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The [Roosevelt Institute](https://rooseveltinstitute.org) is a think tank, a student network, and the nonprofit partner to the Franklin D. Roosevelt Presidential Library and Museum that, together, are learning from the past and working to redefine the future of the American economy. Focusing on corporate and public power, labor and wages, and the economics of race and gender inequality, the Roosevelt Institute unifies experts, invests in young leaders, and advances progressive policies that bring the legacy of Franklin and Eleanor into the 21st century.
EXECUTIVE SUMMARY

In the first 18 months of the Biden presidency, while the administration executed one of the fastest economic recoveries in memory following the COVID-induced recession, rising prices nevertheless helped stall the progressive agenda. For policymakers, journalists, and the American public, inflation felt more salient than record employment levels.

This report argues that this is partly due to the way in which policymakers and the public understand themselves: For generations, our government has understood its constituents primarily as consumers, with their other identities—workers, parents, etc.—taking a back seat, and Americans, in turn, have understood their government as responsible primarily for maintaining functioning consumer markets rather than providing essential public resources.

By looking at how policymakers since the New Deal have conceptualized the intersection of inflation, wages, and prices, this report explores how the governance stance shared across parties became one that imagined Americans’ primary identity as that of consumer. And while progressives have moved away from policies that center markets and the consumer in recent years, they’ve continued to frame the policy conversation around consumer identities.

The scope of the challenges we face—from racial inequality to the climate crisis to the care crisis—cannot be addressed by the market. Only direct government intervention can affirmatively build the economy we need at the scale and speed we need. To explain and win this broad agenda, we need to change our approach and move beyond consumer-first governance.
INTRODUCTION

In the first 18 months of the Biden administration, major progressive policy priorities met serious hurdles and disappointing fates: Centrist economists challenged the administration's emphasis on full employment; Congress allowed the expanded Child Tax Credit to expire; the administration itself moved painfully slowly on its promising commitment to a whole-of-government approach to racial equity; and major climate legislation floundered. Meanwhile, each of these priorities has had to compete with an increasing focus on consumer prices as a range of factors have driven up the cost of living.

Blame for the progressive agenda’s halting progress can be laid at many feet, including a dysfunctional Congress, a stolen Supreme Court, and an unpredictable virus. But part of the explanation also comes from a fundamental misalignment: The transformative economic policy agenda the Biden administration began with was not matched by a transformed approach to governance—an approach that would shift Americans away from a generations-old and overly narrow way of thinking about government’s role in the economy.
For over 50 years, regardless of which political party has been in power, American policymakers and politicians have framed and oriented economic policy around a subject primarily imagined as a consumer (Jacobs 2005, 50). Government’s role was to make the market work for this consumer—imagined as white and middle class—and to get out of the way (Payne 2012).

The new progressive agenda makes a fundamental shift away from market primacy but has not yet shifted policymakers’ imagined subject toward identities other than the consumer. While many of the policies progressives advocate for have broad individual popularity, without this shift politicians have struggled to bring them together under a new approach to governance that would help explain, socialize, and effectively implement them as a whole. And, as inflation has become a larger and larger issue, progressives have struggled to help the public understand rising prices in a larger context.

Successful governing requires more than simply holding power; it requires those with power to be able to prioritize and explain their actions. In his book, The Consumer, Credit and Neoliberalism: Governing the Modern Economy, Christopher Payne (2012, 44) writes, “Knowing how to govern requires an explicit vision of the human agents for whom one is governing.” Policymakers and politicians need to be able to imagine their subjects’ shared concerns and commitments and show themselves and their constituents how their policies serve those ends. Importantly, the simplified identity policymakers assign to imagined subjects has rarely, if ever, been an accurate representation of the complex, diverse identities of the governed. Rather, it has been a construct—a tool—to help those who govern understand their project and do their work. But the further this construct gets from reality, the more ineffective it is as a tool that helps policymakers understand who they serve.

Payne goes on to argue, as many have, that the imagined subject toward which neoliberals orient governance is an “entrepreneur-of-the-self” (Payne 2012, 110). This neoliberal subject exists in a market that functions best without government interference; they are expected to invest in themself as an entrepreneur would, to grow their “human capital” in order to earn and define their place in that market and society (Cooper 2017, 124). Thus, both work and education are recast as investments in the future; the worker and the student are no longer relevant identities because they are merely points on a path to being a maximized entrepreneur-of-the-self.

Under neoliberalism, entrepreneurial investment takes the form of consumption with the hope of a return. Fundamentally, the neoliberal entrepreneur is a consumer with a long-term purpose, and the “entrepreneur-of-the-self” is a consumer whose long-term purpose is their own status. Because neoliberals see all goods and services as accessed through a market, the neoliberal entrepreneur must consume in order to build or invest in a project, whether that project is a business or their
own “human capital.” Moreover, neoliberalism encourages everyone to make that project a business. As a result, it erases alignment between workers and consumers and any shared sense that they work in opposition to corporations. Instead, neoliberalism encourages consumers to align with corporations because they might someday own one.

As long as elected officials are orienting governance toward this consumer-entrepreneur identity, they have to approach the population as though its primary concerns are cost, choice, risk, and the availability of funds and assets to “invest” when needed. The assumption that these are citizens’ primary concerns has become a shared common sense, centering choice and cost as values over equality or stability, which were more central to policymaking before the neoliberal turn (Berman 2022, 152-153, 222).

The progressive agenda with which President Biden entered office included policies that recenter equality and stability. These policies would seem to imagine citizens as parents, workers, students, patients, and even voters; and posit that governing for these identities is done best outside a market-based vision of society. Yet despite these shifts in specific policies, the administration’s governing approach remains stubbornly fixed on consumers. Minimizing costs and maximizing consumer choice continue to be political North Stars, even when the policies endorsed do not point in their direction.

CITIZENSHIP AND CITIZENS

This report uses the term “citizen” with an understanding that it has become fraught with exclusionary meaning in many cases. Here, it is not used to suggest that immigrants in the United States are excluded from the conversation, but rather for its invocation of civic identity and participation. This report uses “citizen” precisely because it is not synonymous with “subject,” a word also used here, or “denizen.” Denizen merely implies residence; subject suggests the act of being governed but not participating in governance (Petty 2017). Citizen is far from a perfect word, and has been made less perfect by the right’s co-optation of it for a racist and exclusionary project, but it does offer a word that describes an active participant in the state.
This report investigates how we ended up in this confusing situation. Section I offers some examples of what it would mean to govern for alternative identities. Sections II and III draw on the work of economists, sociologists, historians, and political theorists to examine how the consumer went from one subject of governance among many during the New Deal era to the central subject of governance in the neoliberal era. The report looks at how policymakers since the New Deal have conceptualized the intersection of inflation, wages, and prices. And it asks what the centering of the consumer in these debates has meant for Black, brown, and other marginalized communities over time. The final section examines how the centering of the consumer has continued to shape and weaken the Biden administration’s policy agenda and begins to sketch out the questions we must ask to move forward.

Payne (2012, 3) argues that neoliberals use the consumer as “the key reference point against which to measure and gauge the health of British society.” The same can be said of the United States over the last seven decades. We will not be in a truly post-neoliberal moment until consumer is no longer the central identity policymakers imagine for their citizens, nor purchasing power the primary measure of a healthy society.
SECTION 1

IDENTITIES BEYOND THE CONSUMER

Because the consumer identity has reigned for so long in the political imagination, it can be difficult to imagine what it would mean for policymakers and politicians to center a different identity, or even discern what identities might be. Therefore, it is useful to take a step back and outline what some alternative subjects could look like. Here, the case of higher education policy and the counterfactual of how it might have developed without the neoliberal consumer-entrepreneur at its heart is particularly instructive.

Our contemporary higher education system developed largely during the increasingly neoliberal second half of the 20th century, shaped by the 1965 passage of the Higher Education Act (HEA) and its 1972 reauthorization. The HEA largely embraced the neoliberal idea that
education was an investment in future earnings power and, as a result, vastly increased federal funding for higher education primarily through new and expanded systems of federal scholarships (later named Pell Grants) for low-income students and federally backed student loans (Zaloom 2019).

One article entered into the congressional record during the 1965 debates on the legislation explained, “We have come to view higher education as an investment in human capital . . . A number of proposals have been suggested to spread the cost of college over the recipient’s future earning span” (H.R. 3220).

The subject of governance imagined by the HEA was an entrepreneur-of-self, a future consumer-entrepreneur eager to invest in their own earnings potential to support future consumption. This consumer-entrepreneur needed access to funds now and wanted choice: the ability to select their desired school or program (Shermer 2021, 204). Thus, instead of investing directly in public institutions, the HEA channeled money to students and let them act as consumers in the “marketplace” of higher education. Furthermore, even these loans were not directly from the government. Rather, the loans were run through private banks to foster a private student loan industry (Shermer 2021, 201).

But what would the HEA have looked like if instead of imagining a consumer-entrepreneur as the user of their new programs, policymakers had imagined they were creating a higher education system meant to foster students’ identities as active citizens and committed workers? One clue comes from a separate, smaller title of the HEA, which created Teacher Corps (H.R. 3220).

Inspired by the Peace Corps, Teacher Corps was intended to encourage college graduates to teach in low-income schools (much like the privately run Teach for America program founded two decades later). Through the Teacher Corps program, the federal Office of Education (the cabinet-level department did not yet exist) directly funded teacher training programs at universities and colleges across the country and recruited college students to become public-school teachers. Members of the Teacher Corps paired teaching internships with courses leading to an MA in education. Notably, the legislation guaranteed living stipends for participants during the training.
Teacher Corps ran into funding and political hurdles almost immediately and, much like Teach for America, earned its fair share of criticism as an implicit critique of the teaching profession (Rogers 2009). But for our purposes, what is interesting about the Teacher Corps legislation is that it approached college students not as consumer-entrepreneurs with the hopes of gaining the most lucrative job possible, but as citizens and workers who wanted to meaningfully contribute to the country’s future. To do this, it mobilized entirely different funding mechanisms. Teacher Corps funded schools themselves to develop training programs, rather than funneling money to schools through the students who attended them. Furthermore, the future teachers did not receive loans but rather stipends while they worked. They thus graduated the program unencumbered by debt.

A citizenship- and worker-based model of higher education should not be limited to future teachers. If all higher ed were viewed as essential to developing engaged citizens and workers rather than consumer-entrepreneurs, it would be logical to invest more directly in our public institutions and develop programs that centered the knowledge essential for public participation at the federal, state, local, and workplace level. It would make sense to offer free education so that individuals could choose how they wanted to engage in the workforce and society without debt driving them to the most lucrative jobs.

Organizing higher education around alternative identities such as citizen or worker is just one example of how looking beyond the consumer-entrepreneur model might shift our approach to public policy.

A similar thought experiment can be done centering a patient identity rather than a consumer identity in health care. Health-care policy proposals across most of the political spectrum have focused for decades on figuring out how to maximize individual consumer choice in the health-care system at the expense of the affordability and ease of access that direct public provision might provide.

For another example, we could center parents’ identity as caregivers instead of consumers in our childcare policy. Again, this might counsel for moving away from the most common policy proposals, which aim to maximize choice by subsidizing parents as childcare consumers. Instead, if we centered parents’ universal need for quality, accessible care, we might consider directly funding childcare providers to ensure equitable distribution and availability of caregivers.
The centrality of the neoliberal consumer-entrepreneur to economic governance is a relatively recent phenomenon. Consumption only became a central form of participation in society over the course of the Industrial Revolution. As Americans wrestled with the changes wrought by industrialization, a range of advocates mobilized around a variety of consumer identities in the first decades of the 20th century: Progressive Era reformers, consumers and laborers facing the inflationary effects of World War I, and Black civil rights activists trying to broaden employment opportunities. New Dealers in turn brought these ideas into the FDR administration and began the process of centering governance on the consumer.
In the early days of the Republic and throughout much of the 19th century, the primary imagined subject was an independent small farmer, or if not a farmer at least a “free laborer”—in either case, a white man who controlled his labor and deployed it to support his family’s economic mobility (Foner 1970). But just as the imagined subject of today does not reflect the reality of who is governed, the imagined subject in the 19th century was a construct that policymakers and politicians used to guide and explain their policy choices, not an accurate representation of the population. The vision of the free laborer erased many of the people actually governed—women, people who were enslaved, and free Black and immigrant workers.

In the late 19th century, as it became clear that industrialization would lead the number of independent, white male producers to dwindle, consumption took on new importance in the political imagination. Without the independent, white male producer those in power had understood as the backbone of democracy, many believed the democracy that empowered them would only survive if industrial workers could share equally in the products of industrialization. Industrial workers would have to become consumers who achieved a certain standard of living (Konczal 2021, 43-44).

In the early 20th century, policymakers came to understand consumption as important both politically and economically. In the 1920s, Progressive Era labor economists formulated a theory that mass purchasing power was key to preserving not only democracy but economic prosperity. They argued only continued mass consumption would keep Americans employed (Jacobs 2005, 74). While marginal in the 1920s, by the end of the Great Depression, this would become a governing belief of American politics.

In the same decades, a range of activists mobilized consumers to take on everything from poor working conditions to discriminatory hiring practices. For example, the National Consumers League mobilized middle-class consumers—largely white women—in the early decades of the 20th century to improve working conditions in garment factories (Cohen 2004, 22). And by the end of the 1920s, the first “Don’t Buy Where You Can’t Work” campaigns had emerged among Black Chicagoans, targeting businesses owners who only employed white staff in Black neighborhoods. The campaign’s success led these “Don’t Buy” efforts to spread quickly across the North at the start of the Great Depression (Cohen 2004, 44).
These consumer campaigns were more focused on mobilizing consumers in service of workers than combatting exploitation of consumers themselves, but consumers also mobilized to defend themselves during this period (Cohen 2004, 22). During World War I, a newly formed Food Administration run by future president Herbert Hoover responded to consumer discontent over wartime inflation both by going after profiteering and mobilizing consumers, especially housewives, to combat inflation by economizing to buy less (Jacobs 2005, 57-61).

Eleanor Roosevelt herself organized one of Hoover’s food saving teams in Long Island during World War I (Jacobs 2005, 48, 56). From their earliest days, New Dealers understood consumers to be one of their constituencies—although certainly not their only. But their imagined consumer looked different from the consumer-entrepreneur at the heart of neoliberalism. The New Deal consumer was not a consumer-entrepreneur focused on investment, but a worker-consumer focused on production.

To that end, the National Recovery Administration (NRA), an early New Deal agency, brought consumer representation formally into its governance structure. The NRA set up industry boards of workers, businesses, and government representatives to develop codes regulating prices and working conditions. Alongside these legislated industry boards, the NRA Director created a Consumer Advisory Board with the mission of ensuring that the new industry codes did not raise prices unfairly, support monopolies, or affect quality of consumer goods (Jacobs 2005, 114). Dominated by the white women who came out
of the consumer activism of the Progressive Era, the Consumer Advisory Board ended up with relatively little power. Nevertheless, the recognition of the consumer as a constituency separate from workers and business was significant (Jacobs 2005, 115; Cohen 2004, 24).

At the same time, lack of power given to the Consumer Advisory Board relative to the other NRA boards exposed the central imagined subjects of New Deal governance: workers and businessmen who were assumed to be white and male. Although the National Industrial Recovery Act (NIRA) did not contain the explicit statutory exclusions of industries dominated by Black and female workers (for example, agriculture) that later New Deal legislation did, the executive agencies crafting the NIRA codes deliberately excluded industries dominated by Black workers, allowing for the development of wage scales that differed by race and gender (Farhang and Katzenelson 2005). Making the economy work for white men as workers was the central goal of the early New Deal.

Progressive theories about the economic importance of consumption became increasingly central to the Roosevelt administration as the 1930s progressed. After an attempt to wind down federal relief efforts led to a new recession in 1937, Roosevelt abandoned a prior commitment to balanced budgets and embraced the theories of economist John Maynard Keynes (FDR Library n.d.), who argued that industrialized economies needed to support and stimulate consumption to maintain full employment. Key here is that consumption was being encouraged primarily for the sake of workers, who were still understood as the driver of the economy—not consumers (Payne 2012, 7). Even as the consumer became more central to economic governance under FDR, the imagined subject was a worker-consumer.
This imagined consumer’s ability to consume came from days spent in an industrial factory (not from investments or wealth). The worker-consumer made the products that they and others would later consume, creating a virtuous economic cycle.

For this worker-consumer, policymakers continued to understand full employment, not price stability, as the key to economic governance. In 1937, the Federal Reserve even argued explicitly that “price stability should not be the sole or principal objective of monetary policy.” Rather, it defined economic stability as “full employment of labor and of the productive capacity of the country as can be continuously sustained.” The Board of Governors believed that goal might, in some instances, mean accepting inflation as a price of, not threat to, stability (Menand 2022, 36-37).

The proponents of Keynesian economics quickly had to confront World War II. On the one hand, the start of war in Europe finally pulled the US economy fully out of recession; on the other hand, the government found it needed to directly manage supply chains to funnel production toward wartime needs and implement price controls to control wartime inflation (Cohen 2004, 62-65). To address the latter, FDR established a new Office of Price Administration (OPA) that, empowered by the Emergency Price Control Act of 1942, began to set prices and ration supplies. The OPA had more authority to set prices than its World War I predecessor, the US Food Administration. By the end of the war, 90 percent of goods sold were under price controls administered by the OPA (Cohen 2004, 65).

The vast majority of OPA volunteers were white women (Jacobs 2005, 204). Existing women’s organizations, from union women’s auxiliary organizations to the American Association of University Women, were enlisted in the work, but previously unorganized women also joined the effort to monitor prices at their local stores (Jacobs 2005, 187, 206). Women’s long-standing relationship to consumption as both a site of activism and a central part of their familial duties thus was harnessed and transformed into a central feature of women’s participatory citizenship.
Black Americans paid between 3 and 12 percent more for groceries than white Americans in similar neighborhoods.

Like most New Deal programs, the OPA was implemented unequally and solidified racist structures already embedded in the economy. Price limits calculated from the baseline of the racist pricing structure that existed prior to the OPA froze in place existing patterns of overcharging such that Black Americans paid between 3 and 12 percent more for groceries than white Americans in similar neighborhoods (Cohen 2004, 86-87). This diminished purchasing power did more than hurt Black Americans’ pocketbooks; it further diminished their power as consumer citizens relative to their white counterparts.

Likewise, while the OPA brought consumer volunteers into governance structures, Black Americans were drastically underrepresented on local OPA boards and among volunteers. While Black Americans generally strongly supported the price controls despite these weaknesses, the controls themselves were weakly enforced in stores in Black neighborhoods (Cohen 2004, 86-87).

The wartime experience thus solidified consumption as a racialized site of participation, protection, and exclusion by the government. For those citizens the government fully governed for—white families—consumption was a protected experience, a right (Cohen 2004, 13).

A telling ad in the Wall Street Journal declared the war to be “all about” the right to “once more walk into any store in the land and buy anything you want” (Cohen 2004, 71). At the same time, Black Americans, who had never had that right, continued to be denied equal protection as consumers just as they were denied equal protections as workers and citizens. The imagined subject of the consumer became ever more central to American governance practices.
In early 1945, as World War II came to a close, Congress began to debate a proposed Full Employment bill. The New Deal-style bill, rooted in the Second Bill of Rights FDR laid out in his 1944 State of the Union speech, proposed that all men had a right to a job and that the government would take responsibility for creating them where the private sector failed (Konczal 2021, 96-97). Its passage would have signaled the federal government’s continued commitment to orienting governance practices around male workers. Instead, the bill got mired in debates about whether the government or the private sector was responsible for creating jobs.

The version that finally passed in the Employment Act of 1946—after the war was fully over—attempted to resolve these debates by giving the consumer and worker equal weight. Consumption would be encouraged to drive employment and vice versa. This debate and compromise set the stage for the splitting apart of the consumer and the worker identities and ensuing debates about whether the consumer or the worker should be the central subject of governance.
SECTION 3

THE CONSUMER AND NEOLIBERAL GOVERNANCE

The immediate postwar years saw notions about consumers and workers continue to compete for primacy in policymakers’ imaginations as they sought to govern the economy. Yet by the middle of the 1960s, consumption, rather than production, had taken center stage as the focus of the economy; and by the time neoliberals seized power in the 1970s, the consumer-entrepreneur had fully replaced the worker-consumer as the imagined subject of governance. The centering of the consumer-entrepreneur shaped both politicians’ and the public’s understanding of what the government could do effectively and legitimately in ways that continue to influence public policy today.
The neoliberal consumer-entrepreneur was different from the worker-consumer imagined by New Dealers. The industrial worker-consumer at the imagined heart of the New Deal state had concerns and commitments outside their market relationships and thus had to be protected from the market by good governance. Neoliberals reimagined this worker-consumer as a consumer-entrepreneur whose concerns and commitments all existed within markets of one sort or another. These imagined subjects made the market work; they did not need and should not want government interference. The government’s best role was simply to make sure that consumer-entrepreneurs had the banking system to support them (Payne 2012, 2, 45). The neoliberals’ consumer subject was thus central to their efforts to shrink the government, roll back the class politics of the 1930s, and resist increasingly fierce claims to government protections and access from marginalized groups—from Black civil rights activists to 1970s feminists.

The way debates about managing the economy played out in the immediate postwar years laid the seeds for the neoliberal valorization of the white consumer. The same year that the Employment Act of 1946 gave equal weight to consumption and production in the management of the economy, the relatively democratic wartime price controls infrastructure was dismantled despite fierce protest from consumers themselves (Jacobs 2005, 220-225). Those fighting to maintain the OPA were largely women, Black Americans, and members of the working class; the opposition was male, white, and part of the rapidly expanding middle class (Cohen 2004, 134). The latter group won, and the former was shut out of an important realm of governance that had been open to them during the war.

Only four years later, the start of the Korean War in 1950 meant the return of concerns about wartime inflation. This time, however, attempts to address rising prices were constrained by Cold War-inspired market deference. While some price controls were implemented, they favored industry and only belatedly and weakly did the administration create an infrastructure for consumer representation (Jacobs 2005, 247; Cohen 2004, 129). In place of more robust and democratically administered price control policies, the government began to rely on monetary policy to keep prices low (Jacobs 2005, 248).

Consumption was becoming more and more central to the governance of the economy, but consumers themselves were being shut out of the actual governance process as politicians sought to govern with technocratic fixes. Notably, however, the shift toward technocratic monetary policy did not automatically mean a prioritization of inflation over employment. Truman-era economists accepted slow inflation as the price of the full employment a healthy economy required (Jacobs 2005, 248).
At the same time, these were the years when neoliberals began to organize; the Mont Pelerin Society met for the first time in 1947. And while technocratic management of the economy appealed to the newly organized neoliberals, they pushed back against the acceptance of inflation. In the words of Christopher Payne (2012), neoliberals turned to the consumer to challenge “the progressive liberal governing mentality” by “identifying a human agent, the consumer, that, neoliberals believed, had been misidentified previously as a worker-saver at the mercy of large corporations” (Payne 2012, 45). By offering the consumer-entrepreneur as the subject of governance instead of the worker-consumer, neoliberals proposed a model of economic governance where consumers and corporations might be seen on the same side—might even someday, in some cases, be the same people—with a shared interest in a competitive market that kept prices low. Prices, not employment, were this consumer’s priority.

Neoliberal theorists found unlikely alignment with labor unions in prioritizing prices in the postwar years. At the historic height of their power, labor unions negotiated into their contracts strong cost-of-living increases pegged to inflation. In the 1950s, over half of labor contracts protected members with cost-of-living adjustments (COLAs) that promised wages would increase alongside the Consumer Price Index (Jacobs 2005, 254). The COLA arrangements served to further make prices a priority for the public, which—encouraged by corporate lobbyists—understood these union wage increases as leading to higher and higher prices for nonunionized workers. Reflecting a popular narrative that union workers were getting unfair advantages, policymakers began to shift away from workers and toward consumers as the focus of their economic governance (Jacobs 2005, 256).
We can see this shift beginning to take deep root by the time of the Great Society. In many ways, Lyndon B. Johnson’s Great Society agenda was an effort to address the unfinished business of the New Deal, from finally winning government-funded health care to starting to address the exclusion of Black Americans from New Deal programs (Zelizer 2015).¹

Great Society programs turned the consumer into the figure through which racial liberalism and neoliberalism intersected.

Yet, many Great Society programs took a decidedly consumer-oriented approach even as they advanced long-time priorities of the left. Louis Hyman (2011) writes, “For Great Society policymakers and promoters, the problems of inequality were framed as a problem of credit access rather than job access. More credit, and not higher wages, would be enough to solve the problems” America faced (Hyman 2011, 224). So, as discussed above, the Higher Education Act of 1965 broadened access to college education through the creation of the first large-scale federal student loan program instead of through an expansion of the public university system. For another example, to address housing inequality, the Housing Act of 1968 created mortgage-backed securities that gave low-income buyers the ability to get credit to purchase homes (Hyman 2011, 226). Johnson also signed the Consumer Protection Act, which sought to protect consumers by mandating transparency in lending practices, again reflecting the increasingly shared common sense that the government’s role was not to create equitable choices but instead to help consumers make informed market choices (Hyman 2011, 190).

These Great Society programs turned the consumer into the figure through which racial liberalism and neoliberalism intersected. Racial liberalism held that antidiscrimination laws and access would bring about racial equity. Neoliberalism suggested that all goods should be accessed through the market. Increasing access to markets became the shared policy goal across the mainstream left and right.

¹ In its signature programs, the Great Society embraced citizen participation just as some New Deal programs like the OPA did. For example, the anti-poverty legislation of the Great Society, the Economic Opportunity Act, mandated the participation of poor people in anti-poverty programs through its Maximum Feasible Participation mandate (Berman 2022, 100). This effort garnered tremendous pushback, and as with the New Deal, the managerial governance models the Great Society introduced were longer-lasting (Rahman 2017).
As Felicia Wong and Kyle Strickland (2021) argue, thinking equal access to the market could be achieved required a distinctly ahistorical vision. The consumer imagined by both racial liberals and neoliberals entered the market on equal footing with all other consumers, not into a market structured by racism both past and present. But, as has now been well documented, this was not reality and thus is not how neoliberal policies played out. For example, expanding access to higher education through student debt has created vastly unequal outcomes for Black and white students as a result of the way student debt intersects with both the racial wealth gap and the racially discriminatory job market students graduate into (Kahn, Huelsman, and Mishory 2019). Likewise, improved access to home loans for lower-income borrowers left Black families stuck in a still-segregated housing market and vulnerable to predatory lenders (Haberle and House 2021).

Even as Great Society policymakers turned to consumption-oriented solutions to try to address racial inequality, racist right-wingers weaponized consumption as a tool of white supremacy in order to argue against both racial justice and an expanded welfare state. For example, Ronald Reagan's 1976 invention of the term “welfare queen” built on over a decade of growing attacks on both the work and consumption patterns of Black and brown women, especially those who received federal aid. Republicans began to draw lines by casting the consumption of white women and men as “investment” in their families, and Black and brown women's consumption to support their families as profligate (Nadasen 2007).

Women who received cash assistance organized to push back against these characterizations. The National Welfare Rights Organization, a Black women-led organization of mothers receiving regular Aid to Families with Dependent Children (AFDC) payments, ran a campaign in the late 1960s and early 1970s demanding access to credit (Kahn 2021, 78-79; Nadasen 2007, 65). They argued that credit was essential to supporting their families, but also pushed back against paternalistic ideas about what they should be allowed to buy with their funds (Cohen 2004, 381). One woman's testimony demonstrated both of these claims: “Food and rent is not all of life. Why shouldn't we be able to buy perfume once in a while—or a ring—or even a watch? Every woman wants and needs some of these things,” she said. Then later in the same testimony, “Our children drop out of school because they don't have

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2 Importantly, white women were the largest population served by cash assistance programs, even though part of the effort to attack these programs was the white supremacist project of portraying recipients as Black (Nadasen 2007).
descent clothes, let alone the things that other children take for granted” (Cohen 2004, 381). She thus argued that both full economic equality and successful motherhood required access to consumable goods—two arguments that her opponents regularly made on behalf of white women.

Despite the rise of the neoliberal consumer paradigm in the public and elected officials’ consciousness over the course of the 1960s, it was a paradigm that remained contested into the next decade. We can see this contest in the Nixon administration’s erratic relationship to inflation and oil prices. In 1971, facing continued inflation and midterm losses, Nixon turned to a wage and price freeze very similar to those FDR had instituted. It was the most popular decision he made in his first term (Jacobs 2017, 33). By 1974, however, pressure from the increasingly powerful neoliberal flank of his party led Nixon to firmly reject price controls, vetoing a price control bill passed by Congress to address the oil embargo.

Nixon’s successors, on the right and left, implemented increasingly neoliberal governance structures. Ford turned to a purely voluntary approach to fighting inflation, rejecting price controls entirely and encouraging individual consumers and businesses to do what they could to reduce prices with his “Whip Inflation Now” (WIN) campaign (Jacobs 2017, 128).

Carter continued this approach. During his term in office, Congress once again debated a full employment bill, and again ended up passing a substantially watered-down version of the original bill. The renewed push for full employment legislation came from an alliance between labor and the Congressional Black Caucus in the face of the 1970s recession. As in 1946, the original proposal included a provision to make the federal government an employer of last resort if full employment (set at 4 percent) was not reached in five years (Wolfensberger 2003).

Yet the bill Carter signed into law in 1978, the Full Employment and Balanced Growth Act (known as Humphrey-Hawkins), focused on controlling inflation, balancing the budget, and maximum employment only in the context of the first two goals. Reflecting the neoliberal context in which it was passed, the law explicitly stated that the federal government would try to achieve the goals it laid out through the private sector (H.R. 50)—essentially putting the responsibility for maximum employment into the hands of monetary and fiscal policy, rather than public investment and regulatory policy.

Neoliberals’ consumer focus became a policy and a governance stance that shaped not only monetary and fiscal policy, but other fields as well in these years. The next year, Carter appointed Paul Volcker to chair the Federal Reserve. Volcker chose to use monetary policy to address inflation instead of price controls, and famously engineered the so-called “Volcker Shock” in 1980, purposefully putting the economy into recession in order to end inflation (Jacobs 2017, 237; Sonti 2018). The Volcker Shock solidified the idea that inflation was the biggest problem the economy could face, worth an occasional recession to control (Payne 2012, 99).

Neoliberals’ consumer focus became a policy and a governance stance that shaped not only monetary and fiscal policy, but other fields as well in these years.
For example, Federal Trade Commission (FTC) Commissioner Lina Khan has shown that the neoliberal
turn in the legal profession in the 1970s and 1980s led antitrust law to assess “competition largely with
an eye to the short-term interests of consumers, not producers or the health of the market as a whole;
antitrust doctrine views low consumer prices, alone, to be evidence of sound competition” (Khan 2017).

For another example, under the influence of neoliberal theorists and white supremacists from the
1960s on, the K-12 education system was reconceived in consumer terms with the rise of charter schools
and other methods of encouraging choice among parents and competition among schools in the
name of improved quality (Convertino 2016; Cottom 2022). Governing for parents and students was
thus turned into governing for consumers.

Even civic participation has been transformed into a consumer activity. Increasingly, citizens
understand themselves as consumers of public goods rather than participants in their creation, and
understand elections as “political marketplaces”—a phrase Wendy Brown points out is featured in the
majority opinion for Citizens United (Cottom 2022; Shenk 2015; Speer and Han 2018).

Importantly, governing for an imagined consumer-entrepreneur has not always helped the average
American. Policies that prioritized price stabilization over job creation might seem aimed at everyday
consumers, but actually led to wage stagnation for most workers while the assets held by the wealthy
grew in value. Melinda Cooper (2017) writes:

> The overall effect of neoliberal monetary policy has been to reverse the relationship between
wage and asset inflation that prevailed in the postwar era. Throughout the 1970s, wages and
welfare kept pace with consumer price inflation as assets plummeted in value, tending to blunt
(but not erase) the force of inherited wealth in shaping social inequality. After 1982, however,
wages and welfare struggled to keep pace with anemic levels of consumer price inflation while
the asset-based holdings of the richest households went up and up. (Cooper 2017, 136)

Government policy oriented toward building wealth also
exacerbated racial inequality. Between 1983 and 2016, the typical
Black family’s wealth decreased by over 50 percent while the
average white family saw their wealth increase by 33 percent
(Price 2020).

The trick of neoliberalism as a paradigm is that even as choices
about how to structure the macroeconomy have affected prices,
wages, and savings over the last half century, the intense focus
on consumers has made prices seem more susceptible to policy
decisions (FrameWorks Institute 2022, 24). Wages and savings have
been constructed as the result of personal investments in human
capital, while prices are the realm of public policy. By insisting
that the government’s legitimate role was making markets
work for consumers, the effects of neoliberal policy choices on
nonconsumer identities have been erased from the public’s consciousness.

By insisting that the government’s legitimate role was making markets work for consumers, the
effects of neoliberal policy choices on nonconsumer identities have been erased from the public’s consciousness.
Today, for the first time since the 1980s, we are once again facing significant inflation in many sectors of the economy. The response to inflation reveals the stickiness of neoliberal beliefs about the centrality of the consumer identity. Even as the Biden administration has abandoned many of the neoliberal paradigms that have shaped the last seven decades, the understanding of the consumer as the central figure toward which governance must be oriented has remained.
Biden entered office with a policy agenda that decentered the consumer in many—but not all—cases. In his first year in office, his administration proposed policies that experimented with the direct provision of childcare, broadband, and a host of other services rather than through subsidies that continued to treat citizens primarily as consumers.

But these proposals were not accompanied by a robust effort to explain them as a new governance stance. Rather, talking points continued to center the consumer. The administration framed its childcare proposal as designed to “make child care affordable” (White House 2021a), rather than something children and caregivers had a right to. Its public infrastructure investments were sold as promoting “affordable access to opportunity,” (White House 2021b) a phrase laden with the consumer-entrepreneur understanding of citizenship, rather than as necessary for free movement of people and ideas throughout the country.

Nowhere is the continued dominance of the consumer subject clearer than in the public’s and policymakers’ response to the hot economy that the United States entered in 2022. In the Biden administration’s first year, its policies broke with neoliberal trends by prioritizing employment over prices. As a result, workers gained more labor market leverage than they have had in years (Sojourner and DiVito 2022). For the first time in almost 40 years, wages at the bottom of the income distribution have kept pace with, and by some measures even outpaced, inflation (Duran-Franch and Regmi 2022). Yet because the assumption among the public and among policymakers is that the consumer should be the priority of economic governance, these successes have gotten significantly less attention than the very real challenge of inflation. In part, this is because Americans, employed and unemployed, feel price increases every day. But it also shows how deeply policymakers and the public have been trained to measure the health of our economy based on our experience as consumers.
In his State of the Union in March, President Biden tried to celebrate the success of his choice to prioritize employment over inflation while recognizing the price increases Americans are feeling. He said:

> Our economy grew at a rate of 5.7 percent last year, the strongest growth in nearly 40 years, the first step in bringing fundamental change to an economy that hasn’t worked for the working people of this nation for too long. . . .

> But with all the bright spots in our economy, record job growth and higher wages, too many families are struggling to keep up with the bills.

> Inflation is robbing them of the gains they might otherwise feel.

> I get it. That’s why my top priority is getting prices under control. (Biden 2022)

Moving away from the consumer as the imagined subject of governance would allow for policies that invest in the public production and provision of essential pharmaceuticals, childcare, and clean energy.

To balance the political demands of the moment, with an important commitment to continue politics that prioritize a growing economy, the Biden administration has focused on using methods beyond monetary policy to control prices. In the State of the Union, for example, Biden called for more robust government bargaining over prescription drugs, childcare subsidies, and energy tax credits.

These are all important policies, but they continue to frame consumption and the consumer as the primary lever and player in public policy priorities. They assume that improved health outcomes, childcare access, and even climate change should primarily be addressed by giving consumers better and more affordable access (as in the case of prescription drug prices and childcare subsidies) or encouraging particular consumption choices (for instance, clean energy tax credits). In contrast, moving away from the consumer as the imagined subject of governance would allow for policies that, for example, invest in the public production and
provision of essential pharmaceuticals, childcare, and clean energy. Instead of depending on consumers to drive markets, the government could ensure the availability of these essential services.

The consumer-entrepreneur subject has also shaped the Biden administration’s approach to the racial reckoning that was ongoing when he took office. To their credit, the Biden administration has been more willing to acknowledge the need to address the racial wealth gap—which William Darity Jr. and A. Kirsten Mullen (2020) describe as “the economic measure that best captures the cumulative effects of the full trajectory of American white supremacy from slavery to the present”—through public policy than prior administrations. Yet because they continue to offer policies that center the consumer-entrepreneur subject, the policies the Biden administration has proposed in response to the racial wealth gap can only have limited impact.

Last June, Biden announced a suite of policies (White House 2021c) aimed at addressing the racial wealth gap, which emphasized investment in Black entrepreneurs—for example, $31 billion to increase investments in and access to credit for BIPOC-owned small businesses—and increasing access to housing through tax credits to attract private investment in affordable homes. These programs build on the Great Society legacy of addressing inequality through the consumer frame. But the consumer-entrepreneur is an identity rooted in the present and future with little connection to the past. Consumption, and especially the entrepreneurial consumption encouraged by neoliberalism, is in service of future plans. As a result, investment in entrepreneurship cannot directly address past harms and offer the repair and redress required.

Democrats have moved beyond neoliberalism in acknowledging how history has affected people’s position in the market, but because they are still designing policies that center consumers and entrepreneurs instead of other identities, the policies they are proposing cannot fully address the issues they have committed to prioritizing.

The scope of the challenges we face—from racial inequality to the climate crisis to the care crisis—cannot be addressed by the market. Only direct government intervention can affirmatively build the economy we need at the scale and speed we need. But intervention at scale has to mean more than tinkering with consumer demand.
CONCLUSION

When policymakers’ imagined constituents stop bearing any resemblance to the actual people they seek to govern, their agenda stops making sense. Throughout history, new imagined subjects have risen as external conditions stretch the credibility of old models. In the 1930s, the worker-consumer fully replaced earlier notions of a free laborer; in the 1970s, as domestic production declined, neoliberals were able to replace the worker-consumer with a consumer-entrepreneur subject. Today, progressives need to offer policymakers a new imagined subject, but we face another, larger challenge as well: Progressives are rightly skeptical of a one-size-fits-all identity shared by all Americans, and recognize the deep limitations of having a central imagined subject of governance. Throughout American history, politicians and policymakers have used imagined subjects to erase entire populations from concern and mobilized them to draw lines between the deserving and undeserving subjects.

As important, each of us interacts with the economy through multiple, intersectional identities: as consumers, workers, investors, caregivers, patients, and community members.
And, we carry inescapable, historically informed identities—racial, ethnic, gender, religious, to name just a few—that also shape our experience in the economy. Progressive policymakers must find a way to govern for and to these complex identities.

This is not an easy project to explain. It makes sense that even as progressives have developed policies that recognize this complexity, governance has continued to be imagined in service of the relatively simple figure of a consumer. But it is not a recipe for success.

To move forward, to explain our agenda convincingly, we need to step back and identify and center the concerns and commitments citizens share across our intersectional identities. From these shared concerns, we must build an imagined subject whose commitment is to democracy, not the market.
REFERENCES


