). In these statements, we can see that Carter was also redefining the role of government to provide the minimum of *zoē* wellbeing for citizens, while *bios* wellbeing, had to be acquired by citizens themselves, through different channels. In terms of discussing how poverty impacted different racial minority groups, Carter acknowledges that “many disadvantaged citizens, especially minorities, as unable to provide work even in periods of prosperity” (11). In terms of solutions, Carter only proposes the Full Employment and Balanced Growth Act, which he said would “challenge us to find the fullest possible opportunities for useful employment” (11). This Act was actually the 1978 Humphrey-Hawkins Act which had prohibited discrimination on the basis of sex, religion, race, age and national origin but which had also stated that inflation rates had to be zero percent by 1988 (“Full

Employment and Balanced Growth Act”, United States Congress). While the anti-discrimination portion of this act would encourage fuller employment for citizens that were experiencing discrimination, the anti-inflation portion of the Act would paradoxically deeply impact policies and programs that were meant to target inequality or poverty. Thus, while Carter was saying that he was committed to anti-discrimination measures, the solution he was introducing would create more inequality, masked under an optimistic title.

In lieu of social programs to grow the economy or promote wellbeing except for the most destitute, the Carter government, like the Ford government, was centering on financial investment as an alternative means for *bios* potential that would be low-inflation and not involve government spending. This will be discussed further in the “Main Text” section, but is observed in this report when the Economic Chairman Charles L. Schultze merely observed the fact that people had been increasing housing prices faster than inflation rather than criticizing this action (32). Schultze tacit agreement with this method of price increase to attain *bio* potentiality would become more normalized later, as housing became explicitly financialized. This act of price increasing would have certainly been condemned by the Johnson administration for creating inflation and contributing to inequity and the fact that it wasn’t criticized here shows a shift in thinking individual price increases as a viable means to increase potential. This is also observed through Carter implementing voluntary rather than mandatory wage-price controls in 1979, which ultimately affirmed that citizens could increase their wages or prices to increase their *bios* potentiality.

In his introduction to his 1979 Economic Report, Carter states that his four economic objectives for his term are: 1) that inflation needs to be the top economic priority; 2) that government must do its job better by increasing budgetary austerity and ensuring that there aren’t

inefficient expenditures or misplaced priorities; 3) that inflation reduction shouldn't be at the expense of the most vulnerable members of society, and; 4) that policies should reflect the fact that the United States is an important part of a closely related world economy (4). His perspectives on austerity and the importance of inflation again speak to the ongoing articulation of the problem with inflation, and the new proposed linking of social spending with causing inflation. The commentary that "inflation reduction shouldn't be at the expense of the most vulnerable members of society" (4) also speaks to this, to ensure that reductions to social spending to reduce inflation didn't completely erode citizens' access to wellbeing, even if it wasn't increasing productivity. In this Introduction, Carter is also still discussing *why* inflation continued to be an issue, and the reasons for doing so were probably to legitimize the austerity-oriented policy responses that were initially disabling achievement of desire for *bios* potentiality. Carter writes that inflation "injures every person in our country. It means that paychecks do not go as far as they once did [...] it undermines the competitiveness of our industries and the value of our dollar abroad [...] [it] eats away at the ties that bind us together as a people" (7), and also notes that it eliminates a sense of command over one's destiny (7). In this first argument, Carter was saying that inflation collectively limited all Americans, a perspective that was different from Johnson, who argued that inflation increased inequity in society. Carter was also suggesting that even though it collectively reduced prosperity, it also reduced spiritual connection between Americans, or the "ties that bind us together as a people" (7). This spiritual connection would be "the sense of command over one's destiny"; thus, rather than it being collective wellbeing or prosperity, as defined by Johnson, with inflation eroding that because its inequitable effects on achievement of collective prosperity, for Carter, the tie which binding Americans was the recognition that individual Americans had the power to do whatever they wanted, a power which

was being curtailed by inflation. This notion that the American ethos was about freedom over destiny rather than collective wellbeing would suit the developing proposal that finance could inequitably enable citizen achievement while also fitting the narrative that social programs and wage-price limits limited one's absolute freedom of doing whatever one wanted to grow their wellbeing.

Regarding specific policies, Carter, like Ford, advocates for fiscal austerity to limit inflation. He states that growth in federal spending will be curtailed to less than 1 percent, and that reductions in federal spending will reduce the budget deficit by more than half of what it was prior to Carter taking office (8). Carter also states that he will reduce regulations, and call for a voluntary opt-in of only raising prices and wages by 7 percent or less this year (12). On reducing inflation, Carter also says that he “ask[s] every American to exercise restraint. Every American should therefore expect the government to ensure that its own actions will contribute to, not undermine, the voluntary effort to reduce inflation” (4); in this statement, Carter was thus saying that the restrictive and non-inflationary action on the part of citizens would be matched by that government. Despite stating that growth in federal spending would be reduced to less than one percent (which also wouldn't be keeping with the rate of inflation) Carter, as mentioned, said that he would continue to support programs to support “the needs of the poor and the disadvantaged” including enlarging health programs, having new spending on education, increasing publicly assisted housing, increasing job related programs, increasing welfare reform, and increasing aid to cities and counties (12). By rearticulating social spending as only for the poor, Carter could justify some expenditure on it despite its branding as creating inflation. Because of the promise of reduced inflation with reduced social programs, the government was then suggesting that regular citizens would then be able to gain “command over their own

destinies”. The explicit rhetorical linking of financial investment to *bios* potential of non-poor citizens would be further developed in Reagan’s Economic Reports.

A final interesting component of this report is that Carter says that productivity needed to be slowed which would slow potentiality, when he says that, “individually and as a Nation [we] cannot rise as fast. Slower productivity growth means that the resources available for carrying out governmental programs becomes scarcer. It means that larger increases in wages and other incomes put greater upward pressure on costs and prices” (6). In these statements, Carter was suggesting that potentiality, even if achieved via wage-price increases, would be limited by slowed productivity. These statements suggest that Carter and his administration hadn’t yet managed to confidently articulate that potentiality and productivity could grow at a powerful pace through financial investment, even though both Carter and Charles Schultze were beginning to highlight its strengths for enabling *bios* potentiality and growing the productive economy. Despite examples given explaining how finance was growing potentiality and productivity, in this statement, productivity was just slowed because of inflation, and there was no viable alternative to growth except slower growth.

Main Text

An article by Bruce Bartlett in *The American Journal of Economics and Sociology*, published in 1985 describes Charles Schultze, who was the economic chairman for Jimmy Carter as a “traditional liberal”, who was part of a faction of traditional liberal economists who had an alliance with Keynesian economists (1-2). This blend of Keynesian intervention into the economy, combined with belief of limitations to fiscal spending and government involvement which was more Monetarist might have arose because of the necessarily involved role which

Schultze seemed to believe was inherent to the Council of Economic Chairmen. In a reflection piece on the role of the Council of Economic Advisors (CEA) published in 1996, fifty years after the 1946 Employment Act, Schultze wrote that while until the 1960s, the focus of the CEA was to just to focus on macroeconomic stabilization policy, beginning with President Kennedy, the CEA was to provide an advisory role to any legislation which might have economic consequences, which Schultze writes “includes perhaps four-fifths of domestic policy and a smaller but significant fraction of foreign policy outside the national security area” (24). Schultze perspective here on involved role of the CEA would seem to also remain important even as an increasingly Monetarist ideology would take hold, with the CEA continuing to take an advisory stance on most domestic policy issues, even though the recommendation would usually be reduced fiscal spending where possible, and induced financial spending.

In the Report itself Schultze continues to iterate, like Nixon and Ford, that inflation was a problem necessitating new policy solutions, and proposes austerity measures as a solution. In Chapter Two, Schultze focuses on this theme of reducing inflation, and like other Chairman, first outlines a “history” of inflation. Schultze states that inflation had been occurring for more than a decade, when the expenditures of Vietnam War were added to an economy that was already “operating at high rates of resource utilization” (54), thus saying that inflation hadn’t happened because of the war, but rather because of the nearly full production that was being experienced. Schultze also notes that monetary and fiscal restraint policies that had been attempted, in addition to the wage and price freeze policies (55) and says that inflation was further exacerbated by the oil crisis. He highlights that both austerity measures and restrictions to wage-price increases were needed, saying that to reduce inflation, “we will have to learn to achieve social objectives within the constraints of tight government budgetary policies”, and that “widespread

compliance with the President's standards for wage and price behaviour is essential" (54). On the voluntary price and wage policy, Schultze says that there could be hesitancy for people to adopt it, because unless there was total buy-in, certain people would be harmed by not raising their wages and prices as others did (82). Schultze thus seemed to be aware that people were both engaging in wage-price increases to ensure their relative access to potentiality, which was the same urge which encouraged people to desire social programs, and wanted everyone to scale back their desires. At the same time however, making wage-price increases voluntary also ultimately enabled citizens to make their own choices regarding these increases, decisions which were being pressurized given the decline in social spending and ongoing inflation. Schultze's decision to outline a "history" here of inflation would also reflect interest in creating a narrative to justify austerity-oriented actions to combat inflation.

After discussing the problems of inflation in Chapter Two, and the need for austerity, Schultze then also talks about how new financial technologies could act as hedges for potentiality, indicating the developing narrative that finance was an alternative to social spending for *bios* potential. For example, Schultze observes that housing had been an area of slower growth, due to increased interest rates (28), then observes that the housing market prevailed due to a new financial technology, which permitted people to still access mortgages, even though there was growing monetary restraint, saying that, "the resilience of housing in a year of tightening financial markets is largely attributable to the ability of specialized mortgage lenders to compete more effectively for savings" (31). Schultze also says that demand "may also be stimulated by expectation that houses will continue to be a good inflation hedge. Over the past 7 years purchase prices for new homes, adjusted for changes in quality and size, have risen at an annual rate about one-third faster than other prices" (32). He further observes that new policies,

like tax deductibility of mortgage interest, and the favourable tax treatment of capital gains from home sales further encouraged the purchase of houses (32). Schultze here thus observes the beginning of the financialization of the inflation of housing, as a practice of increasing prices that was being legitimized by government, and that was also enabled by “financial” mortgage and tax policies which were introduced to prevent decreases of potentiality with increased monetary restraint. This historic moment was affirming that transfer of potentiality towards financialization in practice was beginning.

An example which further affirmed that potentiality was being sought via financialization in an active way by citizens was when Schultze further observed how there were also now increases in transfer of housing ownership, which he was attributing to people realizing the capital gains that they could make on buying and selling property when he noted that “the large volume of mortgage credit that was being used in late 1977 and early 1978 relative to residential construction suggested that homeowners were realizing capital gains on houses when ownership changes hands and are using the funds to finance other types of expenditures” (52). Thus, people weren’t only using these financial innovations to continue to achieve the potentiality of owning a home, but were also using capital gains made on houses to achieve other forms of *bios* potentiality. The financial innovation of mortgages enabled people to access houses without fiscal spending, and then people began to also use housing inflation as a new means to invest in their *bios* potentiality. Housing price inflation was now being legitimized as a way to make money, buy other houses and secure potentiality, instead of being criticized for creating inflation or inequity, as it would have been in the past. This was a major shift in citizen action, responding to rhetoric and policy, which affirmed that a change in how potentiality was being secured was occurring.

in that it was condoned by government as a viable means of making money, instead of being criticized for creating inflation or inequity, as it would have been in the past.

In Chapter Three, Schultze also proposes that financial technologies would offset losses to productivity and potentiality due to restricted monetary policy impacting fiscal spending and the ability to broadly raise wages and prices. This action further indicates that the Carter government was promoting financial investment as the supplant for social spending and the best method for raising prices. Schultze first describes the economic outlook for the following year, and says that there would be reductions in real outlays for several social programs (93), cuts to individual income taxes and capital gains tax rates, and increasingly restrictive monetary policies (94). When discussing the latter, Schultze says that these impacts to *bios* potential because of reduced social spending as well as restrictive monetary policy effecting the ability to raise wages and prices would be more mildly experienced because of financial innovations, saying that “high interest rates are likely to dampen aggregate demand in 1979, but to a lesser degree than one would expect from past experience because of institutional changes in financial markets” (94). In his second chapter, Schultze says that restrictive monetary policy is no longer as harshly experienced as it had been before, and that influence on aggregate demand was more gradual and evenly distributed, saying that: “institutional changes in financial markets, by altering the availability of credit to private borrowers, have reduced the degree to which changes in monetary policy affect spending [...] on the positive side, monetary policy has been changed from a very harsh and selective tool of economic stabilization to one whose influence on aggregate demand is more gradual and evenly distributed” (79). In this example, Schultze is proposing that financial solutions have lessened the negative impact of restrictive monetary policy on “aggregate demand” (79) meaning the ability to raise wages or prices, because of increased credit available

for private borrowing. This solution would enable the growth of private investment instead of collective bargaining, and in fact reduce equity by creating unequal opportunities to access credit. In both these examples however, Schultze is trying to suggest that financial growth would continue to enable the *bios* potential sought through raising wages and prices and social programs. The *bios* potential gained through raising prices or wages would just be redirected into private financial borrowing. Access to financial inflation was supposed to lessen pain felt from lack of access to wage and price increases and social programs, which would all be hurt by interest rates.

The final indication from this Report that there had been a successful and complete shift towards using financial investment instead of social spending as the means to grow the productive economy was the references to the Humphrey-Hawkins Full Employment and Balanced Growth Act, which was implemented in 1978. This act emphasized that capital formation was essential to achieve economic goals, and hence in light of this, a newly mandated “Investment Policy Report” was to be included as part of each annual Economic Report of the President. Within the Investment Policy Report section for the 1979 report, Schultze says that it is important to increase capital formation in order to achieve national economic goals, noting that it is especially important to increase business fixed investment and capital stock in order to increase productivity- “substantial growth in the capital stock will also be needed to expand our capacity to produce”- (124), to continue meeting social goals- “consequently higher total investment will be needed if we are to meet both output goals and social objectives” (127) and to encourage the growth of small businesses, especially those owned by socially or economically disadvantaged people, hence “in order to provide special attention to the needs of businesses owned by socially or economically disadvantaged persons” (134). This addition to the pre-

existing mandate of the 1946 Employment Act thus legitimized finance's role in "national economic goals" of increased productivity and "social goals" of enabling *bios* potential of marginalized Americans. With the introduction of mandatory annual Investment Policy Report from the Humphrey-Hawkins Act, we can see the culmination of the full transition from social programs to finance as the harbinger of productivity *and* potentiality. The need for "price stability" as an additional edit from the Humphrey-Hawkins Act also made clear that reducing inflation was a national priority for government, to then legitimize austerity measures and increased monetary restraint, given inflation's framing of being caused by social spending and wages and prices increases outside of financial inflation. As with the Introduction, there was no mention of actual policies to reduce discrimination or increase equality. There were only different tables breaking down employment statistics by age, gender and race, but no policies to solve this observed inequalities. Further, the single mention in the Report of historically marginalized groups, women and Black citizens, noted that they were improving in their rate of unemployment (37). The Carter government thus could only express positive events occurring relating to discrimination, while neglecting to meaningfully discuss ongoing problems, and the reason for this is that they likely had no meaningful solutions to propose, due to the dissolution of consensus for social programs, which could truly create greater shared economic wellbeing. Hence, though financial investment was being introduced as an alternative way to secure *bios* potential, the government was also savvy enough to recognize that it wasn't a believable or viable way to secure general wellbeing. An alternative rhetoric on discrimination, focusing only on positive examples, and celebrations of individual efforts to achieve wellbeing, had to be introduced.

General Overview

Generally, the rhetorical and policy development of the 1970s can be characterized by a gradual shift away from social programs and towards finance as the solution for gaps in productivity and wellbeing once enabled by social programs. The fact that there was movement away from social spending towards finance indicates that the government felt that they needed, at least rhetorically, to continue to provide some form of support for citizen *bios* potential, a cause which had been awakened in 1946 with the Employment Act objective of national full employment, and further developed with the 1960s Great Society policies. While Nixon's early reports of the 1970s emphasized using financial investment for productive growth, by the late 1970s, Carter's government was condoning financial investment for *bios* potential via their approval of housing price increases and their writing in the 1979 Investment Policy Report of the necessity to use financial investment to achieve social objectives. Finance was the new solution for the earlier goals of coordinated growth of the productive economy and *bios* potential, and the government was going to continue to intervene in the economy via the Economic Reports and policy to promote growth of finance. The problem of inflation was also an ongoing topic of discussion in the Reports of Nixon, Ford and Carter, with social spending and increased wages and prices being the two main sources of blame. Blaming these two sources, as well as emphasizing the magnitude of the problem of inflation, justified rhetoric and policy actions of implementing austerity and varying degrees of wage-price caps. While Nixon had believed that wage-price caps and having more public negotiations about social spending to determine what needs for *bios* or *zoē* potential could be met first in society were necessary steps to slow inflation, Ford and Carter advocated for voluntary wage-price caps and heavy-handed restraint in fiscal and monetary policies, to ultimately force potential to be sought privately with price

increases within financial investment. Price increases also thrived more within financial investment, relative to wage-price increases, because they weren't as impacted by monetary restraint; the government also set up financial tools like the specialized mortgage lenders (1979; 31) and institutional changes in financial markets (1979; 94) discussed, to enable *bios* potential growth outside of fiscal spending and monetary expansion and encouraged this behaviour as a new politically beneficial and economically viable idea.

Within this new promotion of finance, social programs were rearticulated as only for the truly impoverished or destitute, which again justified the rollbacks on social spending, and allowed government to retain its image of caring about its citizens; only the poorest would access the increasingly stigmatized social programs, while everyone else would need to engage in the new financial technologies provided. Lastly, the Humphrey-Hawkins Act in 1978 and the statement of new mandatory inclusions of Investment Policy Reports in Economic Reports can be viewed as decisive moment in the transition to the entrenched narratives of social programs creating inflation, inflation being very bad and financial growth being a solution for productive growth and achievement of social objectives like enabling citizen wellbeing. The unique promotion of this Act to lessen discrimination and inequality also indicates how extensively the government had moved away from social programming to grow *bios* potentiality, and how they were less interested in actually achieving greater citizen wellbeing because it didn't seem to create economic growth and was associated with inflation. Through the Humphrey-Hawkins Act, the Economic Reports instead had a new goal of enabling finance to drive growth, which also aligned with Monetarist visions of fiscal and monetary restraint. While we can understand this transition as being driven by government action, we can also see it being adopted by citizens who were financializing housing alongside attempting to increase wages and prices. This can

indicate that financializing might have been a logical impulse when faced with conditions of scarcity with inflation, reductions to the money supply and reduced social spending. While my next chapter will talk about how the narrative of finance for productive growth and *bios* potentiality became more entrenched within Ronald Reagan's terms, I will also consider in that chapter how financial investment as the necessary step for citizens grew inequality. These arguments will build towards my last chapter, where I consider how social spending, support for labor and destigmatization of inflation can move us away from financial investment which has been clearly reidentified as a highly inequitable and so politically unwise means of achieving growth.

Chapter Five – The 1980s Reorientation, and the Entrenchment of Finance

If you Google Ngram the term “American Dream”, you can see the growth of its use from near obsolescence in 1950, and its subsequent steady climb in popularity until about 1970. There is a plateau in usage from 1970 to 1985; after, there is an even more significant and steady uptick in its deployment for over two decades. Despite this rapid growth, there was actually a decline in use in 2012, and use of the word has been declining since. In the Economic Reports, Lyndon Johnson used the term “American Dream” in 1964 to describe his dream of equality, writing that he wanted the nation to “move steadily toward the American dream of equality of opportunity for all citizens- regardless of race, religion, sex or residence, regardless of social and economic status at birth” (18). However, there was no more mention of the term until Bill Clinton’s Introduction to his 1994 report when he observed that: “For 12 years a policy of trickle-down economics built a false prosperity on a mountain of debt [...] many American families [...] no longer dream the American dream of a better life for their children” (1994; 3). Later, in his 1997 report, Clinton says that he wants people to have “a chance- not a guarantee, but a real chance- at the American dream” (1997; 3). In these three quotes, we can see shifting nationalistic perspectives on the American Dream. While it was initially used to describe an ideal of equality of opportunity for everyone to realize potential, its recycled use saw its essential quality as uncertainty. The American Dream was being reimagined with its core feature being exclusivity instead of equality of access.

The American Dream was also reappropriated and reused in the 1990s to provide a title, similar to the old American Dream or Great Society, to define new collective ideology after Ronald Reagan’s economic ideology of the “reorientation” (1982; 3), of monetary restraint, fiscal austerity, deregulation and emphasis on financial investment was introduced in the 1980s.

Multiple scholars have noted that Reagan possessed very good communication and rhetoric skills (Auer 1992, Jasinski 1992, Blankenship and Muir 1992), and Reagan likely created the term “reorientation” to describe his economic strategy to have citizens understand that his policies were going to be different from the ones he criticized from the 1970s. Reagan’s rhetorical strategy in the 1980s was to pivot people towards his imaginary of individual freedom rather than collective achievement, which aligned with the new way in which *bios* potential was to be achieved, via financial investment rather than social programming. Reagan’s 1980s economic slogan of a “reorientation” therefore proposed to citizens that there would be a new approach to economic policy that opposed the regulation, minimal financial investment and fiscal spending which were used to achieve growth in the 1960s and 1970s. The use of the inequitable redefinition of the “American Dream” in the 1990s provided a nationalistic and collective expression to the experience of individual striving to achieve *bios* potential via financial investment in the 1980s.

The American Dream has experienced a decline in usage since 2012, and the reason for that is likely that this inequitable version of the American Dream presented in the 1990s with its imaginaries of individual success attained through financial investment haven’t been lush enough to beget emotional investment. Accessing the Dream through financial access of housing, stocks, education or retirement has been uncertain and guided more by luck and generational wealth, than hard work. Further, it is also prone to crashes such as the financial crash of 2008. While Johnson’s Great Society had imagined equity, collective realizing of potential, space and time for recreating and meaningful work, community, and public funding for leisure, arts and culture, the latest rearticulation of the American Dream, in addition to being financialized and so inherently inequitable, at its most expansive only imagined conditions wherein an individual and their

family could achieve upward mobility, expressed in private ownership of the right assets, a house and car, surplus money for personal leisure, and some sort of not-necessarily assured employment. George W. Bush's American Dream Downpayment Assistance Act of 2003 further abided by this trend and unstable vision for the American Dream which provided support to low-income homeowners so that they could buy into the financialized housing market.

While I will talk a bit more about implications of the new American Dream in my concluding chapter, in this one, I will examine how the language, policies and coalesced beliefs of Reagan were moving Americans towards this new American Dream, from the 1960s Great Society. True to his word, Reagan's "reorientation" was marked by its oppositional stances to economic policy positions taken in the 1960s and 1970s. In contrast to the perspectives of Johnson and Nixon that social programs grew potential, and Ford and Carter's that they at least helped with charitable concerns, Reagan's Chairman in 1982, Murray Wiedenbaum, proposed that social spending might not even help with charitable issues, noting that there need to be metrics proving that "a predictably imperfect government program will achieve better results than those of an unregulated market" (40). Reagan's imaginary of potentiality also diverged from that of Johnson and Nixon; while the former two imagined potentiality as something that needed to be coaxed and developed through social programs, Reagan proposed that it was a pre-existing force that needed to be freed from the fetters of regulation and social spending to be able to gain full expression, saying for example that "the main role of government is to provide a stable economic environment that allows each individual to reach his or her full potential" (1989; 6) and that the reorientation "is designed to foster the energy, creativity and ambition of the American people so that they can create better lives for themselves, their families and the communities in which they live" (1982; 3). In these statements, the individualistic language and

the focus on achieving individual potential can be contrasted to the collective goals of potentiality of Johnson, such as his statements on potential in his Introduction to his 1964 Report that: “strengthened by the programs I have outlined in this Report, the Nation will move steadily toward the realization of its full potential” (1964; 18). While Johnson was attempting to grow *bios* potential of citizens through social programming to grow the potentiality of the nation, Reagan’s repositioning of government’s priority as being on creating a stable environment for individual potential to be expressed would have suited his objectives of promoting financial investment to grow the productive economy and *bios* potential. Positioning the government as enabling American individual freedom would have also affirmed the less interventionist proposition for growth of *bios* potential via financial investment. The narrative affirmed the change in government tactics away from intervention for collective growth while still proposing that the government was still caring about *bios* potential- but redirecting it into financial investment to serve their new plans for growth. Reagan’s statement that his new reorientation would “significantly restructure” the tax system (1982; 7) to “encourage people to work, save and invest more” (1982) is an example of how government was trying to encourage *bios* potential from being expressed via financial investment rather than through fiscal spending.

In addition to potentiality being emphasized as being attained individually and through financial investment rather than social spending, inflation was also blamed squarely on social spending, evidenced for example in Reagan’s statement in his 1982 Report that, “we simply cannot blame crop failures and oil price increases for our basic inflation problem. The continuous, underlying cause was poor government policy” (1982; 4). He also proposed that high interest rates were caused by inflation, noting that inflation “causes high interest rates and discourages saving and investment” (1982; 4), thus glossing over the decision made by the

Federal Reserve to raise interest rates, and also creating a link between lowered inflation and increased financial investment as, in effect, inflation was forced into financial avenues of expression. Social programs therefore had to be cut to lower inflation, to enable citizens to have the freedom- and be forced- into financial investment. Financial investment was supposed to grow the productive economy and permit *bios* potential to be achieved individually instead of collectively. In terms of the actual experience of inflation during the decade, it went from its absolute highest point of 13.55% in 1980 to 5.40% in 1990. Since, it declined to 3.38% in 2000 and has hovered at around 2% annually save for the recent inflationary period since 2021 due to the COVID-19 pandemic (U.S. Inflation Rate, *Macrotrends*). The federal funds rate comparably experienced its highest rate at nearly 20 percent in 1980, and retained a higher rate through the 1980s, when compared to the rate in the 1970s (Federal Funds Rate, *Macrotrends*).

While social programs were being criticized for creating inflation, and potential was being conceptualized as an individual achievement through financial investment, the impulse for increasing prices and wages was no longer being as directly criticized in the Reagan Economic Reports for creating inflation. Instead, the ability to increase wages and prices was merely eroded through the extremely high interest rate in 1980, and this impulse for increasing prices to secure *bios* potential was funneled into financial investment. Despite George Bush Sr. and Bill Clinton recognizing in their Reports that this shift towards financial investment as the source for productivity and potentiality had resulted in lags in equality and economic growth, both presidents only centered financial investment as the solution, indicating the entrenchment of the rhetoric and ideology of the “reorientation”. Bush Sr. for example, when discussing a new Savings and Economic Growth Act of 1990 which would considerably decrease taxation on capital gains from investment (taxation would decrease by 30 percent for assets held for over

three years, and 10 percent for those held for over one) said that this would “help American families plan for the future, and in the process, make more funds available to finance investment and spur productivity” (1990; 5). Finance, like social programming before, was the entrenched solution, which in turn necessitated the new nationalistic banner of the financial American Dream, to affirm the decisions made during the reorientation. Analysis by Greta Krippner which I discussed in my literature review also shows the significant growth of financial sector profits from the mid-1980s onwards, as she documents that they went from 10-15 percent of total profits in the US in the 1950s and 1960s to over 30 percent in the mid-1980s, and then over 40 percent by 2001 (Krippner 28).

In the chapter, I analyse the first and last of the Reagan reports (1982 and 1989), to get a sense of the entirety of his term, before moving into a short analysis of a George Bush Sr. Report and introductions of the Clinton Reports. I conclude this chapter by summarizing the changes witnessed in discourse and policy relating to the keywords of social programs, inflation, finance and potentiality over time, and the impact these changes had on the reconfiguring of government commitment to *bios* potential from being coaxed through social programs to being encouraged to find expression individually in the actively growing financial sector.

1982 Economic Report of the President

Introduction

As I mention in my chapter introduction, Reagan opens his first Economic Report of the President by introducing new rhetoric to set the stage for his economic policy. Reagan calls this strategy “a fundamental reorientation of the role of the Federal Government in our economy- a reorientation that will mean more jobs, more opportunity and more freedom for all Americans”

(3), and later also says that “this redirection puts the economy on the path of less inflationary but more rapid economic growth” (3). In calling his economic plan a re-orientation and a re-direction, Reagan was emphasizing more-so than any previous president that his economic policies were going to be significantly different from their predecessors. Similar to the individualistic language that I cited from this Introduction in my chapter introduction, Reagan also states that: “people should be encouraged to go about their daily lives with the right and the responsibility for determining their own activities, status and achievements” (3). Crucial to Reagan’s reorientation, as will be observed, was this change in perspective on the cultivation of *bios* potentiality. While Johnson and Nixon to a certain extent wanted to create activities and social programs to help people achieve status and achievements because it was thought that this collective push would also grow the collective productive economy, Reagan emphasizes how his government wanted to promote freedom so that individuals could utilize their “right and responsibility” (3) to achieve their own *bios* however they wanted. From this opening page, Reagan was outlining this crucial redefinition of government obligation towards citizen *bios* potentiality, saying that in contrast to the prior 20 years of economic policy, potentiality was now the responsibility, shrouded in the language of a right and a freedom, of citizens rather than a responsibility of government, to justify cutting social programs while promoting empowerment of individuals to signal lesser but nonetheless present commitment of government to citizen growth. *Bios* potential was the responsibility of the citizen, with the government as a committed audience member instead of a director. By this token, genuine care for discrimination or inequality was also being reduced because and supplanted by the notion that each individual was to be concerned with their own welfare, promoting an environment where, “American energy, entrepreneurship, and talent can best be put to work [for] individual freedom” (10). While actual

care for citizen wellbeing was being eroded, the government was crafting a narrative that true *bios* wellbeing would be paradoxically be achieved through reducing government support so that citizens had the “freedom” to rely on their own resources, which for many Americans, were extremely limited. The introduction included no mention of experiences of racial minorities or marginalized groups, indicating that much like the Ford and Carter governments, the Reagan government was unconcerned with increasing their wellbeing, because the narrative that social spending caused inflation and economic stagnation had become entrenched, to justify the turn toward only permitting individual initiative.

Reagan outlines different ways that his government will achieve his reorientation through reduced spending, taxation and regulations, to put the onus back on individuals to achieve their own potential without support. On spending, Reagan states that “I made budget control the cutting edge of my program for economic recovery” (5), and then says that “Federal Government spending growth has been cut drastically, from nearly 14 percent annually in the 3 fiscal years ending last September to an estimated 7 percent over the next three years” (6). Reagan proposes that financial investment and private industries would take up the task of growing potentiality and productivity previously supported by fiscal spending and regulation, saying that “[reduction in the growth of the money supply] will ensure that inflationary pressures continue to decline without impairing the operation of our financial markets as they mobilize savings and direct them to their most productive uses” (8) and then that “the Federal Government’s task is to construct a sound, stable, long-term frame work in which the private sector is the key engine to growth, employment and rising living standards” (10). In these statements, reduced fiscal spending was key to creating the transition towards financial investment and private sector growth leading the economy and enabling citizen *bios* potentiality. He also proposes tax reforms

so that “rather than using the tax system to redistribute existing income, we have significantly restructured it to encourage people to work, save and invest more” (7), and also reducing regulations (7). Reagan further notes however that he was going to increase the national defence spending budget despite reducing spending in other areas which he says is “a vital function that has been allowed to deteriorate dangerously in previous years” (6). Hence, individuals were to rely on reduced on investment to achieve wellbeing in the face of reduced social spending and taxation, monetary policies and regulation that encouraged saving and investment. At the same time, the increase of a national defence budget was anticipating the social unrest that would happen because many people would be unable to achieve *bios* potential without government support, given ongoing inequity. Those who were able to, would achieve *bios* potential through investment, while others, with *bios* potential unexpressed, would face greater policing. We can understand investment then as a parallel crucial component of the increase of militarization and policing of the 1980s. Finance was the necessary economic valve offered and promised for ongoing achievement of citizen wellness via concentrated economic inflation while militarization would quell dissent from anyone who did not achieve an adequate level of survival, or who protested this existence.

Generally, Reagan’s rhetorical strategy of labelling his economic program of monetary restraint, fiscal restraint, reduced taxation, reduced regulation and emphasize on individualism as a “reorientation” compounded Reagan’s commitment to this ideology and rhetoric in a meaningful way that hadn’t been observed since Johnson’s labelling of his rhetorical and economy strategy as the “Great Society”. Reagan’s repeated incantations that freedom of the individual to engage in their destiny without fiscal intervention suited his economic strategy of encouraging financial investment to grow the economy. In this sense, encouraging people to

invest rather than forcing people to pay taxes or abide by regulations or social programs was how the government could indicate that they still cared for citizen potential albeit in a less direct way that benefited their economic program. Potential had gone from a collective objective to an individual priority. Reagan was also saying that social programs were bad because they had inhibited finance, whereas finance was good because it enabled the individual striving without inflation. By synthesizing these arguments, Reagan was thus creating effective context for his reorientation, to signal to economists and the business community of the significant shift that was occurring.

Main Text

Murray Weidenbaum was the economic chairman for Reagan from 1981-1982, and self-described himself as neither a Monetarist nor a full proponent of fiscal intervention (*NY Times*). Despite these claims, in this Report, Weidenbaum promotes both increased deregulation and reductions to fiscal expenditure, using fiscal intervention only to decrease taxation on capital gains, in the wake of monetary restraint. Weidenbaum also blames inflation entirely on government spending, saying that inflation was “associated with a substantial increase” in government spending (21). He further says that “the increasing role of the federal government in the economy- whether the role was to aid the poor and aged, to protect consumers and the environment, or to stabilize the economy- contributed to our declining economic performance” (22). Later, he observed that over-responsiveness to desires of special interest groups through government spending was bad because “the sum of the loses will be far greater than the sum of the gains” (37) and that pandering to a “coalition of minorities” by overspending hurt the majority (38). In these statements, Weidenbaum was explicitly stating that his government was

uninterested in promoting any policies that would increase wellbeing for different marginalized groups at the expense of the wellbeing of the advantaged citizen. The position of these statements further defines Weidenbaum and Reagan's position on *bios* potential, which was that the government was no longer responsible for extensive care for the experiences of marginalized citizens, but rather had to provide opportunities for individuals to generate their own wellbeing partially because this was the "correct" if not moral position for government, and also because this was where economic growth truly lay. Hence, just as social spending had been justified for primarily economic, but also political and ethical arguments, the negative experiences of inflation and desire for greater economic stability had justified Weidenbaum's similar economic arguments against social spending and toward framing the priorities of the individual as the most relevant for government.

Like Reagan in his Introduction, Weidenbaum says in the first chapter of the Report that his government's plan for increasing productivity and reducing inflation is to cut the rate of growth of federal funding, reduce personal income taxes, reduce regulations and with the Federal Reserve, create standards for monetary policy to "restore a stable currency and healthy financial markets" (23). Despite saying that social programs for increased *bios* potentiality contributed to economic decline, Weidenbaum still suggests that the reorientated economic plan would contribute to economic growth, saying that it would "contribute to more rapidly rising standards of living, more productive patterns of investment and saving, and a strengthened U.S. position in the world economy" (21). This statement indicates that Weidenbaum wanted to show that the economic plan of Reagan would continue in some way to enable *bios* potentiality, indicating that enabling it continued to be a concern for Reagan's government. Weidenbaum and Reagan

however wanted to reconceptualize the expression of *bios* potentiality to fit their economic agenda of individual investment.

Unlike Johnson, Nixon, Ford and Carter, Wiedenbaum refrains from blaming inflation on wage and price increases, which was likely done to normalize individual self-serving behaviour but redirect it into financial investment. In his first chapter, Weidenbaum references the pareto efficiency principle, saying that “it is impossible to make anyone better off without making someone worse off” (29), and that the principle of promoting efficiency within government is also connected to the belief that people are “concerned primarily with his or her own welfare” (29). These statements endorsing self-serving behaviour would align with the tendency in this Economic Report of omitting blame on unions and industry for increasing wages and prices. Instead of blaming these entities, inflationary tendencies could just be restricted through monetary restraint, to direct any impulse for increased money to increase wellbeing into investment, as Weidenbaum and Reagan repeatedly endorsed (1982; 7, 8 23). Weidenbaum was also likely not blaming unions and industry so that instead, all blame for inflation could be placed squarely on the thing he wanted to diminish: social spending. While later declining productivity as a result of fiscal cuts would affirm that social spending did increase productivity (Clinton 1994; 4), Reagan and Weidenbaum were keen to place all blame on social spending and regulation because that fit with their economic ideology of cutting social programs. This is not to say that social programming didn’t contribute somewhat to inflation in the 1960s and 1970s, as did likely some wage and price increases as well as war spending, and international issues like the 1970s oil crisis. However, the decision to solely blame social spending for causing inflation, and suggest that social spending decreased productivity were political rhetorical tools that

primarily served to support Reagan's economic agenda of cutting social spending and directing desire for *bios* potential into financial investment.

In his third chapter, Weidenbaum explains how the Reagan government can promote financial investment through reducing fiscal intervention and proper use of interest rates. Weidenbaum says "that inflation is essentially a monetary phenomenon", hence it is produced by the rate of change in the quantity of money (54). He then says that micro-adjustments made by government to combat inflation create uncertainty, because people are unsure what will happen with taxation, which effects whether people are keen to "invest in durable capital, invest in land or tax-sheltered assets, or consume" (54). Hence, he is saying that government interventions to reduce inflation are bad because they decreases interest in investment. Weidenbaum then says that historically, when there was a monetary response to inflation rather than a government response, inflation created financial innovation, as people demanded substitutes for existing transaction accounts that were not subject to high interest rates or reserve requirements, saying that "the public has tended to economize on noninterest-bearing money balances [...] incentives were created for the public to demand and for financial institutions to supply" (63). Weidenbaum therefore suggests that monetary responses on the part of the Federal Reserve, rather than government responses, are better for controlling inflation because they enable or increase investment, again indicating the importance that Reagan's government was placing on financial investment as the new tool for enabling *bios* potentiality, and ensuring productivity. In explaining that there was historical precedent for monetary responses to grow financial investment, Weidenbaum was also trying to propose that the actions of his government weren't new and experimental, and in fact had been successful previously. Again, Weidenbaum was trying to normalize monetary responses to inflation while blaming government for creating

inflation and suggest that financial investment was the inevitable and best solution for achievement of *bios* potentiality.

Weidenbaum's final three chapters cover the concrete plans for the Reagan administration in terms of budgeting, taxation and regulation, and promote fiscal restraint which is backed by ideology that individual *bios* potentiality would be best served through austerity promoting financial investment. On budgeting, Weidenbaum says that federal spending was at 20.2 percent of the gross national product in 1970, and that it rose to 23.0 percent in 1981. He says that by 1987, it will have fallen to 19.7 percent (79). Weidenbaum also says that the reasons for the increased expenditures were federal transfer payments to individuals, and that the majority went towards increased social security (82). On the philosophy guiding his administration's policy, he says that where possible "government should provide incentives, rather than directives", and also that "individuals should have maximum opportunity for personal choice" (166). He also says that his government will make cuts in some areas of social security, while "reforming entitlement programs to ensure they serve those in greatest need" (84) and that his government had implemented a new tax policy in 1981 that provided tax cuts to capital investments (109). Weidenbaum also notes that it would be beneficial to create a taxation system that taxes consumption, rather than investment or wages, to encourage investment, indicating how important investment had become for Weidenbaum's economic strategy (132). In the chapter on regulation, Weidenbaum says the new series of regulations implemented since the mid-1960s were greater in size and scope than those implemented during the New Deal (134) before outlining various plans for cuts to increase efficiency, which again emphasizes how he viewed the Great Society regulations as causing inflation, to then permit a deregulation-oriented policy.

Though Weidenbaum emphasizes that his administration's intention was to increase incentives rather than directives for expression of *bios* potentiality, these cuts to regulation, tax incentives for finance, decreases to social spending and rhetoric blaming social spending and regulation on inflation can be understood instead as forceful directives which were all moving expression of *bios* potentiality towards expression within finance. In language only was Weidenbaum suggesting that citizens were being given opportunities rather than directives to find achievement within financial investment; the vast cuts to social spending and regulation creating equity was leaving people with no option but to use financial investment as a tool for *bios* potentiality. The government could also continue to say that it was doing something for *bios* potential, by creating avenues for its expression within financial investment, without funding the social programs which Reagan and Weidenbaum said both lowered overall freedom and diminished productivity. As Reagan had stated in his Introduction, Weidenbaum also mentioned that his government would use some federal spending to strengthen national defence (84), which would again be a "directive" action that would discipline people who were unable to find expression for *bios* potentiality via finance or were unable to survive on the increasingly marginal charitable allotments for *zoē* potentiality and *bios* potentiality provided by the state. Michael Hardt and Antonio Negri have discussed the rise of the military-industrial complex in the 1980s alongside cuts to government's commitment to full employment (*Labor of Dionysus*, 242), and the writing in this Economic Report of this defence spending alongside fiscal cuts and rhetoric of individual action are clear examples of this shift towards discipline accompanying the redefinition of *bios* potentiality.

1989 Economic Report of the President

Introduction

Predictably, Reagan opens his introduction to his final report of his presidency by describing the achievements attained by his administration's reorientation. Reagan states that there had been a new word "stagflation, a name invented for the [1970s]" (3), and a novel emotion "malaise [was the word] used to describe America" (3), and that both had been defeated by Reagan's fiscal and monetary restraint, cleaving the way for financial investment. Reagan then rhetorically bolsters the success of his administration, saying that "today, it is as if the world were born anew. Those who doubted the resolve, and resilience, of the American people and the economy doubt no more" (3) and that "by reducing taxes and regulatory bureaucracy, we have unleashed the creative genius of ordinary Americans and ushered in an unparalleled period of peacetime prosperity" (3), saying that America is again "brimming with self-confidence" (3). In these statements, Reagan was creating language (malaise and stagflation) to describe the limits imposed by social programming, which was his main object of blame for inflation.

Simultaneously, he was pointing to the potentiality that had been enabled by his fiscal and monetary restraint, and incentives for financial investment, observing the "unleashed creative genius", and "brimming self-confidence" of the American people. These two observations on potentiality were again more kinetic and self-powered than Johnson's descriptions of potential, which needed government support and collective care to ensure flourishing. Despite actual lags in expression of potential and productivity, which would be observed by presidents of the 1990s, Reagan was presenting a convincing argument for the success of his "reorientation" towards austerity and financial investment. He was trying to emphasize the power of his economic policy promoting investment for *bios* potential.

Reagan also reemphasizes his government's redefined role in just creating space for *bios* potentiality rather than coaxing its growth, repeating his statement from his 1982 Report that "the main role of government is to provide a stable economic environment that allows each individual to reach his or her full potential" (6). The repetition of this phrase at the end of his second term as president indicates that it was the ideology towards potentiality that lasted through his reign. Instead of creating programs to grow potential, Reagan intended to make a stable environment for individuals to achieve potential. The repetition of the phrase indicates that Reagan was trying to rhetorically prove that this goal had been achieved. At the same time, it also emphasizes that enabling citizen potentiality continued to be a goal of government; government used to be committed to actively growing potentiality through fiscal intervention. Reagan's government wanted to maintain that they were still committed to potential, and that their fiscal austerity had enabled those stable economic conditions to grow the "unleashed creative genius" (3) of Americans. While this was rhetorically promoted, the lags in equality and productivity suggest that this shift in how to enable citizen potentiality was worse when compared to social programming.

In addition to wanting to suggest that citizen potential and wellbeing remained important to his Administration, and that his "reoriented" economic program- which really was just a fulsome articulation of the financialized strategies of Ford and Carter's presidencies- catered to citizen wellbeing, Reagan also wanted to suggest that his program was increasing equity. Hence, he noted that during his presidency: "while civilian employment has increased by more than 17 percent, Hispanic employment has grown by more than 45 percent, black employment by nearly 30 percent, and female employment by more than 20 percent" (7). Both in this Introduction and in his main text however, Reagan did not deploy a critical examination of ongoing issues relating

to inequity, as had the Johnson Economic Reports and the Nixon Economic Reports. Instead, in this Report, Reagan just chose to focus on positive statistics relating to equity. This demonstrates that his government was not sincere in their care about actually increasing citizen wellbeing. Instead, they recognized that it remained a political priority for citizens, and so they had to pretend that they were trying to increase wellbeing, and that their financial solutions could meaningfully increase citizen wellness, while the absence of explanations detailing how this was accomplished as well as further work to be done indicated that it was just rhetorical and not practical, and used to appease the mandates of the 1946 Employment Act and the Economic Reports, and general citizen desire for wellbeing. Later in his introduction, Reagan stated that there should be a rule that any funding added to one social program means a cut to that of another (9), and then that “limiting government expenditures would also help stimulate the private investment that is required to ensure that the next generation of Americans can look forward to the same increase in living standards that previous generations have enjoyed” (10). The first statement further indicates that Reagan’s government had no desire to increase citizen wellbeing through public funding because of the position that it was going to increase inflation, while the second point reveals the commitment his government had to promoting the position that private investment would increase citizen wellbeing and potentiality which was clearly untrue and further affirmed by a lack of any statistics proving rising standards of living. In fact, the poverty rate had increased from its all-time low of 11.3% in 1973 to 12.8% in 1989.

Near his conclusion, Reagan also observes the significance of reduced inflation to the position of the US in the international economy, stating that reducing inflation is important to maintain “the strong international role of the dollar” (10). This final statement would affirm to the reader of the economic importance of maintaining low inflation, which again justified his

economic program of low public spending and promotion of financial investment for wellbeing. In addition to any concerns about low inflation to maintain legitimacy of the US economy worldwide, Reagan also wanted fear of inflation to remain top of mind of any economist, politician or citizen, so that he would be legitimized in his campaign against it, which was coming at the expense of growing wellbeing.

Main Text

Beryl Sprinkel was the new economic chairman for Ronald Reagan from 1985 to 1989, and self-described himself as a Monetarist. He is quoted saying “control the money supply and everything else falls into place.” (Douglas Martin, *New York Times*). He also wrote a book, published in 1977, called *Winning with Money: A Guide for your Future*, for general readership which defines things like inflation, unemployment and economic instability, and then explains how they will impact personal investments. This book proposed that potentiality would be best achieved via personal investment, and that inflation and economic instability (caused by government) were hindrances to this expression of potential. Sprinkel’s book expresses novel and early interest in promoting financial investment in the general population for growth instead of social programs. Sprinkel’s writing in this report aligns with his monetarist and pro-investment positions, as he advocates that investment would grow *bios* potentiality and social programming was bad.

In Sprinkel’s first chapter, he, like Weidenbaum, suggests that social spending didn’t improve wellbeing, to delegitimize proposals for increasing social spending. Sprinkel thus writes that “help for the non-aged and nondisabled poor was viewed as an investment in the future, involving improvements in education, health, and community rehabilitation (38), but in effect,

“their net effect is difficult to assess because the programs occurred during a period of low unemployment and relatively good growth in real income” (38). In his second chapter, pivoting away from why social programs were problematic because hadn’t actually improved *bios* potentiality, Sprinkel then discusses how investment was increasing wellbeing, and how there had been increases to standards of living through the reorientation program. Sprinkel first notes that his administration had abandoned discretionary fiscal policy and encouraged more restrictive monetary policy (55). He then also says later in the report that his government’s fiscal policy “is primarily focused on the long-term goals of improving incentives and increasing capital formation” (75) and observes that “if government expenditure displaces investment purchases, it can lower future living standards” (81). In this chapter, Sprinkel also observes that by 1989, inflation had been “cut to nearly one-third of its 1980 rate” (56), that the dollar had come down in value, and that overall productivity growth had been significant, relative to the 1970s (57). He observes that, in addition to restrictive fiscal and monetary policy, his administration also implemented increased investment incentives, including decreased taxation, which enabled more people to “produce, save and invest” (59). Generally, these statements indicate that finance was being articulated again as the best way to enable improved “future living standards”, or *bios* potential, and that social programing limited these opportunities. All the same, notably, in his second chapter, Sprinkel also observed that despite the numerous cuts to social programs implemented by his government, “the continuing problem of poverty and dependency led to the Family Support Act of 1988, which the Congress passed in an attempt to increase individual responsibility, training and support for low-income families” (71). While the title “Family Support Act” is notable because it iterates the promotion of nuclear family values which were being promoted as the alternative to collective values in light of austerity, and which have been

analyzed by people like Melinda Cooper in *Family Values*, the fact that Sprinkel and Reagan were conceding to social support because of ongoing lack of wellbeing and opportunity for expression of potential for some citizens does indicate that social programming continued to be a necessary tool for growth of *bios* potential, despite its increasingly marginalized position.

In terms of discussing specific ways to increase equity, in a section called “Social Performance”, Sprinkel noted that the “economic expansion” that happened following his reorientation had increased wellbeing for citizens, saying that “real medium income is up 9.4 percent [...] Black family income is up 10.5 percent, white family income is up 9 percent and Hispanic family income is up 3.9 percent (71). He then proposed that his reorientation had helped reduce poverty, saying that poverty had declined from a postrecession high of 15.2 percent in 1983 to 13.5 percent in 1987 (71). While this statistic appears promising, it was also the extremely high interest rates of the Federal Reserve implemented, which forced reduced social spending, which created this jump in poverty in the early 1980s, making Reagan’s reduction of poverty less impressive when analyzing the broader context. Sprinkel also discusses a program, the Job Training Partnership Act, which he noted reduced actual funding given to individuals but rather “improved” these services by focusing spending on training, which it can be assumed, meant that there was less actual support given to citizens (71). Sprinkel closes this section of his first chapter by suggesting that there ought to be a randomized study of how social spending increases wellbeing, and also that his government had helped many local governments with welfare reform (71), indicating that his government remained unconvinced that social spending was actually helpful in increasing wellbeing. He also says that “the solutions to economic and social programs should place maximum reliance on free markets” (72). Generally, Sprinkel was trying to convince the reader that social spending would have an adverse effect on

wellbeing, and instead, that his government was uniquely capable in growing potential. His lack of meaningful analysis of poverty however, or ongoing experiences of discrimination meant that his government was actually unconcerned with increasing citizen wellbeing, while his lack of explanation of how private investment would increase wellbeing also indicated that the government itself was unconvinced that wellbeing would be increased through private investment. Sprinkel put this section at the end of his first chapter, before outlining the how subsequent chapters would “expound on the general theme [that] private incentives encourage private solutions” (72). This structure further indicates that the Reagan government didn’t actually care about increasing citizen wellbeing, but rather felt that they had to reiterate their commitment because of the practice of doing so from previous governments. On another level, citizen wellbeing or productivity was no longer linked with economic growth, as it had been with the Johnson or Nixon governments, which is why investment over citizen wellness was encouraged.

Sprinkel in this report, also creates an argument for why inflation was bad, which would have been done to further legitimize Reagan’s reorientation’s argument that there should be reduced social spending to reduce inflation. Hence, social spending would have to be largely eliminated because it was unproductive to growing *bios* potentiality and because it created inflation, which now had an argument for why it was problematic. In his first chapter, Sprinkel outlines how the decoupling of the American dollar from the gold standard has increased international responsibility to avoid inflation (to justify America’s own efforts to prevent inflation). Sprinkel notes that the increases of expenditure of the Johnson government, on both social spending and the Vietnam War, would have likely created more inflation had it not been for the fixed exchange rate because this fixed exchange rate meant that many other countries

began buying American dollars to prevent their own currencies from rising in value against the dollar, saying that “the expansionary policies would have had a larger immediate effect on inflation had it not been for the fixed exchange-rate system [...] many nations charged that the United States was exporting its inflation” (36). He also says that many countries at the time blamed the US for exporting its inflation (36). These statements all suggest that due to the positionality of the US as the government which held the most gold reserves, the US was unique in its capacity to expand its monetary supply, which would have exclusively enabled the expansion of potential of individuals within the US. Sprinkel then observes that the new system of flexible exchange rates increases accountability for inflation between countries, meaning that there should be greater surveillance and more limited potential for countries to greatly increase their money supply, as the US had, due to fears of inflation impacting the global economy. Hence, he states that “the lesson from this experience is that a monetary system based on pegged but adjustable exchange rates cannot work without all participants following compatible policies to achieve common rates of inflation” (34). Sprinkel thus leverages a history of American expansion (which he would argue from the perspective of increased fiscal spending, didn’t actually increase potentiality) to justify why countries, including the US, couldn’t engage in social spending today. For the US to be accountable and credible as a borrower and lender, it, like all other countries, needed to engage in limited fiscal spending, which was especially relevant because Sprinkel alleged that social spending wasn’t increasing potentiality or productivity. Sprinkel’s articulation of the international relations problems with inflation hence further affirmed to readers why inflation had to be avoided.

International economic policies are also discussed at length in this 1989 Report which has three chapters which focus on international economic policies, Chapter One, “Free Markets,

Stability, and Economic Growth”, Chapter Three, “Growth and Evolution of International Capital Markets”, and Chapter Four, “World Trade and Economic Growth”. Generally, this increased attention on international markets would be because of the new need for international surveillance of other countries to ensure they were keeping their inflation low, and because of the deregulation and limited domestic money supply necessitating increased capital inflows into primarily financial markets in the US (rather than productive markets) to enable potentiality and productivity. In these chapters, Sprinkel, similar to the sections on the Bretton Woods agreement, postwar advancement and successes of the reorientation program, articulates and hence historicizes international aspects of the US economy. Sprinkel starts by discussing the place of America’s capital markets in the international system. He notes that prior to the 1980s, the US had built up large international asset holdings as the counterpart to its annual current account surpluses, but that since 1985, the total value of foreign holdings of assets in the United States in the form of direct investments, common stock and bonds had exceeded that of the US holdings abroad (106). He also states that there are increased capital inflows into the US because the American economy is perceived as stable (289). In these statements, Sprinkel suggests that the tight monetary policy which led to capital inflows and foreign financial investments within the US were positive. Sprinkel also says that the current system of flexible exchange rates permits all countries to achieve desired rates of inflation and that countries are made to choose compatible policies, to achieve sustainable growth and price stability (145); in stating this, he again suggests that this new fiat currency economic system ultimately meant that all countries had to have management of their inflation as the premier concern, to further justify monetarist policies. Sprinkel also states that the advent of the system of flexible exchange rates was also accompanied by rapid growth in the volume of financial assets and the development and

liberalization of financial markets (145). This reason for the development of finance- as growing because of the turn to flexible exchange rates- is the only rhetorical reason given for why finance developed in the reports analyzed which indicates that the Reagan government didn't have a fulsome reason for why financial investment was valuable, which had been criticized as excessively capitalistic and unproductive in the Economic Reports of the 1960s. Sprinkel notably didn't mention the 1978 Humphrey-Hawkins Act's mandate of zero percent inflation and the necessary inclusion of an investment report in each Economic Report, which would have been one viable policy reason for the continual referencing of investment in his Report. Instead, the connotation that finance was important because it just was productive and beneficial for wellbeing was emphasized.

The focus on international economies in this report, and the US's success within them through low-inflation environment that was friendly to international investment, would have been included to justify why inflation had to be avoided, and affirm the importance of finance to domestic economic success. Sprinkel also writes about the need to increase interests' rates internationally, stating that "national governments worldwide must work to establish consistent monetary policies to achieve and maintain price stability [...] national economies can build on the achievements gained during the President's stewardship of the U.S. economy, and can continue to improve standards of living worldwide" (290). This quote speaks to the broader objective of the financial system the US was establishing, which was aiming to normalize a system of creditworthiness based on low inflation, which would serve US investment interests in other countries while again justify their own need to maintain low inflation. The proposal that it would increase living standards was again used to legitimize the economic plan, despite lack of evidence that this economic program would be effective at increasing wellbeing compared to one

that used public spending, regulation and data to assure increased wellbeing. Instead, interest in human potentiality and adverse experiences of inflation were being used as a cover up to justify US interests in financial expansion, which was viewed as the best way to grow the economy.

Generally, this final Reagan report both in its tone and theme indicates the rhetorical consistency of Reagan's economic narrative. Social programs were problematic because they weren't proven to increase *bios* potentiality, and were inflationary, while Reagan's reorientation towards austerity, deregulation and financialization was good because it had both increased *bios* potentiality- somehow in an equitable way, as Reagan wanted to point out (7) and productivity. Reagan's introduction is very self-congratulatory of the *bios* potential which his administration had enabled via this reorientation and reliance on finance as the biopolitical tool for his regime. Again, as Sprinkel observed, there was ongoing poverty which was being addressed by some social programming. Yet all the same, rhetorically, social programming was described as limiting social growth.

This report also includes extensive discussion of the reason for why inflation was bad- i.e. because with flexible exchange rates, countries needed to be more accountable for their inflation. This argument would be used to assert again the validity of the ongoing focus on maintaining low inflation, which had been first authorized in the 1978 amendment to the Employment Act. This would be legitimizing the move to reduce social programming, as the main source of inflation, according to government narrative since Nixon. High interest rates to reduce the money supply would also be legitimized by this need to reduce inflation, but the cause of inflation that would be affected by this- the ability for unions and businesses to negotiate higher wages and prices- was no longer blamed for causing inflation, because government didn't want to be blamed for limiting these opportunities for higher wages or prices, which were really

just ways to attain potential. Increased interest rates, backed by Monetarist belief that this was the best way to control the economy, instead silently eliminated these inflationary threats, while the desire backing them was encouraged to find fruition within financial inflation. Supported by Monetarist thinking, and these new discourses on the problems of inflation, and benefits of finance as a source for potential and productivity in an environment of flexible exchange rates, inflation was being quelled while financial investment (and inflation) was flourishing. *Bios* potentiality was being redirected into finance and inequitably finding success there, despite Reagan's claims of fulsome and shared wellbeing.

George Bush Sr.'s 1990 Economic Report of the President

Introduction

In this last section of this chapter, I analyze George Bush Sr.'s 1990 Economic Report, as well as the introductions to two of Bill Clinton's Reports, from 1994 and 1997. In this analysis, we can see the full entrenchment of the narrative from the 1980s that social programs were bad because they were inflationary, while finance was good because it enabled productivity and potentiality. Both presidents acknowledge that there have been some economic difficulties resulting in reduced achievement of potentiality for citizens, occurring presumably because of the cuts to social spending and the mandate of low inflation limiting collective bargaining for higher wages. However, both also continue to suggest that lags to *bios* potentiality must be resolved through more financial investment, underscoring how deeply engrained was Reagan's reoriented economic ideology and prevailing beliefs of the later 1970s and 1980s.

George Bush Sr. was president from 1989 to 1993. In his introduction to his 1990 report, the first of his term, Bush immediately creates continuity between his administration and

Reagan's, saying that "since 1982, American firms and workers have produced the longest peacetime expansion on record and created more than 20 million jobs" (3). He then also closes his introduction by proposing continuity between his economic plan and the 1980s, saying that: "when I look back on the 1980s [...] it is with pride. And when I look forward to the 1990s, it is with hope and optimism" (8). With both of these statements, Bush wanted to denote that his administration would follow the same economic policies of Reagan, which he was saying were successful. This positioning can be distinguished from that of Reagan in the Introduction of his Economic Report from the start of his term, and in his Introduction from the end of his term, of trying to distinguish his economic policies from those of the 1970s presidents, saying that his administration had initiated a reorientation (1982; 3) and that the US in the 1970s was blighted by malaise partially caused by government (1989; 3). While Reagan wanted to communicate that his administration had created a new economic strategy, Bush was choosing to align his policies with Reagan's, indicating that he wanted to create continuity in economic ideology.

In this introduction, Bush outlines economic policies that are the same as those of Reagan's term, noting that he wanted to: 1) reduce government borrowing; 2) support a credible, systematic monetary policy that sustains maximum growth while controlling for inflation; and 3) remove barriers to innovation, investment, work and saving in the areas of tax, legal and regulatory systems (4), affirming continuation of economic ideology within practice. Bush also further discusses policies for financial investment to increase potential, saying first that "we must remove impediments to saving and investment in order to enhance the economy's growth potential", to link financial investment to increased opportunities for expression of potential, and then that he is implementing a Savings and Economic Growth Act, which would "raise household saving across the entire income spectrum" and "help American families plan for the

future, and in the process, make more funds available to finance investment and spur productivity, thus raising living standards, enhancing competitiveness, and expanding employment opportunities” (5). Bush also later states that “one of my highest legislative priorities this year is to reduce the capital gains tax rate [this cut] would stimulate saving and investment throughout the economy” (6). Growth of *bios* potential- through raising living standards- and productivity, were thus deeply attached to financial investment instead of social spending, akin to Reagan’s policies.

Bush also makes repeated references to the importance of increasing citizen potential in this introduction but like Carter, brands social spending solutions as being only for the truly destitute, rather than being simultaneously good for productive growth through collective wellbeing. In this way, Bush wanted to suggest that he was accounting for marked gaps in citizen wellbeing through charity, while also mainly encouraging *bios* potential to be achieved through investment. Bush first says that he wants to ensure that “the economy’s potential is more often fully utilized than in previous decades” (3) and also that his goal is that output reaches “the economy’s full potential” (4). This language of achieving full potentiality is similar to Johnson’s, who frequently made reference to achieving full potentiality through social spending (1964 3, 18; 1969 3, 4). Bush then suggests that he does want to increase citizen potentiality through social spending, but only through a charitable lens. Thus, he says that he wishes to “bring more disadvantaged Americans into the economic mainstream, not just to enhance our Nation’s economic growth, but as a matter of simple decency” (6) and states that he wants to “to open new opportunities for the disabled, increased assistance to the homeless, helped implement welfare reform” (6). This statement reveals why Bush was actually disinterested in increasing wellbeing of citizens, because he didn’t believe that it would increase the productive economy

substantially, hence making it impractical. The unwillingness of the Bush government to implement meaningful change when it came to increasing citizen potential is revealed when the introduction noted that the Bush government was going to, “reduce government borrowing by slowing the growth of Federal spending” (4). The trend of claiming to be concerned about citizen wellbeing but then doing very little to increase funding to render wellbeing possible is further demonstrated in the main body of this Economic Report, and indicates why, despite raising more alarm bells compared to Reagan about issues with inequality and unwellness, the Bush administration’s claims about caring about increasing citizen wellbeing were again mostly rhetorical and used to mitigate public complaint about wellbeing while posturing to fulfill the 1946 Employment Act ideals of full employment and realized human potentiality. Through the main text, we will see multiple instances where Bush’s CEA Chairman, Michael Boskin decries ongoing inequality but offers little in terms of practical solutions to solve social problems. The lack of proposition that inequity of access to wellbeing could be resolved through finance reflects awareness on the part of the government that this was indeed an impossible solution. Hence, compared with Reagan, Bush Sr. was more realistic on the possibilities of financial investment, yet also unwilling to propose solutions to inequity beyond largely empty rhetorical lamentations. Within these contradictions however, finance could continue to be promoted as the nation’s powerhouse because it was touted as low inflation, and low-inflation policies trumped all.

Main Text

Michael Boskin was the Economic Chairman for George Bush Sr.’s term. In this section, Boskin continues suggesting that investment is the best way to achieve *bios* potentiality and productivity. He also makes some concessions towards suggesting that there should be some

social programs but contextualizes these promises similar to Carter as being only for charitable purposes. What is notable about the report is the extensiveness of discussion of finance as the solution to *bios* potentiality, suggesting that by this moment in the early 1990s, finance had become extremely entrenched as a solution for potentiality, and the economic solution for productivity. Boskin opens his first chapter by suggesting that America had achieved *bios* potentiality through austerity and financial investment-oriented policies of the 1980s, indicating both the importance of trying to demonstrate commitment to *bios* potential, and the ongoing preoccupation in trying to prove finance's efficacy. Hence, he says that: "standard of living [of the US], as measured by per capita income, is the highest of many major industrialized countries in the world" (19) and then that, "the successes of the 1980s stand in sharp contrast to economic performance in the 1970s" (19). Boskin also advocates for more financial investment, underscoring its primacy as the tool for his administration to grow *bios* potentiality and productivity, saying that: "the Nation must save and invest a larger share of its income" (20) and that his government is aiming for "a high ratio of investment to GNP through policies that reduce obstacles to both saving and investment" (25). Boskin also says that America should encourage the growth of the global capital market, noting the "foreign capital inflows amount[ed] to about one-sixth of U.S. domestic investment in recent years" (26). This statement indicates that financial investment was important because it was supposed to be growing *bios* potentiality and productivity but was also helping to connect the United States to the global financial market, wherein countries were trying to retain low inflation to retain their credibility as borrowers and lenders.

Iterating Bush's commitment to investment, Chapter Four is entirely dedicated to investment as a tool for growth, and was titled, "Investing in America's Future". In this chapter,

Boskin says that “a central element of his administration’s economic program is to remove impediments to saving, investment, and innovation” (109). Boskin says that economic growth “can shape society more broadly as well” (109), thus noting that increased investment was ideally going to increase living standards. By making this claim, Boskin was justifying why financial investment was important, in a way that was similar to earlier presidents discussing why social programs were important. Boskin observes that household saving declined in the 1980s and states that a possible reason for this was because there was an increase in household wealth attributable to increases in the value of household assets (127), therefore describing the movement of savings into investments because financial inflation was the new way to achieve potential. Boskin says that economic policy should promote increased investment, stating that “stable tax and regulatory policies also encourage investment” (131). Like Reagan, Ford and Carter’s chairmen, Boskin states that decreased federal spending would be beneficial for growing the economy, hence he states that: “the single most direct way for the government to increase national saving is to continue to reduce the Federal budget deficit” (137). Hence, keeping with the reoriented narrative, government spending was bad because it contributed to economic decline. Boskin also suggests that increased saving could permit more investment, which he says would grow *bios* potential, thus reiterating the narrative that financial investment could grow *bios* potential. Hence, he says that: “household saving is the most familiar component of national saving [...] households also save to purchase homes and big ticket durable goods and to pay future educational expenses. These saving goals are particularly important for young families who have few assets and relatable little financial flexibility. People also save to help finance their retirement and to leave bequests to their heirs” (137). This statement significantly indicates the

transition to *bios* being the responsibility in practice of citizens, leaving government to resume responsibility of *zoē*.

When Boskin does discuss social spending in this report, he frames it as having marginal benefit, while suggesting that economic policies should give people the ability to invest for success. In his first chapter, Boskin says that “the performance of U.S. elementary and secondary schools must be dramatically improved” (20). On the same page however, he also discusses the need for ensuring self-sufficiency of citizens, apart from government support, saying that sustained economic growth will “offer people the dignity and self-respect that comes with participating fully in the economy” (20). Hence, Boskin believed that some directed social spending was necessary, but too much would be detrimental because it would block people from being motivated to pursue their own potentiality through financial investment which coincidentally was the main thrust of the productive economy. Boskin’s third chapter, “Design of Fiscal, Monetary, and Financial Policies”, addresses fiscal and monetary policies directly, and in it, Boskin predictably suggests that there should be less fiscal spending to encourage investment. On fiscal policy, Boskin states that tax rates are an important aspect of fiscal policy that influence saving and investment, saying that “tax rates are among the most important determinants of incentives for saving, investment, and work effort” (63). He then states that “the government’s policies toward financial markets significantly affect the stability of the economy and its ability to allocate capital efficiently” (63). In these statements, Boskin was suggesting that fiscal policy should be designed to accommodate financial investment, as the main driver of growth.

Boskin also states that fiscal policy and monetary policy should be created to grow investment and then says that this growth would grow *bios* potentiality, indicating how Boskin

was trying to link financial investment to *bios* potentiality. Boskin notes a proposed “Social Security Integrity and Debt Reduction Fund” which would invest surpluses from social security, rather than using them for other purposes, with the goal of building their value, to then provide future social security (74), hence indicating the power of granted to financial inflation and over-valuation to assure potential. On monetary policy, Boskin says that government should promote the reduction of inflation and ensure a policy of credibility- “monetary policy can contribute to the achievement of these goals by systematically controlling and reducing inflation [...] monetary policy needs to maintain credibility” (88)- while on financial regulation, he observes that government should promote competition, and help banks incentivize investment, saying that “continued competitive pressures on banks from new products and new institutions are both desirable and inevitable” (106). Financial investment was thus being mobilized on a federal scale as a fiscal policy and it was proposed that it should be increasingly deregulated, while monetary policy was being created within a monetarist framework of high interest rates that supported the necessary explicit defunding of social programs and tacit diminishment of wage-price increases. Boskin again iterates this semantic transition of *bios* potential being enabled through investment rather than social programs (or wage-price increases), saying that macroeconomic policies “should be directed at strong economic growth through increased national saving and investment, controlling and gradually reducing inflation, and fostering a safe and competitive financial marketplace. Such policies will ensure both continued leadership by the United States in the world economy and rising living standards for American families” (107). By these statements in this report, both Boskin and Bush were further aligning American potentiality with financial investment, and again away from social spending. Finance was the main rhetorical and policy answer of the state for the need to cut social programs, and undermine wage-price

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increases, to retain legitimacy as a force capable of, on paper at least, raising living standards. Inflation, as the hinge-pin for this transformation, also needed to be further reduced.

Despite the predominant focus of the text being on using financial investment and benefits from reduced regulation to ensure access to increasing *bios* potential, Boskin does discuss how the economy was affecting different marginalized populations differently, as well as issues with ongoing inequities in his fifth chapter, “Human Resources in the 1990s”. Boskin concludes this chapter by noting that “for the Nation to realize its fully potential for economic growth in the years ahead, society must bring the poor and disadvantaged more fully into the mainstream of the economy. Policies that assist the poor with certainly be needed, but these policies must be linked with the goal of eventual self-sufficiency” (185). This position that poverty and inequity was an economic concern, but that policies to actually help the poor had to remain minimal to ensure “self-sufficiency”, or more likely, inflation risk, reflect the slight difference in terms of care for wellbeing between the Reagan and Bush Sr. governments. While Reagan pretended that all social programs hurt citizens, and that true ability to grow wellbeing came from private intervention and investment into the economy, Bush Sr. was suggesting that the economy and citizen wellbeing were actually limited by lack of social support. At the same time however, like Reagan, the Bush Sr. government didn’t want to meaningfully fund any social programs that would help citizens, because they were stuck in the belief about the framing of inflation, and allure of benefits from finance. At the outset of this chapter, Boskin notes that there were growing amount of ethnic minorities in the US labour force (146), and observes that Black men continued to earn $\frac{3}{4}$ of what white men were earning (146). Boskin says of inequities relating to wages and employment of racial minorities that it is important to “absorb a larger share of workers from varying ethnic and racial backgrounds and ensure economic opportunities

for all” (146), with no specific policies mentioned which would actually aid with the integration of racial minority workers.

In terms of other social issues Boskin was accounting for and yet offering minimal policy solutions in this chapter because of government alignment with finance, Boskin said that education remained an important concern for his government, particularly lagging performance rates of elementary and high school students, saying that “major improvements in the quality of U.S. schools are badly needed” (151). In terms of solutions however, Boskin says that, “the challenge is not to spend more, but to spend more effectively” (155) to improve wellbeing, and proposes short term or nonmonetary solutions such as “emergency grants” or “short-term assistance” (156) to school districts with drug crises or who are desiring to establish magnet schools, and also a “Presidential Award” to give to excellent teachers (156). Again, these non-fiscal solutions indicate that Boskin and the Bush Sr. government were not genuine in their desire to increase citizen wellbeing. Boskin also refers to the Job Training Partnership Act as another tool to increase engagement in the labour market, which, the 1989 Reagan Economic Report had mentioned had been altered to reduce actual funding to citizens (158). In terms of other issues, Boskin mentions that on poverty, “one of the more visible problems in urban areas has been homelessness” (174) with “changes in urban housing markets” (175) as a key factor in increased homelessness. Boskin’s primary solution, the HOPE Act, aimed to improve access to downpayments and move citizens from public housing into private homeownership, which again seemed like a limited solution to actually ensuring long-term housing security for citizens, given the financialized housing market. At the same time, moving citizens from public housing into private housing would benefit the financialized housing market. Generally, as indicated from the policy responses within this chapter, Boskin and the Bush Sr. government were largely

uninterested in finding actual solutions for racial inequities, failing education or poverty, which would require a degree of social spending. Their concern about these issues would be partially driven by responding to the concerns of citizens themselves, and feeling compelled to be acting as though they were creating solutions. At the same time, despite Bush Sr.'s suggesting in his introduction that ensuring increased wellbeing was a "matter of simple decency" (6), the government was primarily interested in increasing wellbeing only if it was to have an economic benefit, as indicated by the title of this chapter, which viewed citizens as "human resources" rather than people afflicted by poverty. The conflict that was arising was due to citizens not being important enough to the economy to risk social spending to grow their wellbeing, which meant that ultimately, the government also didn't care enough to create lasting changes. While the governments of the 1960s and early 1970s had seen citizen potential as key to economic growth, the current government believed financial investments were the ultimate keys to prosperity. Because of that, Bush Sr.'s postures to caring of citizen wellbeing were created mainly because of the expectation that government ought to make promises to citizen health and happiness, while Boskin's citizen "human resources" could only be utilized if human resource principles were being applied after restructuring, with the assumption that no additional money would be spent, and expulsion was possible at any moment. These statements created the new definition for *bios* potential: wellbeing that the government was vested in, but couldn't fully supply, to render it uncertain and yet padded with a lot of promises for future acquisition, while the government mainly hawked finance. Finance, despite all its uncertainties and lagging performance was the ultimate and truest way to realize wellbeing; government itself assumed that its empty rhetoric on education and housing and training would be phased out, as people accepted finance as the only solution for wellbeing. These performances of success despite clear

lagging outcomes were also upholding the mandates of the 1946 Employment Act and the Economic Reports. Citizen success was articulated as being accounted for despite indication of failure and the competing priority of inflation reduction was creating distention between claims of care and the actual lack of government desire to intervene, because finance was the true priority.

Bill Clinton's 1994 and 1997 Economic Reports of the President

Introductions

Bill Clinton opens his 1994 Economic Report by stating that “for 12 years a policy of trickle-down economics built a false prosperity on a mountain of Federal debt. As a result of our national drift, far too many American families, even those with two working parents, no longer dream the American dream of a better life for their children” (3). In this statement, Clinton creates a rhetorical departure from the statements of his two prior predecessors, and to acknowledge that austerity-oriented “trickle-down” policies were actually harmful rather than helpful for achievement of *bios* potential, articulated as “the American Dream”. Clinton then shifts gears however, noting that for the prior three decades, the federal government “had been living well beyond its means- spending more than it has taken in, and borrowing the difference” (3). He then says that the consequence has been that this deficit was “driving up real long-term interest rates, discouraging private investment, and impeding long-run private sector growth” (3). Clinton's first two statements represent the tension that would characterize Clinton's administration, of recognizing the limits of achievement of *bios* potential because of austerity-oriented pro-financial policies, but then continuing to promote financial investment because social spending and wage-price increases had been framed as inflationary and not a viable

option. Because of this contradiction, and the inability to remediate positions towards social spending because of the framing, Clinton would instead double-down on the narrative that financial growth would increase *bios* potential, creating a rhetorical contradiction that would last through these Economic Reports of sounding alarm over inequality, and yet only promoting finance, as a system that grows inequality, as the solution. Hence, Clinton says that “the fact that investment is leading the recovery is good news for living standards, because investment is the key to productivity growth and hence to growth in real incomes for all Americans” (4).

Investment was deeply connected to the ideology of trickle-down economics, premised on limited social spending, higher interest rates to diminish demands for higher wages, deregulation, and investment to achieve wellbeing. Investment was being criticized as causing a lagging American Dream, and yet in the same breath was being heralded as the ultimate cure.

Later in his 1994 introduction, Clinton again describes problems with decreasing *bios* potential and yet desiring for more financial investment which again characterizes the fundamental tension of using financial investment to improve *bios* potentiality. He recounts his signing of a historic budget cut, which he said would reduce Federal deficits by more than \$500 billion, saying that “the plan is a balanced package of cuts in spending and increases in revenues” (3). Clinton also though, on the next page however, states that “overall budget deficit has masked another, equally disturbing deficit- a deficit in the kinds of public investments that lay the foundations for private sector prosperity” (4). It is notable that Clinton was calling social spending “investments”, indicating the entrenchment of belief in the value of financial investment and the creep of financial language to validate public spending. It is also notable however that Clinton was advocating for increased social spending despite equal pushes for reduced government deficit. Clinton states that “like private investments, well-chosen public

investments raise future living standards. As a consequence, deficit reduction at the expense of public investment has been and will continue to be self-defeating” (4), and hence says that “we must fundamentally change the composition of discretionary spending even as we reduce it in real terms” (5). Despite advocating for some social spending, Clinton also later states that welfare, “ought to be a second chance, not a way of life” (5), and therefore continues to use rhetoric from Reagan’s era that too much social spending could make someone lazy and reliant on government spending rather than their own volition (and investments) to achieve *bios* potential. This framing of social spending as being only for charity and necessarily limited indicates that Clinton hadn’t really shifted his position on social spending from Reagan despite giving some lip service to the need to somewhat increase it because of concerns about *bios* potential: Clinton still did not want to increase social spending to increase collective *bios* potential, because of the framing of it causing inflation and diminishing productivity. Again, Clinton details the need for funding, “in the areas of technology, infrastructure, the environments, and education and training” (4), while simultaneously calling for tax cuts for capital gains- “new targeted capital gains tax relief will encourage investment in small businesses” (4), to encourage potentiality to be achieved marginally via finance rather than through regulation that protected small businesses and labour.

The last introduction I look at is Clinton’s from 1997. This introduction contains a reference to an uncertain American Dream, and yet paradoxically, also a reference trying to compare Clinton’s current government to Lyndon Johnson’s Great Society. This indicates that while Clinton was still trying to promote financialized achievement of *bios* potential as the norm through associating its uncertainty with the American Dream, he was also trying to align his government with the successes of Johnson’s government. This is paradoxical because Clinton

was promoting a fundamentally different way to achieve *bios* potential, through financial investment rather than social spending, but indicates that the Great Society was still being held in citizen consciousness as something positive, that Clinton was trying to align his government with, while promoting vastly different social policies to achieve *bios* potential, with more inequitable results.

In his introduction, Clinton observes that his government wanted every American to “have a chance- not a guarantee, but a real chance- at the American dream” (3), and then in his closing he says that “we must continue to provide our citizens with the tools to make the most of their own lives so that the American dream is within the reach of every American” (5). While Clinton’s 1994 report had stated that the American Dream was out of reach for many Americans, saying that they “no longer dream the American Dream of a better life for their children” (1994; 3), Clinton rearticulates the American Dream in this introduction as something fundamentally uncertain but possible through language like “hav[ing] a chance” (3), and “is within the reach” (5). This indicates that by the end of Clinton’s term, Clinton had rearticulated the American Dream to align with the inequitable reality of financialized achievement of *bios* potential, such that though “far too many Americans no longer dream the American dream” (1994; 3), so long as some Americans had a “real chance” at the American Dream of improving *bios* potential, then the American Dream could be understood as having been achieved. Hence, the rhetorical reframing of the crisis of reduced *bios* potential solved this crisis without the need for new funding solutions. We can further see the naturalization of the financialized rearticulation of the American Dream to access *bios* potential in the “American Dream Downpayment Assistance Act” which George Bush Jr. would implement in 2003 and which provided 40,000 Americans annually with down payment and closing costs to access an asset, a house, which would

presumably enable their access of the American Dream. This program was cancelled in 2008 following the financial crisis indicating, as I discuss in my next chapter, the rhetorical and embodied failure of the financialized American Dream to enable sufficient *bios* potentiality to make the new collective banner for *bios* potential sufficiently captivating to retain belief.

Clinton also however, as mentioned, tries to link gains to equity achieved through his administration's actions to the Lyndon Johnson's Great Society, indicating that he was trying to associate with the successes of a social spending-led administration, while pursuing economic policies that couldn't achieve equity in the same way. On the first page of his introduction, Clinton says that "as the economy has grown, the fruits of that growth are being shared more equitably among all Americans [...] real median family income has risen by \$1600- the largest growth rate since the Administration of President Johnson" (3). Clinton hence is indicating that his government continues to care about citizen *bios* potential and wanted to create a link for the reader between the Great Society and his own policies to achieve *bios* potential, which were in practice considerably less robust than Johnson's, as noted by his promotion of a financialized American Dream. Of his proposed policies, he observes that he wishes to continue with a strategy of Federal budget deficit reduction, in order to ultimately balance the budget by 2002, "while protecting critical investments in America's future" (4). The nature of the critical investments, which again reflects the imbrication of financial language into social spending to legitimize it, is then elaborated, as Clinton states that he wishes to invest into education and technology (4). He also observes that the size of the Federal government was the smallest that it had been since the 1930s (4), which preceded the time of the New Deal, before government assumed responsibility for any sort of wellbeing of citizens beyond protection of basic rights. In Clinton's 1997 Introduction, public funding was rendered into an investment which necessarily

had to be limited because of the broader goal of reducing government spending, and with small government being celebrated. At the same time, financial investment was being promoted and the elision of calling public spending “investments” indicated that Clinton again wanted to promote investment for wellbeing, despite acknowledging that it would have minimal effect on *bios* potential. Hence in reality, because of promotion of widespread citizen investment, American society was returning to a *zoē* potential oriented society, before the New Deal, 1946 Employment Act, and Great Society, with the distinction being that the government now, bound by expectations from the 1946 Employment Act and Great Society, had to pretend to care about citizen wellbeing that it was unable to provide for.

Both the 1994 and 1997 Report Introductions are very scant in any mention of specific inequities that were to be resolved, opting instead to paint broad pictures of the decline in real compensation of workers, growing inequality because of trickle-down economics and decrease in experience of the “American Dream” (1994 3). Clinton mentions a “disturbing deficit” in government spending (1994 4) and makes claims that “raising the living standards of all Americans is the economic goal of my Administration” (1994 6), and yet as mentioned, celebrates the fact that the government was the smallest it had been since 1930 (1997 4). The lack of mention of specific programs to help impoverished Americans, and vague statements such as that more money needed to be invested into technology or education, real wages needed to rise, or two year college degrees ought to be tuition-free (1994 4) continued to make it sound like the government was wanting to provide for citizen wellbeing, while in fact doing very little, and considerably less compared to periods when equality was lower and the rate of poverty was rapidly diminishing, during the 1960s and 1970s. Clinton speaks broadly and at length about the American Dream and its uncertain qualities as a way to communicate that while *bios* potential

was important to his government, it could no longer be assured. By omitting to discuss racial, gender, class or geographic inequities, Clinton was also tacitly implying that certain people wouldn't have access to greater wellbeing, and that was just how it had to be with the new financial system. Some people, despite marginalization, would be successful through savvy financial planning and others would not, and the government's redefined role was to acknowledge this, and vaguely point to some future when *bios* potential would be more assured again, while affirming the short-term and medium-term impossibility of this achievement because the need to keep deficits and inflation down. This rhetorical and ideological rut, buoyed by the promise of a watered-down American Dream, and carried on the back of finance, was where America found itself moving into the 21st century.

Generally, these policies of austerity, supported by the rhetoric of the new and good financialized American Dream, while gesturing to successes of the Great Society without a return to Great Society policy, can be read as that moment's culmination to the shifts in language of the keywords that this project documented since the 1960s. Social programs were mostly bad because they were inflationary and possibly reduced impulse to strive for *bios* potential; they were framed as charity which was only for the truly destitute. Inflation and its associated causes were the main justification for the need for fiscal and monetary restraint- inflation limited citizens potential, and importantly, limited the strength of the dollar and viability of the US as a space for investment on the international economic stage, and so needed to be avoided. Finance was positioned as the superior option to social spending, to increase *bios* potentiality and productivity, and had been permitted to flourish via diminished social spending, tax incentives, reduced regulation and monetary restraint encouraging capital inflows. Because of finance's alignment with monetarist principles, and rhetorical unrelation to inflation, it was framed as the

superior tool to grow *bios* potentiality relative to social spending. The deployment of descriptions of it enabling *bios* potential indicates that government continued to feel compelled to suggest that it was working to achieve citizen wellbeing in addition to productivity, which had been a main ideological point of Johnson and Nixon's reports when greater citizen wellbeing was legitimately believed to be capable of growing the productive economy. The rhetorical and policy shift from social spending to promoting individual financial investment had occurred, and government was playing catch-up on new terms to indicate that it still cared about citizen wellbeing, despite diminishing indicators of success.

From Social to Financial Potentialities, Understanding Shifting Discourse

In this final section of this chapter, I want to iterate some of the shifts in rhetoric and policy, relating to topics of inflation, social programing, citizen potentiality, and finance witnessed from the 1960s to the 1990s in these Economic Reports, in order to provide a synthesis and further analysis of the information presented in the prior chapters. Firstly, as has been described many times so far, the framing of the cause of inflation in the 1970s, which switched from being attributed to increased wages and prices to then being blamed mostly on social programs, enabled and necessitated a new source for productivity and growth of *bios* potentiality. Finance was chosen as the new means to achieve wellbeing, after social programs were increasingly defunded and criticized. At the same time, the lack of blame on rising wages and prices for causing inflation can equally be due to the fact that governments, starting with the Reagan government, wanted to divert attention from the fact that the significantly increased federal interest rate was undermining the strength and capacity for businesses and unions to raise wages and prices. While increased wages and prices, as a source of increased *bios* potentiality,

were initially criticized, and social programs legitimized as a source of potentiality by governments in the 1960s and 1970s, the eradication of both meant that finance was turned to as a rhetorical and policy alternative for enabling desire for potential.

This transition to finance as a source promoted by government for the enabling of potential meant that inflation, as overvaluation, was only encouraged within individual cases of financial asset inflation. Inflation previously, as being at least partially caused by, and framed as being caused by social spending and rising wages, had been the realization of potentiality being achieved collectively. Beryl Sprinkel, the Chairman of the Council of Economic Advisors during 1989, had also iterated the unique capacity that America had to expand its money supply this way, because the US was the keeper of the gold standard, and hence had capacity to print money without full transparency as to if the money they were printing reflected the quantity of US gold stores when he said that: “the expansionary policies would have had a larger immediate effect on inflation had it not been for the fixed exchange-rate system [...] many nations charged that the United States was exporting its inflation” (36). When this collective push for increased *bios* potential through social spending was framed as inflationary, the opportunity to realize potential via rising prices and “non-productive” expression of potential moved to specific financialized spheres where the increase of prices was not considered inflationary as were wage and price increases, but rather productive, in that they could discursively signal areas for productive investment. Housing and stocks were hence individualized areas to negotiate overvaluation, in a financialized sense, for individual gain.

Finance was increasingly promoted by governments as the sematic replacement for social programs, as social programs were defunded and high interest rates undermined the opportunities for wages and prices to be negotiated higher to access potential. One notable question from this

period is to try to ask and understand *why* financial overvaluation wasn't considered inflationary, while other forms of overvaluation were. When inflation was first happening, wages and prices which were rising faster than a normal rate of price increase were considered inflationary, and so were indicators for rising inflation, while the businesses and unions who were negotiating for higher prices and wages were blamed for creating inflation. When housing inflation first started rising, as observed by Schultze in 1979, this inflation was allowed, and supported via tax breaks and discursive legitimizing, rather than being blamed as another inflationary and greedy grab on the part of homeowners to secure money to ensure *bios* potentiality, as had other wage and price increases. While rising prices and wages (and businesses and unions) were being persecuted as inflationary, despite the fact that these raises were attempts to secure potential, rising house prices were acceptable, and deemed non-inflationary. Part of this legitimizing could have been because government was increasingly suggesting that it couldn't fully provide potentiality via social spending; because of this, it was realizing that this housing inflation was part of the general financialization that was being recommended, to denote where scarce liquidity should be directed to ensure future expression of potential. Further, rising values within specific areas, like housing or stocks were good because they were the new semantic and policy answer to potentiality, as social programming increasingly took the blame for inflation. Hence, housing inflation was discursively constructed as being unproblematic, even though it represented an inflationary price increase, *because* its rearticulation as financial meant that it could denote an avenue for productive investment, and because it could secure potentiality for those who owned houses (this was just as other increased prices and wages could secure potential, but with housing, it became limited at that asset). This discursive rearticulation and legitimizing of the inflationary housing prices functioned the same way as stock prices, which could become very

enlarged to denote areas for productive investment and to secure potentiality for the shareholders, while also not being read as inflationary because that overinflated price was “productive” in its capacity for denoting. Successful financial assets were just objects with inflated prices which had become rearticulated as positive because of the power granted to their inflation.

Part of the reason why inflation was articulated as so nefarious was because it limited the capacity of potential of the United States on an international scale because the dollar had weakened purchasing power; the potential of the United States was weakened. Within the context of the ownership society however, or an economy through which potentiality is achieved through the financial economy, limitations seem equally imposed by the fact that expression of potential is encouraged to inflate within the context of financial inflation within specific, volatile, mostly inaccessible objects; the limitations of expression of potentiality are thus displaced from the state-level with monetary inflation, impacting the expression of potential of the country (its purchasing power and international standing), to the inner domestic economy with financialization, fiscal restraint and social program rollbacks, encouraging inequity and inability for certain individuals to express potential, while maintaining the relative strength and standing of the country. Despite all of those reoriented policy actions to ensure the strength of the country, Bush and Clinton nonetheless observed that there had been declining productivity in the 1990s, calling into question the true value of the loss of expression of potential, at the achievement of a “strong” country.

The thru line of this project has been my considering of the shifting means in which government secured the biological desire for wellbeing and potential, which was initially answered via social programs, and following the increased blame placed on social programs for

causing inflation, experienced a pivot where it was instead rhetorically and in policy granted expression via finance. This shift was accompanied with evolving rhetorical imaginings for the biopolitical aims which could be secured, going from equitable and collective growth of *bios* potential with the Great Society to inherently unequal growth with the financialized American Dream. I have already documented the reasons for this shift in this project, partially being because of the rise of Monetarism and its focus on macroeconomic solutions for inflation, which necessitated the focus on fiscal restraint and monetary restraint, and partially because government wanted to focus blame on their own actions, rather than businesses and unions, because these possible sources of inflation would be affected anyway by monetary restraint, but it was wiser politically to pivot blame on self, rather than on constituents and make it seem that they were being punished with the introduction of monetary restraint.

The consequence of the shift from social programming to finance on expression of potential, as evidenced in remarks from presidents of the 1990s of lagging productivity and equitable achievement of potential seems to have been increased inequality in achieving potential, when compared with the 1960s and 1970s period. This is also confirmed with statistical data which indicate that there are increasing gaps in wealth between upper, middle and lower class families. According to *Pew Research Centre*, in 2016, upper-income families had 7.4 times as much wealth as middle-income families and 75 times as much wealth as lower-income families. They observe that these ratios have increased from 3.4 and 28 percent in 1983 respectively. *Pew Research Centre* attributes this gap to the sorts of assets that people have access to, noting that the reason for the growth disparity is because middle-income people are more dependent on home equity compared to upper-income people, who are dependent on home equity, but also on other financial market assets and business equity (*Pew's Research*). Access to

financial markets can also presumably account for the extreme widening gap in wealth between lower-income and upper-income people. The inequity of access to financial markets, and financial inflation, is then accountable for widening differences in access to income to secure wellbeing. Hence while social programs, and increases to wages and prices on the part of unions and businesses might have been inflationary they also seems to engender more collective expression of potential, and even more collective inflation, than what has been experienced since turns away from social programming and towards financialization since the 1980s. These limits of possibilities for equitable rising of expression of potential have also meant that expression of potential is hyper-enlarged, or hyper-expressed, for those who have access to financial inflation.

Another point I want to raise is to iterate that though policies for expression of productivity and potentiality have changed through time, the enduring presence of the Economic Reports of the President, and the policies themselves indicate that government has remained interventionist in its approach to growing the productive economy. These reports, as I've mentioned, were first mandated in the Employment Act of 1946 as part of the strategy to enable government to coordinate the happenings of the economy to increase productivity and employment, the latter which was a means to ensure wellbeing. While this, and the subsequent social programming efforts to increase potential and productivity in the 1960s are very Keynesian, the later Humphrey-Hawkins 1978 amendment to the 1946 Employment Act, to ensure that there was attention given to reducing inflation, as well as increasing employment, nonetheless continued to be grounded in government intervening to secure desired outcomes for productivity. This is also evidenced in tax breaks on investments, to promote investment, and in the withdrawing of funding for social programming, to force desire for potentiality into the new avenues presented. The reports, as mandatory yearly publications, are part of this ongoing

government intervention into dictating productivity and potentiality are expressed; government's switch towards promoting financial investment and decreasing spending for social ventures didn't diminish government's interventionist approach but rather just changed the methods for how they were coaxing the growth of productivity and potential.

One important shift documented in the Economic Reports through time is the diminishing emphasis on increasing equity and wellbeing through public spending policies, because social spending was increasingly blamed for being inflationary, meaning that eradicating discrimination didn't have the same economic benefit that it had previously. Because of that shift, government needed to rearticulate what was equity resembled, and what anti-discrimination achievement looked like, while still pretending to care about citizen wellbeing, because of expectation of citizens that the government should care about wellbeing. In the 1960s, Lyndon Johnson's Great Society and "War on Poverty" programs were designed to completely eradicate poverty and increase the wellbeing of all Americans, with hopes that these actions would increase economic growth, affirmed when he stated in 1964 that, "this administration today, here and now, declares an unconditional war on poverty in America" (State of Union address, 1964). Johnson implemented wide-reaching anti-poverty social programs such as increased welfare support, increased subsidies for education and training, increased healthcare support, and increased support of cultural and recreation programs. These social program proposals were accompanied by careful analysis of poverty or other metrics of wellbeing by age, race, gender, and geographic location, indicating that the Johnson government was very committed to documenting improvements to wellbeing. Through the 1970s, social programming policy diminished; while Nixon maintained a decent level of concern for maintaining social programing, believing that it remained the key to productive growth, by Ford and the Carter, social programing's producing

qualities had been completely undermined. Alongside diminishing belief in the potential of social programs to grow the economy a reduced need to include statistics of the gains made on poverty, or racial and gender inequity. Full equity wasn't as important as financial growth to grow the economy and so detailed metrics of wellbeing weren't as needed. What remained needed however was posturing that the government cared about wellbeing. This was achieved through the subtle rearticulation of social programs as not for collective wellbeing and shared growth but rather as charity for the truly desperate. Describing social programs as such indicated that the government continued to care about wellbeing, as should all citizens, but social programs weren't going to help everyone, and it was an act of generosity on the part of the non-social program using citizens and government to extend a limited hand to those who truly needed it. Alongside this shift in how social programs were articulated, from "us" to "them", the government proposed that investment was the improved way for all citizens to access wellbeing, and that these pro-investment policies would be accompanied by anti-discrimination legislature that would improve the chances of citizens of marginalized races or sexes from being hired but would not improve their chances of accessing fair housing, education, healthcare or daycare, all of which would actually become harder to access with the growth of inequality caused by financialization.

In the 1980s, the government continued to propose that investment was the best way for individual citizens to secure their wellbeing, and largely ignored ongoing experiences of inequity, or even proposed that inequity would be worsened through social spending. Reagan's government also clearly wanted to position individual wellbeing as the best sort of *bios* achievement that could be attained and opposed excess government pandering to a "coalition of minorities" (1982 38). Social spending supposedly created inflation by draining government

coffers and made people lazy, and less able to achieve their potential than they would be without government spending. These excuses about diminishing citizen potential were actually rooted in the government's unwillingness to spend money on social programs because citizen wellbeing was no longer central to economic growth. The government's rhetorical and policy emphasis on financial investment benefitted financial industries, which were the new powerhouses for economic growth. The government treated policies for financial investment as socially-oriented, and then because of diminishing experiences of general wellbeing and the lack of importance of wellbeing to economic growth, no longer included statistics on experiences of wellbeing by race, gender, age or geographic location. A few examples of exceptionalism, wherein the elderly Black or Black women achieved greater potential than they had before were used as token examples as to how *bios* potential was on the rise, wherein in actuality it was not, or was growing at a considerable slower pace because of lack of government support or interest in funding wellbeing. By the time the 1990s rolled around, the practice of just promoting greater investment was entrenched, even as the Bush Sr. and Clinton governments were acknowledging that there was rising inequality and diminishing productivity because of this. Both governments proposed some solutions to inequality via government intervention, but the intervention was very mild and not centered on increased public spending, and instead just rearranged spending. These half-hearted actions were both because the government believed that financial investment remained the best solution to grow the economy, and because the historic framing of the 1970s inflation and the 1978 amendment to the 1946 Employment Act's objectives limited new proposals for public funding. Instead, the government feigned distress over failing rates of wellbeing and mostly ran course with the plan to rely on investment over public spending for growth, because inequality was perceived as better than possible inflation for the economy. The

government also proposed that citizens should be less expectant of wellness generally, because of inflation and limited funds. Citizens were told that while the government cared about wellbeing, expectations had to be adjusted to match the economic reality and that investment needed to be pursued to ensure optimal low-inflation productive growth. The government was cognizant that investment wouldn't reach all citizens equally, so the government instead postured that there was increasing wellbeing experienced by citizens, while in fact people were simultaneously asked to get more accustomed to a *zoē*-level of survival and experience consequences of policing if they opposed. True equity has hence become less and less important for the government, while performances of potentiality and wellbeing have remained important to maintain responsibilities set forth in the 1946 Employment Act and the mandate of the Economic Reports, as well as to maintain legitimacy with citizens, in the context of democracy and continual potential for revolt.

In my next chapter, I'll be highlighting the consequences of this shift towards relying on financial investment to increase citizen potential, and will suggest that ongoing emphasis on finance as a means to secure wellbeing, and the alignment of its inequitable logic with the American Dream has contributed to a decline of psychic investment in America. Lastly, I'll also consider how the legacy of historic framings of the 1970s inflation are continuing to impede policy proposals for increased social spending that would enable more shared experiences of wellbeing and potential.

Chapter Six – Conclusion: The Financialized American Dream and Inflation’s Legacy

In this concluding chapter, I want to overview the argument presented in this dissertation, and then also point to consequences of the shifts in framing of inflation through the Economic Reports in relation to contemporary policy and ideological strategies. Specifically, I trace the rise of the ideology of a rearticulated “financial” American Dream that appears in Economic Reports from the 1990s onwards and propose that this reflects attempts by various Presidents to describe the new limited experiences of achieving *bios* potential that could occur when *bios* is being made to be achieved through financial investment. I also suggest that we can see the American Dream as an extension and a collective re-imagining of the individualistic framings for how to achieve *bios* potential via financial investment in the 1980s. I propose that this ideological venture largely failed, as we see people psychically disinvesting from the concept of the American Dream. Simultaneously, there has also been a rise of people returning to nature or *zoē* in literal ways with the rise of homelessness in the US, and growth of tent encampments. I examine how the impact of historic framing of inflation tends to limit the ability for new plans for socially-oriented policy to be successful, and yet also examine instances where socially-oriented and anti-financial policies have been achieved. I conclude my dissertation by suggesting that amidst the issues of problematic inclusion or exclusion of labour into capital, and the very real issues of human spirit being exploited to achieve profit, an economic system that genuinely attempts to increase citizen wellness even if it is through labour is better than one that pretends to help people. To secure our futures, I propose that we need de-financialize our means to achieve *bios* potential, while simultaneously growing social spending programs and raising wages. The Humphrey-Hawkins goal of zero inflation is impractical when rising inflation can express

growing collective wellness. To improve our collective wellbeing, we therefore have to both disentangle beliefs that social spending or increased wages automatically create inflation, while also accepting that some degree of general inflation can reflect rising collective prosperity, instead of wealth gained through limited financial inflation.

To first overview my analysis from the prior three chapters, in this dissertation, I performed textual analysis on Economic Reports from the 1960s to the 1990s to propose that the framing of the inflation in the 1970s as being caused primarily by social spending altered government's path of enabling citizen *bios* potentiality. Growing citizen wellbeing became a priority for government with the introduction of the 1946 Employment Act and its objectives of full employment, and this became a further objective in the 1960s, as the government sought to further increase citizen *bios* through social programs that would grow equity while also increasing economic prosperity. In the 1970s, rising inflation was posited as bad and increasingly blamed on social programs instead of wage or price increases or war spending from the Vietnam War. This blame allowed the governments of Gerald Ford, then Jimmy Carter, and Ronald Reagan, to progressively cut social spending. Government's desire to enable citizen wellbeing or at least rhetorically posture that it was enabling citizen wellbeing remained however, so that government increasingly promoted financial investment for citizens from the late 1970s onwards. This transition to using finance to grow citizen wellbeing is expressed in the rhetoric of the presidential introductions to the Economic Reports- where presidents suggest that citizens invest more-, in Economic Chairmen like Charles L. Schultze's approval in 1979 of the rising costs of housing as a means for citizens to hedge against other rising costs (1979 Economic Report; 32), and in policy gestures like restrictions to social spending, tax cuts to income taxes and capital gains, and the creation of the 401(k) program in 1978. The government thus deliberately made

adjustments in its rhetorical strategy and economic policies to promote financial growth as the new means to fulfill wellness from the late 1970s onwards. During this transition, in practice, citizen *bios* was rendered secondary to financial growth, because financial investment was understood as the primary tool for growing the economy, not citizen wellbeing. Further, financial investment success relies on inequity and scarcity, and- as I will demonstrate through my analysis of the declining interest in the renewed financialized proposition for the American Dream- citizens have become less convinced that financial investment and ensuing narratives can ensure their *bios* and *zoē* potentiality leading to radical political decisions. This analysis of the ideological outcome of the reliance on finance to secure citizen potential is where I now turn.

The Leanness of the Financialized American Dream; or the Dream's Downfall

It is believed that the historian James Truslow Adams first coined the concept of the “American Dream” in 1931, defining it as “that dream of a land in which life should be better and richer and fuller for everyone, with opportunity for each according to ability or achievement” (Adams, 1931, in Jillson 2016, pg. 20). In *Making Education Work for the Poor: The Potential of Children's Savings Accounts*, William Elliot and Melina Lewis further define the American Dream as “the contention that institutions should create conditions that roughly equalize opportunity” and “the confidence born out of generations’ experiences seeing the dream materialize, albeit unequally” (150). The rough concept of equality of opportunity for improvement was first used in the writing of a president in an Economic Report when Lyndon Johnson in 1964 said that he wanted “the American dream of equality of opportunity for all citizens” (1964; 18). As I discuss in my previous chapter, the American Dream wasn’t used again in an Economic Report until the 1990s, when it was used by Bill Clinton in 1994.

Subsequently, it remained in steady use in the reports, as Clinton and George W. Bush deployed a financialized and unequal rearticulation of the term in an attempt to create a united and naturalized ideology, linked to a historic imaginary of America's greatness, to describe the experience of rising inequality. Clinton had defined the American Dream as something that Americans should "have a chance- not a guarantee, but a real chance" at (1997; 3), hence emphasizing the uncertainty, which was further encapsulated in the "American Dream Downpayment Assistance Act" of 2003, which enabled investment into the financialized housing market, for low-income people to help them use housing investment to secure wellbeing in the same way as upper-class or some middle-class citizens. These turns to emphasizing the financial redefinition of the American Dream by the administration in late 1990s and early 2000s would initiate a trend of recalling the American Dream to emphasize desires of American citizens. At the same time, as mentioned, actual circulation of the term "American Dream" continued to decline, indicating decreasing belief in the concept. Hence, while the American Dream was being recycled as the banner for the biopolitical strategy of financialization to provide *bios* potential once enabled by social programs or rising wages, declining use of the term can also indicate shrinking belief in the ability of financial investment as a viable means to secure *bios* potential. In this section, I'll first outline the evolving government interpretations of the American Dream in the Economic Reports from its first re-use in the 1990s to today. I'll then discuss some ongoing deployment of a financialized vision of the American Dream, and the effects this is having on belief in the American Dream. I'll close by discussing why I believe that shared ideology is important and will consider alternative ways to imagine the Dream, and new collective imaginaries.

In the mid-1990s, Bill Clinton started drawing on the American Dream to encapsulate the experiences of Americans; by the middle of his presidency, he had defined it as inherently uncertain and unequally achieved, and attempted to naturalize this uncertainty in the ideology, to appeal and resonate with the rising inequality experienced by Americans which was being caused because greater access to finance and private investment was the only solutions proposed for social issues in the 1990s. In Clinton's first Economic Report, in 1994, Clinton said that "as a result of our national drift, far too many American families, even those with two working parents, no longer dream the American dream of a better life for their children" (1994; 3). His invoking in his Economic Report of the American Dream was the first since Lyndon Johnson had used the term in 1964 and was being used to paradoxically rationalize decreased standards of living. The concept of the American Dream then became a very dominant piece of rhetoric for Clinton. In 1995, he said that "Two years ago [...] I proposed, and the Congress enacted, a new economic strategy to restore the American Dream" (1) and defined the American Dream as "our goal is to create an economy in which all Americans have a chance to develop their talents, have access to better jobs and higher incomes, and have the capacity to build the kind of life for themselves and their children that is the heart of the American dream" (8; 1995). Yet by the end of his first term, in 1997, Clinton was emphasizing the inherent uncertainty of the chance to achieve the American Dream, saying in his introduction to his Economic Report that "we wanted this country to go into the 21st century as a Nation in which every American who was willing to work for it could have a chance- not a guarantee, but a real chance- at the American dream. We have worked hard to achieve that goal, and today our economy is stronger than it has been in decades" (3). At the end of these evolving incantations of the American Dream, Clinton had defined the concept as ultimately uncertain, and yet uniting all Americans in their quest for

wellbeing. This new definition of the American Dream was at odds with the older dream which imagined guaranteed steady upward mobility for all Americans because of the growing productive economy. But because the new American Dream encapsulated inequality, it could be said to have been achieved without any increased standards of living; Clinton was using it to describe the unequal landscape, rather than make promises to alter it.

While the American Dream was absent from most of the Economic Reports of the Clinton's second term, Clinton's economic chairman, Martin N. Baily, invoked the American Dream in his first chapter of the 2000 Economic Report to describe again its lack of presence in the last quarter of the 20th century and to suggest that Clinton's strategies would achieve its re-emergence. He noted that the US economy "has found the 2 percent answer to the American dream: if living standards rise at 2 percent annually, they double every 35 years" (23); he then also noted that the years between 1948 and 1973 were "when the American dream seemed achievable for all" (25). In this framing, Baily was trying to suggest that productive growth instead of social policies would enable the increase to *bios* potential achieved through productive growth and social spending from 1948-1973. By suggesting that a numerical solution for productive growth had been found, Clinton's government could continue to promote a financialized and uncertain version for the American Dream, and could also suggest that the more equitable American Dream would be achieved once the 2 percent growth targets were realized. The irony with these two percent growth rates were that they were also in conflict with the objectives of zero percent inflation set forth in the 1978 Humphrey-Hawkins Act. Hence, while the paradox of equitable growth through financial investment had been resolved through the articulation of inequality as fundamental to the American Dream, a new paradox of steady economic growth without some inflation was also introduced. In this statement, Baily also

invokes the old, equitable American Dream desired by some Americans and creates a formula for its achievement which in practice wouldn't be attainable because no social spending or regulation was being introduced, and any program risking inflation was essentially banned. Baily titled the closing section to this chapter, "Is the Dream Restored?" (40), and then noted how continued productive growth gains meant that one could be fairly certain that the 2 percent growth which he was associating with the American Dream had returned, writing that "there is certainly support, if not yet overwhelming evidence, for the view that the future could be even more prosperous" (41). In this report, Baily was accounting for the reason for the new, less-assured definition of the American Dream introduced and defined by Clinton in his first tenure. At the same time, he was suggesting that the old American Dream of equitable growth was on the horizon, not because of increased social spending or regulation but because his administration had located a numerical solution for productivity which they linked to the American Dream and which they believed they were meeting. In recalling the old American Dream as well as its heyday, and suggesting a means to achieve it, we can see that the new financialized and uncertain American Dream was already on shaky footing. At the same time, the lack of a policy framework to actually increase and redistribute citizen *bios* potential through increased social spending and reduced reliance on financial investment meant that the American Dream of shared increased *bios* potential would not be achieved.

In 2002 however, the refashioned and uncertain American Dream, achieved via forces of financial investment instead of social spending and labour support, was being recalled, this time by George W. Bush. In his 2002 Economic Report, Bush was quoted by his chairman Robert Glenn Hubbard saying that "Ownership in our society should not be an exclusive club. Independence should not be a gated community. Everyone should be part owner in the American

Dream” (16). In this statement, Bush had suddenly, explicitly linked the new and uncertain American Dream with financial investment instead of social spending or wage increases, to finalize the transition away from wages and government support, towards financial investment, to support government’s reclaimed banner. Instead of promoting equitable realization of opportunity through social spending or inequitable achievement through financial investment, George W. Bush was suggesting that one could partake in the American Dream if you had some investment, even if that investment wouldn’t truly be enough to see growth in one’s or one’s family’s *bios* potential. The explicitly financialized vision for the American Dream was further spelled out when George W. Bush spoke at the Retirement Savings Summit at the Capital Hilton on 16th and K Streets in Washington DC in 2002, and was reported stating that “every American deserves to be an owner in the American Dream. That Dream includes a sound pension plan, and adequate private savings... there’s nothing better than providing the incentive to say ‘this is my asset base, I own it, I will live on it in retirement’” (*Retirement Savings Summit*), and then again was further reified in 2003 when Bush signed the American Dream Downpayment Assistance Act which provided cheaper mortgages to Americans so that they could buy into the financialized housing market. The American Dream symbolized inequitable success to *bios* potential, and the main means to access some of that success was through inherently inequitable asset ownership. In saying that “there’s nothing better than [...] to say ‘this is my asset base, I own it, I will live on it in retirement’” (*Retirement Savings Summit*), Bush Jr. was trying suggest financial investment to achieve *bios* potential was joyful or deeply rewarding, to again promote its adoption as the primary strategy for *bios* potential of the Bush Jr. government. Bush Jr. was suggesting that participating in this unequal tool of investment for *bios* potential was the American Dream, hence further articulating the competitiveness of access described by Clinton,

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when he said he wanted citizens to have “not a guarantee but a real chance” (1997; 3) at achieving the American Dream.

Bush Jr. didn’t mention the American Dream again in his reports, and the next time it was mentioned was by Barrack Obama in his 2010 report, and then again in his 2014 report. When referencing the American Dream in these reports, Obama says that many Americans were feeling that the American Dream was no longer attainable, even with hard work, and that government didn’t care enough to intervene to create conditions so that the Dream could be attained.

Obama’s articulation of the American Dream was not financialized or uncertain, as it had been fashioned by Clinton and Bush Jr., but at the same time, Obama was also acknowledging that the Dream wasn’t currently existing in American society. He wrote in 2010 that, “For too many, there has long been a sense that the American dream- a chance to make your own way, to work hard and support your family, save for college and retirement, own a home- was slipping away. And this sense of anxiety has been combined with a deep frustration that Washington either didn’t notice, or didn’t care enough to act” (6), and then in 2014 wrote that “too many young people entering the workforce today will see the American Dream as an empty promise- unless we do more to make sure hard work pays off for every single American” (5). In these statements, Obama was acknowledging that the American Dream which had been promoted by Clinton and Bush Jr. through their reinterpretations of the American Dream as uncertain and competitive, and achieved through financial investment, was in fact losing traction, because too few people had been able to achieve any markers of increased *bios* potential. His perspective that Americans were unable to believe in the American Dream, in 2014, could also reflect the results from the Google Ngram on the term “American Dream”, that I discussed in the opening of my last chapter, when the term had begun its first ever decline in usage, since the growth of circulation

of the term in the early 1930s. The financialized American Dream was unpopular because citizens weren't seeing enough growth of *bios* potential, while the old American Dream which Obama was referencing was so far unattained, despite Clinton's Chairman Martin N. Baily writing in the 2000 Economic Report that it would be achieved via productive growth of 2 percent annually (2000; 25). To achieve the old American Dream, a shift in economic and social policies away from financial solutions for *bios* potential would be needed.

Despite the declining circulation of the term American Dream, it nonetheless was present in the reports of Donald Trump, who opened his first Economic Report by stating that "I am proud to present the economic agenda my Administration has designed and begun implementing to enable every American to build a bright future- to achieve the American Dream" (2018; 3). Notwithstanding his purported dream of the American Dream being available to everyone, he also said in his 2019 report that the American Dream would be achieved via deregulation to incite real estate investment in poorer communities labeled as "Opportunity Zones" (6) which would result in houses in those communities becoming financialized and likely profited off by outside forces, further reducing the possibility of an American Dream of increased *bios* potential for community members. Just as with Clinton, and Bush Jr., the American Dream was being envisioned as being reinvigorated through financial investment, which would be inherently unstable and exclusive. Clinton had at least acknowledged the inherent inequity of access to a financialized American Dream, while Bush Jr. and Trump, faced with even more dismal outcomes, were trying to further align the American Dream with financial investment, stating either that the American Dream was just about having financial investment without tangible experience of increase of *bios* potential or saying erroneously that a financial investment would

enable all Americans to achieve an increase of *bios* potential, or a “bright future- to achieve the American Dream” (2018; 3). The Dream continued to decline.

One question we might have about the American Dream is why it was chosen as the term returned to and used to assess or align government commitments to citizen *bios* potential from the 1990s to today. The American Dream was likely recycled because its dual connotations with shared prosperity and with achievement based on ability, defined by Adam Tuslow as “... opportunity for each according to ability or achievement” (1931). The concept of opportunity granted to ability or achievement supported Reagan’s claims during his economic reorientation that he wanted to reduce social spending or regulations so that Americans could achieve to the best of their capacities, individually, evidenced for example when he stated that “the main role of government is to provide a stable economic environment that allows each individual to reach his or her full potential” (1989; 6). The American Dream that was articulated by Clinton as an increase to *bios* potential which was not a guarantee but a chance possible through hard work was attempting to lean on imaginaries of opportunity granted to best ability to suggest that unequal financialized achievement of *bios* potential fit within historic American phenomenon. Simultaneously, the American Dream was also regurgitated to create a collective banner for these experiences of inequal striving witnessed by the Clinton administration as a result of the policies promoting fiscal restraint and financial investment introduced in the late 1970s and 1980s. Clinton, and subsequent governments, did not want to create propose new economic policies because of the historic framings of inflation and benefits gained through financial investment for wealthier Americans, and so instead wanted to ground the citizens’ practices of striving for wellbeing within a historic imaginary to suggest that all was well, the American experience had always been like this. While this was the initial reason for the invoking of the

American Dream, the reference by Presidents and Economic Chairmen to an old American Dream of shared prosperity or the period of the Great Society also reveals that government is aware that it has been lagging on its ability to commit to increasing citizen *bios* potential. The various interpretations and promotions of the American Dream during this period can reveal a crisis where the government acknowledges that it should commit to increasing citizen *bios* potential as it had from the 1950s to the 1970s - with or without corresponding increases to productive growth - and yet simultaneously is unable to because of commitments to financial investment and historic framings and fears of inflation. Hence, the new American Dream also carries shame of unrealized potential.

The concept of asset ownership as crucial to the American Dream, which was promoted by George W. Bush just before the financial crash of 2008 because of defaulting on pricey down payments, continues to be imagined as key to achieving the American Dream by some, and in the next portion of this section, I want to analyze a piece published in 2018 by the George W. Bush Institute, a conservative think tank, which promotes this concept. This financial vision for success appears just as limited as that of Donald Trump's writing in his Economic Reports that increased investment into poorer neighbourhoods would ensure the growth of the American Dream and indicates that a roadmap to a better collective ideology continues to be halted.

In the article by the George W. Bush Institute, "The Benefits of Homeownership Mean We Should Still Believe in the American Dream", published in 2018, writer J.H. Cullum Clark promotes the concept of the "ownership society" which Clark says was defined by George W. Bush in 2004, suggesting that more Americans would benefit from owning a home, retirement accounts, and other assets. The article then states that asset ownership generally improves the wellbeing of families and "provides an irreplaceable rung on the stable place in the middle

class”, and says that there has been a decline in asset ownership from 2008-2018, “particularly among vulnerable groups like African-Americans, Hispanics, and millennials”. The article also states that the “American Dream” means a secure middle-class life, and hence that it is important to increase asset ownership so that more Americans can achieve this Dream. The Bush Institute says that asset ownership is important as a “hedge against rising housing costs” and to “prepare for retirement, as well as for lumpy expenses like college tuition and medical bills”. The article further observes that securing assets is especially important for Americans, because of America’s “relatively modest government safety net”. The article also states that home ownership declined from a peak of 69.2 percent of households in 2004 to a 50-year low of 63.1 percent in 2016. The article lastly states that home ownership rates for those between the ages of 25-44 were “more than 10 percent lower than those of the same groups three decades earlier”, and that similarly, enrollment rates in 401(k) plans (an investment plan for retirement which displaces risk from companies onto employees) “have declined considerably since the 1990s”. The article suggests that the financialization of housing is what is accounting for the decline of asset ownership, rather than that “lower-income families are incapable of responsible home ownership” (Clark). To prove that home ownership is attainable, while also undermining his argument for an ownership society, Clark observes that “ownership rates were almost as high in the U.S. during the 1960s as they were at the peak of the excesses in 2005, with no housing crises”. During the 1960s, in contrast, there was very little financialization, and more federal funding for housing programs, meaning that more people had access to housing, but housing was also not a “nest egg” to provide funds for healthcare, retirement or postsecondary education.

Within this Bush Institute piece, Clark first conflates the “American Dream” with the achievement of a middle-class lifestyle, but then suggests that a marker of middle-class

achievement, home ownership, which he acknowledges has become financialized, is the means through which people can achieve the middle-class and gain further upward mobility. Thus, the financialization of homes permits those who buy a house to be middle-class; the house is displaced as the symbol of middle-class security however, and comes instead to be the medium through which middle-class is attained (given its assistance in securing lumpy expenses like retirement and tuition) and possibly surpassed. Despite the financial crisis which he recognizes was largely spurred by the financialization of housing coupled with deregulation, Clark says that he (and the Bush Institute) believes in the value of an ownership society. An ownership society however only has value because of financialization; by virtue of financialization, security can only be achieved through instability and inaccessibility.

Clark observes that “87 percent of Americans continue to view home ownership as part of the American Dream”, which is unfortunate, given the reported decline of housing ownership, and which, in addition to the limits of the rhetoric in imagining collective wellbeing, could, as mentioned, also be reason for the decline in use of the term American Dream, as I covered at the beginning of my fourth chapter. It’s notable that Clark also observes that home ownership was nearly as high in the 1960s without housing crises; these high rates of home ownership were achieved through social spending rather than the financialization of housing. Clark suggests that deregulation, “loosening onerous land use restrictions”, and reformed tax incentives “using property tax incentives to incentivise homeowners and landlord to rehab existing homes [and] taxing land more heavily and structures more lightly” would be solutions to enable increased asset ownership. While his last solution, “phasing out the mortgage interest deduction for middle-income families [...] and converting it into a refundable tax credit for lower-income families” does actually seem that it would aid in reducing ability for price increases, and enable

some access for low-income citizens into the housing market to achieve potentiality, the best solution, as observed by Clark when recalling the access to housing in the 1960s, would be having adequate social spending on public housing and other things like retirement and education, to reduce pressure for people to feel compelled to buy into financial solutions, while simultaneously increasing taxation pressures on investment properties, capital gains taxes, and creating tax incentives for affordable housing construction as well as greater rent control legislation.

Other scholars have also analyzed the connection between increased financialization of markers of the American Dream, and the increased limits of attainment of the American Dream because of financialization. In “Debt and the American Dream”, published by Eric Best in 2012, Best notes that the market for American housing and education had changed greatly, and that there were newly seemingly endless explanations for the growing debt levels, but that in reality, debt levels were increasing because deregulation, incentives for borrowing and increased access to debt. The American Dream had hence been forced to be achieved through individual debt rather than collective funding, a proposition I also put forward, when analyzing the rhetorical shift away from promoting social spending for achievement of wellbeing, toward encouraging financial raising of prices within specific areas, like housing, which are exempt from the consumer price index. In “Financialization of the American Dream in the 21st Century in the US as a World Leading Country”, published in 2021, Maryam Shariat and Hassan Hosseini perform a political economy analysis to suggest that the tenets of the American Dream- home ownership, employment and income- have in fact become more financialized in the 21st century, causing the American Dream to become more financialized alongside with the rest of the economy. Similar to my analysis in this project, they look at presidential rhetoric on the American Dream of

George W. Bush and Barrack Obama, and conclude that though both were talking about the American Dream in its original sense of general prosperity and suggesting that their administrations were ensuring that more people could access the American Dream, ultimately, these administrations in fact increased or maintained inequality because both pandered so much to the interests of financial institutions.

While Shariat and Hosseini observe that presidents were using American Dream slogan erroneously, maintaining inequality via finance while trying to suggest that they were in fact reducing it, and Best observes that deregulation and incentives forced the tenets of the American Dream to be achieved via housing and education debt, rather than traditional productive routes alongside government intervention, the question does remain as to *why* the American Dream was reclaimed as an ideological slogan majorly for Clinton and Bush Jr., but also every president since. In the late 1990s, Clinton began talking about a refashioned American Dream not as a proposal for an alternative future, but rather as a banner to describe the increasingly unequal landscape. The co-opting of the slogan to describe the unequal landscape and policies promoting financialization was the similar strategy of W. Bush. Hence, for both, the American Dream was used as a reclaimed banner to describe the increasingly unequal society that constituents were finding themselves in. Of the two tenets that Elliott and Lewis had noted of the American Dream- “the contention that institutions should create conditions that roughly equalize opportunity” and “the confidence born out of generations’ experiences seeing the dream materialize, albeit unequally” (150)- both were trying to emphasize the latter, that the American Dream was inherently and primarily about unequal realization of success. When Obama talked about the American Dream, he was more accepting that the American Dream was not being realized at the current moment, the dream was being reimagined in its original state, and he was

acknowledging that many Americans were feeling disillusioned in believing that they could achieve it because of failure of their institutions. Regardless of whether presidents were trying to co-opt its imaginary and language, or acknowledge the alienation that Americans were feeling about the Dream, it nonetheless was a consistently important imaginary for over 20 years. One of the reasons for this could be that the American Dream was a historic collective banner symbolizing American success, that could stand-in as a unifying economic ideology symbolizing success, during a period when there were no new major economic strategies. While the 1980s had “Reagan’s reorientation”, the 1960s had the Great Society, and the 1930s had the New Deal, of which the effects had carried and contributed to the postwar economic boom, the presidents of the 1990s were simply dealing with the legacy of inequality and deregulation encouraged by Reagan’s reorientation, without any alternative, socially-oriented solutions. The American Dream, as a historic collective imaginary, was then repackaged for the current moment to try to represent a shared experience of inability to achieve *bios* potential.

J.H. Cullum Clark of the George W. Bush Institute was insisting that Americans still believe in the American Dream, similar to how Obama seemed to be appealing to Americans to continue believing in the American Dream, despite rising inequality and decreasing wellbeing, and a lack of effort on the part of government to truly commit to reducing inequality or inequity because of perceived benefits from financial industries and a lack of perceived benefits from increased citizen wellness. The historic decline in circulation of the term, preceding its deployment to describe the new financialized pathway to success seems somewhat inevitable, and indicate psychic disinvestment from this newly financialized ideology and, as Obama ascertained, just plain old failure of deliverance by American institutions of the American Dream. While the American Dream was financialized in its 1990s revamp, a more tenable and

endurable change would be its socialization. Alternatively, a new collective banner, representing social wellbeing via new economic policies, could be introduced. Elliott and Lewis state that they believe that “the American dream is not only salvageable but eminently worth saving [...] we see the American dream as worth a fight because it defines not only how Americans see themselves and their possible tomorrows but also how they see their nation and the opportunities they believe the nation should extend” (150). The American Dream is appealing because of its significant collective buy-in; regardless, having *something* to buy-into for shared sense of identity, and as demonstrated, an economic vision that is actually unifying and contributes to increasing *bios* potential in practice is the one that will be the most enduring.

As an aside, current lack of consensus on what a good economic future looks like, and lack of appeal of the financial American Dream has encouraged some Americans to turn to populist political leaders who can rely on experiences of precarity to mobilize racist, sexist, homophobic and transphobic policies to mask ultimately pro-capitalist and anti-labour or social policy agendas. Donald Trump’s “make America great again” slogan (MAGA) can be read as a further popularized and again altered build on the American Dream concept. The MAGA movement, much like the financialized American Dream, does not offer any practical new economic ideology for wellbeing. Yet instead of attempting to normalize uncertain achievement of potential delineated by class and luck as the financial American Dream does, it creates a vision of potential achievement that is limited to white men who become the metonymy for financial exclusion despite the fact that many men are excluded from financial wealth. Paradoxically, this MAGA movement oversteps the fact that the historic 1950s period of American prosperity which the movement idealizes was achieved via immigration, support for labour and social programs- alongside domestic manufacturing and naturally more protectionist

trade policies- which supported growth and provided protection for workers. The MAGA movement purposefully hides the tenets of the original American Dream and the (very incrementally) inclusive logics of US economic policy during the 1950s and the 1960s, because it wants to advance an increasingly oligarchic and capitalist agenda predicated politically on exclusion. The likely result of this agenda will be decreased economic productive growth and decreasing *bios* wellbeing for a vast portion of American society. The political concept of exclusion may also be used to expand and naturalize financial logics of financial investment and inequality rather than protected labor by citizens within a social net. This shift could result eventually in a situation where the government no longer simulates care about citizen wellbeing and concepts like the 1946 Employment Act full employment mandate, as well as conventions of at least pretending to care about citizen *bios* wellbeing are overturned. Currently, economic precarity is increasing, as articulated by the U.S. Chamber of Commerce, in “Geographic Inequality is on the Rise in the U.S.” (2023), that states that income inequality continues to grow in the United States. Unhappiness with inequality in the 1960s, as iterated in Lyndon Johnson’s “Great Society Speech” in 1964 when he proposed “an end to poverty and racial injustice, to which we are totally committed in our time” (Johnson, University of Michigan) is what impelled the creation of the Great Society. Instead of fractioning off into partisan narratives for imaginaries for future wellbeing following the failure of the financialized American Dream to provide a credible collective vision for American success, the US will need to reduce pressure on financial investment to achieve *bios* potential, and create economic policy and narrative that can imagine rising wages rather than rents, and as well as increased social spending to grow potential, as a way forward.

Lastly, while future ways to increase social spending and wages, and decrease financialization to achieve increased *bios* potential may be imminent, a current consequence of the lack of adequate social spending and overlap of financialization with a vital object for wellbeing- housing- means that we have observed an increase of people living in tents and temporary shelters. As a result, the rise of tent encampments throughout most major American cities can be understood as symbols for the fact that government is only committed to ensuring *zoē* or survival of its citizens right now, despite some presidential claims that citizen *bios* is of value to the government, and some rhetorical statements supporting unions. According to the Office of Policy Development and Research (PD&R), homelessness in the United States had risen by over 10 percent in 2023 compared to the year prior, with 650,000 people in the US living in shelters, tents or cars (PD&R 2). As observed in the book *Homelessness is a Housing Problem*, authors Clayton Page Alden and Gregg Colburn observe that homelessness is not as correlative with mental illness, poverty or drug addictions as it is with high housing prices (14). As the government encourages that citizens use financial inflation in housing to secure *bios* potential, and create policy to encourage a financialized housing market while reducing social spending, more people experience homelessness. The precarious tolerance that the government has of tent encampments so long as they are marginal and last resorts, indicates that government is returning to a period when just *zoē*, survival, rather than *bios*, wellbeing, is truly guaranteed for everyone. As noted by Foucault and Agamben, the ability to provide and rescind *zoē* has been a defining feature of governing in the twentieth century, with Agamben writing that “*zoē* becomes a thing the state is concerned about with the creation of the nation [...] in the biopolitical context inaugurated by national sovereignty and the declaration of rights” (142). Agamben later observes that the principal activity of a sovereign power is “the production bare

life [zoē] as the originary political element and the threshold of articulation between nature and culture, *zoē* and *bios*” (195). Homelessness has been steadily rising since the Office of Policy Development and Research began measuring it in 2007 (PD&R 2), and we can see that the government is banking that the mere permission for citizen survival, as people literally return to nature in visible ways via homeless encampments, is enough to keep a majority of citizens invested in the sovereignty of the nation-state, as more and more people can no longer attain a way forward to wellbeing and security, and the visibility of those excluded from financial housing and other expressions of *bios* potential becomes normalized.

The Legacy of Inflation and Its Impact on the 2021 Inflation Policy Response

In my previous section of this final chapter, I examined how the American Dream had been resuscitated in discourse in the Economic Reports to account for and align increasing inequality because of financialization with a national narrative. In this next section, I examine the framing of the most recent inflation, which started to grow in 2021, in Economic Reports from 2022 and 2023. Next, I examine consequences of the framing, and propose that both this recent inflation and national memory of the framing of the last inflation has impacted the success of socially-oriented policies which aim to ensure more equitable ways to achieve wellbeing. I also however consider examples of economic and social policies that are moving us towards definancialization, which will have a positive effect on the expression of future *bios* potentiality. In my first part of this section, I propose that the early omission of using the word inflation in the 2022 Economic Report, despite the evident and extreme growth of inflation the previous year, from below 2 percent to over 7 percent, indicates the ongoing political weight of inflation, which has been informed by experiences with the Great Inflation. I also suggest that the naming of what

was primarily supposed to be a bill for green energy infrastructure and healthcare reform in 2022 the “Inflation Reduction Act” further indicates the weight given to inflation, and that this strategic deployment of the word inflation can be read as an attempt for the Biden administration to control the narrative on the cause the inflation, to distance the actions of their government from its rise. Lastly, examining Biden’s introduction to his 2023 Economic Report, I suggest that his government does seem to be calling for more social spending and government intervention, to counter inequality caused by overreliance on deregulation and financialization to secure wellbeing, and that the framing of inflation in this report might have successfully and adequately distanced his government’s spending from inflation, to ensure that more federal intervention and public spending to counter inequality and increase wellbeing can be made in the future.

At the beginning of 2021, inflation started a precipitous and novel rise, going from just under 2% to 8.5% in the middle of 2022, its highest point since 1982. There have been a myriad of reasons given for this current inflation, including supply chain issues, surging demand, unwarranted price increases and government relief funding. In January 2022, President Joseph Biden, who had been elected in November 2021, released his first Economic Report of the President. Despite the numerous causes for the growing inflation, and its rapid ascent, Biden notably didn’t even mention the word “inflation” in his Introduction. He opens his Introduction by saying that “when I took office on January 20th, 2021, I looked out at a Nation that was in the midst of the COVID-19 pandemic and experiencing a weak and uneven economic recovery. There were roughly 4 million workers who had been unemployed for more than 6 months” (3). He then notes the successes that have achieved, saying that “over 200 million Americans have been fully vaccinated and are now protected from the worst of COVID-19 [...] businesses have been able to resume activity [...] our Nation’s economic recovery has been strong, marked by

dramatic increases in employment and GDP” (3). In this Introduction, inflation is not mentioned. However, in this opening, he also praises his social spending plan for economic recovery, noting that the American Rescue Plan Act of 2021 (ARP) was “one of the most consequential economic rescue packages in American history” (3) and part of his array of “well-designed and well-administered policies” (3). Biden’s lack of mentioning of inflation here indicates that his administration didn’t yet have a clear narrative on the cause of inflation. His praise of his administration’s social spending however signals that he, and his administration, were trying to create a positive public perspective on the ARP, and social spending generally, which would have been particularly challenging given the rising inflation, and the legacy of conflating it with social spending and government intervention.

Later in his Introduction, Biden does discuss inflation but without using the term. He notes that “a pandemic-constrained economy, coupled with strong demand, has resulted in increasing prices” (4) and later states that “I will continue to use all the tools available to my Administration to address rising prices” (5). When speaking on the cause of inflation, he attributes it to the pandemic which caused consumers to “largely turn to goods” (4), as well as “supply chain disruptions at every step of the process” (4), and “the war in Ukraine [which] has incited a supply shock” (4). The inflation was hence because of a myriad of factors relating to the pandemic and the war in Ukraine, but not social spending. While markedly avoiding using the word inflation because of its loaded meanings, Biden also consistently pivoted the narrative towards a need for public spending, stating that “while we tackle these immediate challenges, we must also expand our productive capacity for the future. The pandemic exposed cracks in the United States economy that had been widening for years” (4). Biden then outlines his proposed job creation bill, the Bipartisan Infrastructure Law (BIL) which he had signed on November 15th

2021, which he says “will create millions of new jobs, [and] provide long-due investment in our Nation’s physical infrastructure” (4), and then outlines his interests in increasing public spending on education and training, universal preschool, and healthcare, and creating policies which strengthen the labor force (5). These explicit outlines for social programs Biden which wanting to implement is notable when compared to Economic Reports from the 1980s onwards that focused solely on financial investment and private enterprise to drive productivity and wellbeing- Biden was at least admitting that significant social spending was needed to grow these two targets. In his Introduction, Biden also alludes to the problem of inequity arising from finance being promoted as the way to secure wellbeing and *bios* potentiality, saying that he wants to “turn the page on an economy that benefits only those at the top and rewards wealth over work” (6). Some of the chapters to his Report also reference a need for increased social spending for productivity and *bios* potentiality, making this rhetoric sound similar to Johnson’s, with the title of chapter one being “The Public Sector’s Role in Economic Growth”, (11) and chapter four being “Investing in People: Education, Workforce Development and Health”, with a subsection titled “human capital is critical for economic growth and individual wellbeing” (12). Reading this introduction, Biden’s rhetorical strategy was to suggest that the economic crisis provoked by the pandemic was exposing larger crises which were requiring social spending and socially-oriented policy to remedy. While the distancing of his social spending from inflation was deliberate, so was his neglecting to use the word. Biden wanted to frame inflation as a barely relevant aspect of his economic strategy, and the lack of inclusion also indicates the gravity of what a framing of inflation as being very negative or caused by social spending could mean for Biden’s future policies.

This gravity was cemented on August 16th 2022 when a significant social spending and green investment bill proposed by Biden in November 2021 had its social spending aspects parsed away, and was approved instead when it was retitled as the “Inflation Reduction Act”. This new act, with a title pointedly invoking low inflation, was the result of the opposition of the old proposed bill, the “Build Back Better Act” by all Republicans and a fiscally-conservative Democrat, Joe Manchin. While Build Back Better Act had significant spending plans for subsidized childcare, universal preschool education, home care, affordable and subsidized housing and public healthcare, the new Inflation Reduction Act removed all spending for education and most for healthcare, and instead focused spending on infrastructure and preventative funding for the effects of climate change while reforming legislation on prescriptive drugs and taxation on billion-dollar-plus companies, and households earning over 400,000\$ annually to ultimately create spending surpluses rather than deficits for government (Democrats).

While the Inflation Reduction Act would apparently be living up to its name by reducing inflation through the age-old adage of reducing government deficits, in the elimination of social spending on childcare, education, and affordable housing, and reductions in spending on healthcare, the bill’s capacity to ensure increased *bios* potential, to return to an earlier model for productive growth, would also be reduced. In Biden’s 2022 Economic Report, we can see a desire of his administration to move away from merely using financial investment as the tool to ensure *bios* potentiality and productivity, as he recognized that social spending was important for productive growth and that financial investment only created more inequity. While Biden’s omission of mentioning inflation in his introduction indicated perhaps a lack of clarity on how to move forward with the narrative, he was also intent on mobilizing the economic crises provoked by the pandemic to justify his social spending bills. The reworking of the Build Back Better Act

into the Inflation Reduction Act can indicate that the 1970s framing of inflation has continued to limit social spending which could increase equity, potentiality and wellbeing of Americans. Biden was trying to recover an old biopolitical tool, of suggesting that social spending can increase the potential of Americans, to hence increase the productive capacity of the country, as much or possibly more than financial investment could. With the Inflation Reduction Act highlighting the weight of this historic framing connecting social spending with inflation, we see “wealth over work” (2022; 3) as a principle for wellbeing continuing to be upheld. All the same, Biden’s novel tone and policy interests in this report, indicate the acceptance and popularization of a new strategy more reliant on social spending, rather than financialization, as a means to secure wellbeing.

After climbing to its height by mid-2022, inflation has been steadily declining, and reached 4% again by the middle of June 2023. In his 2023 Economic Report, Biden openly discusses inflation, presumably because it was declining, and enabled his administration leeway to tentatively assign to it definite causes, to spin a favourable narrative of its decline, and protect the social spending interests of the administration. Biden’s capacity to frame the inflation as not being wholly or at all caused by government spending, and the strategic naming of the Inflation Reduction Act, coupled with a good strategy of implementing social spending which was very publicly being covered by funds-raising, has allowed Biden to emerge from the inflation while continuing to promote an agenda of increased public funding and regulation. These interests, I believe, will ultimately enable less reliance on financialization for wellbeing, which will ensure a more equitable future. Further, Biden’s skilled maneuvering of the inflation will hopefully ensure that the legacy of framing of inflation as being caused by social spending will be undermined. On the first page of his Introduction, Biden notes that “today, two years later, 230 million

Americans have been vaccinated, and COVID no longer controls our lives [...] growth is up, wages are up, and inflation is coming down” (3). Lower on this page, he highlights the social spending and infrastructure acts he had implemented over the past two years, stating that they “represent[ed] the biggest public investments in our history” (3), and then indicated the motivation for this spending, because “the economic anxiety so many have felt did not start with the pandemic [...] for decades, the backbone of America, the middle class, has been hollowed out. Too many American jobs have been shipped overseas. Unions have been weakened...” (3).

In this Introduction, after outlining three acts implemented in the past two years toward greater public spending, greater infrastructure spending and support for manufacturing- the Bipartisan Infrastructure Bill, the Inflation Reduction Act, and the CHIPS and Science Act, he further observes that his Administration was committed to reducing student debt, fighting for increased childcare and paid family leave (and original component of the BIL), banning noncompete agreements for 30 million workers, and increasing job-training programs, in order to “build an economy that gives everyone a fair shot and a little more breathing room” (4). While these reforms are not as wide-reaching as were Lyndon Johnson’s, the social spending and government regulation focus of these reforms is more interventionist than had been any made by presidents for at least forty years, from the late 1970s to the 2020s. Biden’s naming of his three acts, the BIL, the Inflation Reduction Act, and the CHIPS and Science Act, were all specifically not very political, partisan or inflammatory, and this was likely done to permit the passing of public spending or regulation-oriented bills in a highly partisan climate wherein social spending or intervention was framed as bad, particularly amongst Republicans. This could speak to why Biden, and many presidential candidates generally, haven’t campaigned with a new ideology like the New Deal or the Great Society. To pass social spending bills currently, and to avoid a fate of

being reduced to merely re-articulating an imaginary of a financialized American Dream, presidents at the current moment might need to sneakily implement social funding without a new collective banner, at least until there is more demonstratable success, and so bipartisan interest and buy-in.

The declining interest in the financialized American Dream and Biden's efforts to increase social spending both indicate that there is ongoing desire for broader realization of *bios* potential that could be achieved through government policy. While part of the work to achieve this involves dismantling automatic associations between social spending and wage increases and inflation, which I hope to have contributed to in my examination in this dissertation, there also needs to be policy introduced that truly does contribute to de-financialization and increased social wellbeing, which might also slightly increase inflation. To briefly mention a positive policy idea promoting de-financialization and increased social spending that I've witnessed lately, the federal government led by Prime Minister Justin Trudeau in Canada recently introduced a capital gains tax increase from 50 percent to 66.6 percent on income from capital gains on non-primary assets of over \$250,000 and for all corporations ("Budget 2024: Fairness for Every Generation"). This tax hike would result in an estimated increase of \$19 billion dollars of revenue, which the Trudeau government intends to spend on increasing supply of affordable housing. Capital gains taxes hikes are effective tools to promote a degree of reduced reliance on financial inflation to achieve *bios* and can increase demand for wage growth or social spending to achieve wellbeing. Another policy initiative which could grow funds for social spending could be increasing the US corporate tax rate, which currently stands at 21 percent, and which was 46 percent in 1981 and was at over 50 percent for nearly two decades from 1951 to 1969 (*Trading Economics*).

In terms of social spending policy, recent examples of an incorrect way to initiate this social spending is evident via the COVID stimulus cheques which were distributed by the US government over the course of the pandemic. From 2020 to 2021, nearly half of all Americans received COVID stimulus cheques which totalled \$3200. While a majority of Americans who received the money spent some of it on immediate needs like food, at 63.2 percent, and utilities, at 47.8 percent, a significant 21 percent of Americans spent some of this money on mortgage payments, while 15.2 percent spent it on investments and savings (*United States Census Bureau*). The reason for investment is that in the midst of limited social spending and wage stagnation, investment is the primary way to secure household wealth. The Federal Reserve noted that housing prices increased rapidly during COVID-19, between 2020 and 2022 (Aladangady et. al., *Federal Reserve*). Housing prices may have increased because the stimulus spending contributed to increased income of citizens, which was also likely augmented because overall expenditures on other activities such as travel were reduced. Generally, this price increase indicates that providing short term stimulus cheques during a broader era of financialization being the primary means to secure wealth is effective for truly achieving increase to citizen *bios* potential. Instead, funding should be directed into programs that target specific means to increase wellbeing, like increasing subsidies for childcare and senior care, subsidies for education and healthcare, and increased public housing. Amidst these implementations, support for labour organising will mean that citizens are less reliant on financial growth to secure their future.

Definancializing to Achieve Collective Potential

In this dissertation, I have demonstrated a series of conclusions regarding the relationships between social spending, financial investment, inflation and citizen potentiality.

Firstly, the US federal government increased their interest in growing citizen wellbeing, understood in this dissertation as *bios* potential, over merely maintaining *zoē* potential, in the 1960s due to belief that it would increase economic production and also appease citizens who were upset over unequal experiences with prosperity. Government believed that if it could increase opportunities for citizens to increase their potential, through social spending improvements to postsecondary education, job training, healthcare, cultural and recreation activities and daycare, then the government would maintain its legitimacy to avoid sparking additional protest, which was already fomenting through the 1960s. I propose that the means for government to provide opportunities for citizen wellbeing, through social spending, was disrupted when social spending was increasingly framed as the cause of inflation in the 1970s. Inflation was described as bad because it lowered the value of the dollar, or “[ate] away at the ties that bind us together as a people” (1979 Economic Report 7). While inflation was blamed on government spending because the government didn’t want to fault Vietnam War spending, and policies for limiting wage and price increases were less politically tenable compared with scaling back government’s own operations, inflation was crucially framed as negative for economic, moral and even interpersonal reasons. Hence, the positioning of inflation as bad, alongside the political convenience of associating it with social spending is what encouraged the turn away from social spending to deliver *bios* potential in the 1970s. The government however continued to believe that it was necessary to maintain a performance of caring for citizen wellbeing to maintain collective buy-in and fulfill commitments of the Employment Act and Economic Reports mandate, and because of that, financial investment and inflation became the replacement for enabling *bios* potential for citizens, even though in its design, it would be inferior in equitably achieving citizen wellbeing, hence being morally and interpersonally worse. The Ford, Carter

and the Reagan governments of the late 1970s and into the 1980s implemented policies that would encourage financial investment as a means for citizens to secure wellbeing, such as permitting rising housing prices (1979 Economic Report 32) and reducing taxes on capital gains (1979 Economic Report 52) (1982 Economic Report 21), implementing a mandatory investment report with the 1978 Humphrey-Hawkins Act to demonstrate government accountability for financial investment and implementing the 401(k) savings plan in 1978 with the 1978 Revenue Act. These actions, in addition to rhetoric in the Economic Reports promoting individual achievement through investment, all clearly demonstrate that the federal governments at the time were encouraging the growth of financial spending for citizen wellbeing, as they were simultaneously reducing the scope of social spending and rhetorically criticizing it for being inflationary.

The outcome of this transition to *bios* potential being achieved via financial investment instead of social spending has, as I mention, resulted in widening inequality, and corresponding ideological crises for government. While the Great Society provided an imaginary for what collective prosperity might look like, I demonstrate through my analysis in this chapter that the limited imaginings for collective prosperity within the context of individual freedom afforded through investment resulted in governments of the 1990s trying to rearticulate this experience as quintessentially American through rhetoric in the Economic Reports and policies that promote an inequitable and financialized American Dream. The lack of collective buy-in of this idea however means that the tenability of financialized system for securing *bios* potential might be nearing its end, with citizens becoming increasingly aware that the performance government providing for citizens through financial means is just that, a performance. A variety of theorists and scholars, such as Antonio Negri, Cristian Marazzi and Maurizio Lazzarato are critical of the

ways in which human spirit, joy and creativity are absorbed into labour that serve capital's ends. The parallel truth though is that the means in which spirit is absorbed (or not) into an economic system can set the tone for the community experience realized. The ideal of full and fair employment, and use of robust social programs alongside promotion of wage increases sets an expectation for the minimum guarantee for wellbeing we should demand of our government, particularly given the plethora of state-mandated severe exploitations of labour that past and present federal governments are responsible for. The scaffolding rhetoric of the Economic Reports and their mandates provide a realistic template for how genuinely social economic policy could be built and maintained. Until we can fully foresee a better way, a model of citizen wellbeing that operates on ideology and action for collective prosperity, instead of individual gain, and that clearly understands historic errors in framings of inflation and social spending, is best. We should genuinely want rising *bios* potential for all, even if it means that the economy does better, or we avoid political crisis, on our path towards achievement of better lives for everyone, human and non-human.

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