

## Not My Welfare State, or the Taxpayer's Lament

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Molly C. Michelmore, [Tax and Spend: The Welfare State, Tax Politics, and the Limits of American Liberalism](#) (Philadelphia: University of Pennsylvania Press, 2012).

Molly Michelmore's new book could not be more timely. This summer the Supreme Court upheld the Affordable Care Act's controversial individual mandate provision, through a majority opinion that links healthcare directly to the federal government's tax power. Meanwhile, the lead-up to the presidential election has been riddled with references to tax burdens (and evasions), social welfare spending, and government "dependency."

Historians and social scientists have much to add to this conversation, but little faith that they will be heard. A recurring theme in post-World War Two U.S. political history is how greatly the government has assisted working- and middle-class Americans (especially white men and their families) and how rarely those Americans have acknowledged that fact. This paradox persists today. Most Americans will rely at some point on a means-tested government support program, such as food stamps or Temporary Aid to Needy Families.<sup>1</sup> Many more will accept Social Security benefits, tax credits, and other government subsidies.<sup>2</sup> Yet these same Americans often resent the "welfare state." In Michelmore's words, "Americans hate government, but demand and expect, almost as a matter of right, the privileges, security, and mobility that government offers." (p. 2-3)

"Unravel[ing] this apparent contradiction" is Michelmore's goal, and she is largely successful. (p. 3) Tracing the federal government's tax and spending policy from the New Deal through the "Reagan Revolution," she shows that liberal policymakers created an enduring "social compact" with the American people, consisting of "both economic security *and* low individual tax rates." (p. 14) They kept their promise by steadily expanding social welfare programs, but devising "ever more complicated and obscure" financing mechanisms. (p. 20) In doing so, they "effectively divorced" the public benefits of the non-poor majority "from the taxes that paid for them, the government that provided them, and the more direct forms of public assistance they resembled." (p. 20) Phrased differently, liberal policymakers "widened the gap between the obligations of citizenship and its benefits," while "help[ing] to instill in the rising white middle class a sense of uncomplicated and individual entitlement to the fruits of postwar prosperity." (p. 45)

Michelmore's story truly begins after the war, when Americans had come to expect decent housing, a secure income, and free education, as well as protection against disease, disaster, and foreign aggression. They saw taxation not as payment for these services, but as a civic duty, and they believed that rates should remain modest. When disappointed, they blamed the nation's most visible social programs – for what else could be devouring tax dollars so fast? It is no coincidence, Michelmore shows, that postwar complaints about excessive taxation accompanied demands for investigation of "relief chiselers." (p. 24)

In the 1950s and early 1960s, economic growth allowed liberal policymakers to avoid the contradiction at the heart of the social compact, while Cold War politics deterred them from celebrating the state's vast role in supporting the middle class. By the end of the Kennedy-Johnson years, however, liberals were in an untenable position. They had again promised tax cuts, this time paired with prominent (though financially modest) commitments to racial minorities and the poor. The benefits to non-poor Americans remained hidden, fostering in some an ironic sense of injustice and neglect. As the economy turned sour and perceived "tax eaters" (rioters, welfare mothers, black schoolchildren) became bolder, this "Silent Majority" found its voice.

The conservative ascendancy did not bring with it a new social compact, however. The Republican right "articulated a

coherent and politically viable alternative to postwar liberalism,” centered on tax reduction and cuts to means-tested welfare programs. (p. 125) But even Reagan left untouched large, expensive pieces of the liberal state, such as Social Security and Medicare. Americans demanded of Reagan what they had been promised by Roosevelt, Michelmore explains: low tax burdens and economic security – just this time without so much government.

Aspects of this story have been told before. Michelmore is not the first to identify the welfare state hidden within the U.S. tax code, or to note conservatives’ inability to roll back middle-class entitlements. The right, once caricatured, is now the subject of serious scholarly investigations, several focusing on anti-tax sentiment. But *Tax and Spend* has much to offer. Michelmore unearths real historical gems, such as the 1980 debut of a monopoly-styled board game titled “Public Assistance: Why Work For a Living When You Can Play This Great Welfare Game.” (p. 123) More important, she encourages scholars to do the unglamorous work of connecting social programs to their financing mechanisms and revenue sources, real and perceived. For example, we cannot understand the long-term significance of the Social Security Act of 1935, she shows, without considering the Revenue Act of 1942.

*Tax and Spend* is also relevant to our current political situation. Most Americans see themselves as taxpayers rather than “tax eaters.” That is why the Supreme Court’s healthcare decision, with its reliance on the tax power, may be a political liability for President Obama, even as it shields a significant legislative accomplishment. It confirms some Americans’ suspicions that their paychecks are financing other people’s healthcare. But the decision also offers Americans an opportunity – and a reason – to question the social compact that Michelmore has identified. Since the mid-twentieth century, politicians from both parties have promised low taxes and security, but the absence of health security is undeniable, and now viscerally felt. With universal healthcare in sight, as well as a fuller understanding of its costs, will Americans finally be prepared to reject the liberal social compact and strike a different bargain? Maybe. But if Michelmore is right, it is a rare politician indeed who will offer them one.

1. Suzanne Mettler, *The Submerged State: How Invisible Government Policies Undermine American Democracy* (2011). [?]
2. Mark R. Rank & Thomas A. Hirschl, *Welfare Use as a Life Course Event: Toward a New Understanding of the U.S. Safety Net*, 47 *Soc. Work* 237, 241-43 (2002). [?]

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