

**THE USE OF IMPRESSION MANAGEMENT TO PROMOTE
'STARVE THE BEAST' POLICIES**

Amy M. Hageman

Doctoral Student
University of Central Florida
Kenneth G. Dixon School of Accounting
P.O. Box 161400
Orlando, FL 32816-1400
Phone: 407-823-3192
Fax: 407-823-3881

Amy.Hageman@bus.ucf.edu

Vicky Arnold*

Ernst & Young Professor of Accounting
University of Central Florida
Kenneth G. Dixon School of Accounting
P.O. Box 161400
Orlando, FL 32816-1400
Phone: 407-823-3192
Fax: 407-823-3881

Vicky.Arnold@bus.ucf.edu

Principal Fellow
University of Melbourne

Steve G. Sutton

KPMG Professor of Accounting
University of Central Florida
Kenneth G. Dixon School of Accounting
P.O. Box 161400
Orlando, FL 32816-1400
Phone: 407-823-5857
Fax: 407-823-3881

Steve.Sutton@bus.ucf.edu

Professorial Fellow
University of Melbourne

August 2007

Acknowledgements: The authors would like to thank Peggy Dwyer for her helpful comments.

Please do not quote without permission of the authors.

THE USE OF IMPRESSION MANAGEMENT TO PROMOTE 'STARVE THE BEAST' POLICIES

ABSTRACT

This study explores the use of impression management tactics to promote tax policy changes that are in line with Starve the Beast (STB) policies (Hageman et al. 2007). Specifically, we examine how the White House and the Federal Reserve Board (FRB) used impression management tactics to promote tax changes during the policy formation period of the 2001 Economic Growth & Revenue Reconciliation Act (the 2001 Act). A thematic content analysis is performed to analyze usage of impression management tactics to promote specific STB ideologies. Results indicate both the White House and the Federal Reserve primarily relied upon *assertive* impression management tactics in attempting to build support among constituents for the 2001 Act. Both governmental entities addressed notions of economic benefits, reduced size of the government, and potential for a “fairer” tax system. The White House also used examples to exemplify benefits of tax cuts for lower-income citizens and used the rationale of promoting small businesses, growth, and fairness in building support for tax cuts benefiting the wealthiest citizens. Taken together, these findings suggest that governmental impression management was used to market STB policies that undermine the interests of most members of society.

THE USE OF IMPRESSION MANAGEMENT TO PROMOTE 'STARVE THE BEAST' POLICIES

Within the area of taxation, many scholars contend that tax policy research offers “the most potential to make a valuable contribution to society” (Shevlin, 1999, p. 430). However, tax policy researchers generally ignore the larger political and social context in which tax law is formulated. Roberts & Bobek (2004) is an exception to the general paucity of such research, as they examine how U.S. tax policy fails to originate from a strictly pluralist process. The ability of entities to influentially control the formation of tax policy results in policies that tend to benefit society’s elite (Stoianoff & Kaidonis, 2005). In this study, we explore how U.S. governmental bodies promote tax policies that are skewed toward society’s elite in order to understand why such policy is embraced by society as a whole. This research adds to a growing body of literature addressing the need advocated by Hopwood and others to systematically analyze the relationship between accounting and society (e.g., Burchell et al. 1985; Hopwood 1985).

Hageman, Arnold & Sutton (2007) propose an overall framework for understanding the philosophical and theoretical roots driving the formation of tax policy within the U.S. since 1980. The *Starve the Beast* (STB) policy outlined in Hageman et al.’s framework originates in the political philosophy of Leo Strauss as adopted and interpreted by neo-conservative theorists—primarily Irving Kristol, but also others that have studied under Strauss or his students (Kristol, 1995a; Stockman, 1986). At its core, Straussian philosophy holds that *natural right* – or the inherent laws of nature – is a better foundation of society than human reason (Drury, 1997, 2005; Norton, 2004; Strauss, 1950, 1989). Hageman et al. (2007) note that the concept of *natural right* translates to a belief that society should be ruled by its elite and the need to “found an aristocracy within democratic mass society” (Strauss, 1989b, p. 314-315). As such, STB is

viewed as going beyond just the broader recognized relationship between tax policy and government spending as articulated in the popular press (e.g., Becker et al., 2003; Friedman 2003; Krugman, 2003; Krugman, 2004; Krugman, 2005a; Krugman, 2005b) to being a broader agenda for altering social policy (Hageman et al. 2007).

Specific propositions outlined in Hageman et al.'s (2007) STB framework posit that the overarching focus of U.S. policy makers is to enact targeted tax cuts that effect wealth distribution and realign government spending away from need-based social programs and toward defense-oriented initiatives. Specifically, tax cuts will favor the protection of wealth over the accumulation of wealth, such that equity measures of the fairness of the distribution of taxation are skewed and the progressivity of the tax system is reduced. The reduction in revenue resulting from tax cuts results in the ability of governmental policymakers to enact expenditure cuts to need-based social programs. Accordingly, STB promotes the use of tax policy to effect social policy and tends to benefit the wealthy elite at the expense of the poor.

Given the relatively small aristocracy within society that would benefit from STB policy, one logical question is, "How can such a policy be implemented in a democratic society?" In formulating the STB framework, Hageman et al. (2007) outline the evolution of STB from Straussian political philosophy to neo-conservatism theory to the formulation of STB. One aspect is the marriage of supply-side economics with the neo-conservative movement in the late 1970s (Stockman, 1986). As Kristol (1995a, p. 35) notes, "I was not certain of its [supply-side economics] economic merits but quickly saw its political possibilities." A second aspect is the belief in the need to fester a hatred of government among the poorest of society in order to garner support for a shrinking of government (Kristol 1995a) or as a *Wall Street Journal* editorial labels them, the "Lucky Duckies" who receive benefits from government without paying taxes. Third,

Strauss believed religion was necessary to control the masses in society and that religion should be supported for these purposes (Strauss 1968). Neo-conservative theory adopts religion as the foundation for taking care of society's poor and as the appropriate replacement for governmental need-based social programs (Kristol 1995a). Inherent in these views is a focus on doing 'what is right and moral' and 'what is good for all.' In essence, the writings of the Straussians and the evolution of neo-conservatism are indicative of an advocacy of the use of impression management for controlling society's perceptions in order to assure maintenance of an aristocracy with the power to rule in a democratic society (Hageman et al. 2007).

The purpose of our study is to explore whether this perceived impression management actually exists when STB-based tax policies are presented to the public. Hence, the focus of our study is not on the propositions within the STB framework as put forth by Hageman et al. (2007), but rather on the perceived use of impression management by the supporters of STB as the basis for which such policies can be promoted to the citizenry. We specifically examine the U.S. Economic Growth and Tax Relief Reconciliation Act of 2001 (the 2001 Act) which contains attributes representative of STB policy. Most notably, the top 1% of taxpayers received 36.7% of the tax cuts created by the 2001 Act, despite only paying 26% of all total taxes, while millions of taxpayers that paid payroll taxes (e.g. Social Security and Medicare taxes) but had no individual income tax liability did not benefit from the Act (Gale & Potter, 2002). We investigate the use of impression management tactics by two governmental organizations, the Federal Reserve Board (FRB) and the White House, using publicly available documents of external communications. This case study approach is used to contrast the processes used by two governmental organizations, one of which has responsibility to propose legislation (the White

House), versus another that technically functions as an independent governmental entity (the FRB) (Krugman, 2001b).

Empirical results of this study demonstrate that both entities relied heavily on *assertive* impression techniques, including the “independent” FRB. In particular, both entities used ingratiation, a technique with the “purpose of gaining the approbation of an audience that controls significant rewards” of the organization (Tedeschi & Melburg, 1984, p. 37), as they emphasized the positive characteristics of their policy recommendations with the intention of achieving a particular outcome.

The results of this study are important theoretically in demonstrating how *governmental* organizations may engage in impression management. Accounting researchers have examined the role of impression management in the annual report (e.g. Neu, Warsame, & Pedwell, 1998), but have not investigated how impression management may influence the field of taxation. This study shows the importance of considering impression management tactics when seeking to understand the formation of tax policy.

The remainder of this paper proceeds as follows. The second section develops the theoretical perspectives of both STB policy and impression management. The third section presents the research method, the fourth presents findings, and the fifth and final section provides some concluding comments.

Theoretical Development

Theoretical Basis of Starve the Beast

At a high level, STB pertains to a strategy aimed at reducing the role and size of the government by first enacting tax cuts to reduce governmental revenue collections, and then cutting expenditures for social programs in the aftermath of decreased funds (Hageman et al.

2007). In its popular press version, advocates of the STB strategy are portrayed as purposefully using the reduction in revenues from tax cuts to create deficits that will ultimately force the reduction of expenditures (e.g. Krugman, 2003; Friedman, 2003). However, this simplistic view of STB policy ignores its conceptual foundation in neo-conservative theory.

The roots of both STB and neo-conservative theory lie in the political philosophy of Leo Strauss. The basic tenets of Straussian philosophy emphasize singular moral clarity over relativism, education for the elite, strong national unity and patriotism, and the inherent laws of nature as providing a basis for the ideal structure of society (Drury, 1997; Strauss, 1950, 1989). Straussian philosophy therefore holds that an ideal social structure would benefit the interests of the *elite* over the *vulgar*, or commonplace (Drury, 1997, 2005; Strauss, 1950). While Strauss had little interest in the nuances of politics, Irving Kristol, the “godfather of neoconservatism” (Drury, 1997; Kristol 1995a), was instrumental in adapting many Straussian tenets in the formation of neo-conservative theory. In particular, neo-conservative theory incorporates Strauss’ view that government is unable to improve the basic human condition, and governmental programs should not be adopted to address social problems (Murray, 2006).

The influence of neo-conservative theory, with its roots in Straussian philosophy, resulted in several inherent ideological bases in STB policy. One of these is the role of *economics*. Whereas tenets of Straussian philosophy generally ignored the role of economics, Irving Kristol began to incorporate some of the basic thinking of supply-side economics into neo-conservatism after his exposure in the late 1970s to some of its originators while serving a fellowship at the American Enterprise Institute (e.g. Arthur Laffer and Jude Wanniski; Kristol, 1995a, 1995b). Supply-side economics predicts that reductions in marginal tax rates via tax cuts could stimulate economic growth and ultimately result in *increased* governmental revenues. While Kristol

(1995a, p. 35) acknowledges little faith in supply side economics, he was willing to support the ideals as “political effectiveness was the priority, not the accounting deficiencies of government” (p. 88). Indeed, enactment of large-scale tax cuts in 1981 under the Reagan administration is often attributed to the administration’s support of supply-side economics (Jones & Williams, 2006). Thus, it may not be surprising that one of the three members of Reagan’s Council of Economic Advisors, current Princeton economics professor Paul Krugman, criticizes supply-side economics as doctrine lacking economic soundness and notes it is essentially a political ideology effective in “selling” tax cuts to citizens (Krugman, 2003). Another Reagan administration insider, former Director of the Office of Management and Budget (OMB) David Stockman, has similarly reflected on the use of supply side economics as being a “Trojan horse” that concealed the true political ideology behind the cuts (Stockman, 1986). Given this history, we expect promotion of the 2001 Act will focus in part on the use of supply side economics to justify the tax cuts.

A second ideological component of STB policy is the role of *limited government*. Strauss advocated the “natural right” of society’s elite members to govern, and recommended liberal education exclusively for this group (Strauss, 1989). It is from this aspect of Straussian philosophy that the concept of a natural aristocracy within a democratic society arises (Drury, 1997). This is also the foundation behind STB’s focus on taxation policies that favor the protection of wealth over the creation of wealth—i.e., policies that maintain the power of the elite, but do not easily allow others to attain equal financial power as that of the elite. This is consistent with STB advocacy of the reduction of *social* expenditures in favor of increased governmental defense spending (see Murray, 2006). Kristol describes the tenet of neo-

conservative theory that, “Compassion organized into a political movement is a very dangerous, and I think, a wicked thing” (Murray, 2006, p. 37).

Accordingly, the role of limited government also stands out as a likely foundation for promotion of the 2001 Act. Kristol’s (1995b) original developments of neo-conservative theory in the mid-1960s related primarily to his antipathy with the Great Society programs. Kristol (2003, p. 2) reflected that neo-conservatives “do not like the concentration of services in the welfare state and are happy to study alternative ways of delivering these services.” A trademark of STB policy is its goal of reducing the size and scope of the government (Krugman, 2003).

STB policy also rests on appeals to *values*. The primary difference between the neo-liberal ideologies that have gained traction in much of the western world and that of neo-conservative theory is the focus on the integral role of religion and the basic belief that moral influences should guide policy formation and government should uphold moral standards (Brown, 2006). This singular moral clarity is in alignment with Straussian philosophy. Strauss (1950, p. 5) warned against the “uninhibited cultivation of individuality”, and advocated moral standards as, “In order to live, we have to silence the easily silenced voice of reason, which tells us that our principles are in themselves as good or as bad as any other principles” (p. 6). The third type of rationale we expect to be used to promote the 2001 Act is that of reliance on *values*.

In considering the *values* that will be promoted, however, one should consider the Straussian emphasis on benefiting the *elites* (gentlemen) of society while undermining the poor (*vulgar*) (Drury, 1997). Per Strauss (1968, p. 21), “It is a demand of justice that there should be a reasonable correspondence between the social hierarchy and the natural hierarchy.” Society’s wealthy elite have natural rights over less powerful citizens (Drury, 1997). This is reflected in explicit arguments for STB in the popular press (e.g. Becker, et al. 2003; Friedman, 2003) that

suggest entitlements or other social programs should be cut as such programs disproportionately benefit citizens that pay little income tax—i.e., the Lucky Duckies.

While advocates of STB policy may use all of these ideological arguments in representing STB policy, little has been documented about how these ideological bases are “sold” to citizens. On the surface, it is illogical that the majority of citizens would support policies that could potentially hurt their economic and social interests. One theory explaining how governmental entities manipulate their external images is organizational impression management.

Impression Management

The theory of impression management originated in the social psychology literature; however, “recent research has gone beyond studying the impression management behavior of individuals to that of organizations” (Arndt & Bigelow, 2000, p. 496). Organizational impression management theory predicts that organizations will manipulate their external image to portray a favorable external representation (Schlenker, 1980; Arndt & Bigelow, 2000). Organizations generally employ impression management techniques in response to negative publicity (e.g., Elsbach & Sutton, 1992; Elsbach, 1994) or to take credit for positive events (e.g., Staw, et al. 1983). Thus, “organizational impression management refers to any action purposefully designed and carried out to influence an audience’s perceptions of an organization” (Elsbach, Sutton, & Principe, 1998, p. 68).

Researchers have placed comparatively little attention on impression management tactics used by governmental bodies. Daft (1998, p. 8) defines “organizations” as goal-directed social entities with explicitly designed structures linked to the external environment. Governmental bodies represent specific types of organizations and may use impression management techniques

similarly to other organizations. Given their scope and power, the use of impression management tactics by governmental bodies has potentially far-reaching social implications.

One of the primary reasons that organizations engage in these impression management techniques is to obtain *legitimacy*. Suchman (1995, p. 574) defines *legitimacy* as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.” Many theoretical perspectives that examine the nexus of organizational-societal interactions treat legitimacy as an important organizational resource. For instance, resource dependence theory (Pfeffer & Salancik, 1978; Pfeffer, 1982), institutional theory (Meyer and Rowan, 1977; Powell & DiMaggio, 1983), and legitimacy theory (Dowling & Pfeffer, 1975) all hold that legitimacy is a necessary input for an organization’s survival. While organizational theorists differ in terms of their conceptualizations of whether organizations strive to achieve legitimacy due to economic or cultural pressures, they are united in the viewpoint that obtaining societal approval is essential for survival. Thus, concern for legitimacy results in organizational impression management techniques.

Organizational impression management techniques may be defined as *defensive* or *assertive*. Defensive tactics are reactive, whereas assertive tactics are proactive and indicate the establishment of a particular identity (Tedeschi & Melburg, 1984). Broadly speaking, organizations tend to engage in defensive impression management techniques in order to avoid negative publicity, such as through repairing legitimacy after an adverse event, and engage in assertive impression management techniques to build up a favorable image, such as after an organizational change (Ogden & Clarke, 2005). Common *defensive* impression management techniques include avoiding responsibility for an event (excuses), accepting responsibility but

not negative implications (justifications), explaining negative behavior prior to performance (disclaimers), distancing from negative events (dissociation), admitting responsibility and desiring restitution (apologies), and actually compensating victims (restitution) (Tedeschi & Melburg, 1984; Ogden & Clarke, 2005). We also posit that an organization may demonstrate *avoidance* (concealment), and avoid any mention of a negative event (Arndt & Bigelow, 2000). Common *assertive* impression management techniques include communicating with the goal of gaining approbation (ingratiation), using threats (intimidation), modeling (exemplification), convincing the audience of an organization's positive qualities (self-promotion), appearing as if dependent (supplication), maximizing responsibility for past events (entitlements), and maximizing the desirability of past events themselves (enhancements) (Tedeschi & Melburg, 1984; Ogden & Clarke, 2005).

Studies of impression management within the accounting literature indicate that most organizations tend to use assertive impression management techniques in attempts to celebrate achievements and defensive tactics to protect the organization from negative action (e.g. Aerts, 2005). Disclosures found within components of the annual report, such as environmental disclosures (e.g. Neu et al. 1998), directors' reports (e.g. Aerts, 1994; Aerts, 2005), the chairman's statement (e.g. Clatworthy & Jones, 2006), and environmental and community affairs (e.g. Ogden & Clarke, 2005) indicate that *defensive* impression management tactics are more common as reactive mechanisms, while *assertive* impression management techniques are generally more pro-active.

Given the trend in prior research toward the use of assertive impression management techniques in conjunction with attempts to build legitimacy (e.g. Elsbach et al. 1998; Ogden & Clarke, 2005), we investigate whether governmental bodies perceived as promoting STB policies

engage in *assertive* impression management techniques, rather than defensive techniques, if they are engaged in “selling” changes in tax policy. Evidence of *assertive* impression management indicates a pro-active response from governmental bodies attempting to gain support for tax changes during the policy formation phase (Tedeschi & Melburg, 1984). Thus, we use the theoretical framework of organizational impression management to understand the types of tactics that specific U.S. governmental bodies engaged in during the promotion of the 2001 Act. Understanding these techniques provides insight into how support for STB policies is garnered from citizens that are largely disadvantaged by the resulting tax and social policy outcomes.

Research Method

To examine whether impression management is being used to implement the STB policy, a case-based, latent content analysis approach is used. Specifically, this study examines representations made by two governmental organizations, the FRB and the White House, during the policy formation period of the 2001 Act. This method affords a rich, contextual examination of the impression management tactics used by governmental organizations to further STB .

Case Selection

To examine the types of impression management tactics used to market STB, one particular setting is examined. Analyzing all examples by all governmental entities over more than a quarter of a century is infeasible; focusing on the specific actions used to formulate a tax or expenditure cut affords a richer level of analysis. Within STB policy, tax cuts are the first chain in the cycle toward government realignment of social policy (Hageman et al. 2007). Thus, understanding the impression management tactics of one particular tax cut has implications for the whole STB policy. One recent tax cut with far-reaching implications was the 2001 Act (the Economic Growth & Revenue Reconciliation Act) under the Bush Administration. As the most

far-reaching change to the U.S. tax code since President Reagan's 1981 tax cuts, the 2001 Act reduced the marginal tax rates on every bracket (Gale & Potter, 2002). This Act provides a useful example of STB policies, particularly since the time between the policy formation and the signing of the bill into law was relatively quick.

The underlying plans for the 2001 Act first emerged in 1999 during George W. Bush's presidential campaign. While the Bush plan initially faced lackluster support (Krugman, 2001a), five days after inauguration, Alan Greenspan, FRB Chairman, testified before Congress on the merits of tax cuts. Political commentators and members of the press alike remarked that this testimony was the catalyst for the resulting 2001 Act (e.g. Kinsley, 2001), particularly since the former lack of support from the Federal Reserve was viewed as the key reason why tax cuts would not materialize (Shlaes, 2001). On February 8, 2001, the Bush Administration released its Agenda for Tax Relief; the plan was highlighted in Bush' address to the joint session of Congress on February 27, 2001. "[P]roviding tax relief for American families" was outlined as a key initiative of the White House's Blueprint for Economic Reform. The 2001 Act was ultimately passed by both legislative branches on May 26, 2001 and signed into law on June 7, 2001.

The 2001 Act, the largest tax cut in 20 years, reduced all marginal tax rates, eliminated the estate tax, and altered taxation for families and education-related savings (Gale & Potter, 2002). An examination of the provisions shows that the majority of tax cuts favored the wealthy, while the cuts themselves were regressive overall; furthermore, the budgetary effects of these tax cuts would require future spending cuts that would disproportionately affect lower-income taxpayers (Gale & Potter 2002). Only citizens that already paid income taxes received a cut; no tax cuts were granted for the millions of citizens that paid payroll tax but were too poor to have

an individual income tax liability (Krugman, 2001a). Taxpayers in the top 1% of income received 36.7% of the benefits of the total tax cuts, despite only paying 26% of the total taxes (Gale & Potter, 2002). Furthermore, taxpayers in the top 1% of income received an average tax cut benefit of over \$45,000, while those in the lowest quintile of income received an average tax cut benefit of only \$67. These results show that the tax cuts primarily benefited the wealthiest of taxpayers. As such, this study provides an example of a policy targeted toward society's elite; examining governmental actions in the policy formation stage can provide insight into how governmental entities market policies that undermine the interests of most societal members.

Data Sources

The first step necessary to collect the relevant data is to designate the policy formation period. In this study, this is defined as the period between the inauguration of George W. Bush and the newly elected Congress on January 20, 2001, and the signing of the bill into law on June 7, 2001. While this is an artificial designation of time, it is necessary in order to truly examine the strategies of *governmental* organizations during the relevant time period.

The next step involves identifying the applicable governmental bodies involved in this process. In this case, a variety of governmental organizations influenced the policy formation process of the 2001 Act. Two organizations were particularly important—the White House (i.e., the Bush Administration) and the FRB. The White House had campaigned on the issue of tax cuts (Krugman, 2001a) and developed the overall tax relief agenda as part of its economic plan. Furthermore, the 2001 Act was one of the key pieces of legislation in the beginning of the administration's tenure (Gale & Potter, 2002). Five days after the inauguration, Greenspan provided congressional testimony favoring tax cuts; and, this testimony was instrumental in

building support for tax cuts (Krugman, 2001a).¹ The FRB is an *independent* federal agency, whose opinions on monetary and fiscal policy are enormously influential (Shlaes, 2001). Because the White House and the FRB were the two key governmental bodies that played a prominent role in the 2001 Act's formation process, they were selected for detailed analysis.

Impression management depends on external communications (Tedeschi & Melburg, 1984). To study the impression management tactics in the 2001 Act, an extensive collection of public documents containing external communications from the White House and FRB during the policy formation period were collected. Given that organizational spokespersons are important in impression management (Elbrach, 1994), the written statements, prepared speeches, radio addresses, and responses to questions by the White House Press Secretary, President Bush, and other White House spokespersons were examined. White House press releases and reports, such as the President's Agenda for Tax Relief and the Blueprint for Economic Reform, were also examined. Databases such as ABI/Inform were searched to understand the role of the FRB in the policy formation process. Congressional Universe was then searched for all instances in which FRB members testified before Congress during this period; both prepared statements and responses to questions were analyzed. In addition, speeches made by board members, minutes from board meetings, FRB publications, annual reports, and similar publicly available documents were analyzed; however, most references to reducing tax rates were in the congressional testimony of FRB members. A complete list of all of the archived communications consulted that pertained to external representations by these two organizations is listed in the Appendix.

Data Analysis

¹ Greenspan noted that he was speaking for himself and not necessarily for the Federal Reserve Board (e.g. congressional testimony on January 25, 2001). However, in 2007, transcripts of this congressional testimony were still archived on the Federal Reserve's website (www.federalreserve.gov).

After collecting data from external communication from governmental entities, content analysis was used to interpret these disclosures from an impression management perspective. Content analysis relies on several units of analysis (Krippendorff, 1980; Ogden & Clarke, 2005). The *sampling units* are the data sources drawn upon, represented in this study as the publicly available archived documents for the FRB and White House (discussed above and listed in the Appendix). *Recording units* may either be thematic or syntactic and pertain to either key themes used in the documents or specific syntax. In this study, themes, rather than pure syntax, is used as the recording unit to uncover the latent meaning of each communication. Finally, *enumeration units* define the unit of measurement for content. The paragraph is used as the enumeration unit. Thematic recording units are not mutually exclusive, so some paragraphs may be counted more than once if they correspond to multiple themes (Ogden & Clarke 2005).

Several pre-specified theoretical recording units were used to isolate impression management and STB ideology. For the impression management tactics, data were analyzed for *defensive tactics* that attempted to deflect negative associations (excuses, justifications, disclaimers, dissociation, avoidance, apologies, and restitution) and *assertive tactics* that attempted to attain a positive reputation (ingratiation, intimidation, exemplification, self-promotion, supplication, entitlements, and enhancements). Consistent with the earlier discussion of STB ideology, the themes of “economic benefits,” “limited government,” and “ideal tax system”, which is common terminology when discussing changes in the taxation structure, were analyzed. STB policy also tends to benefit the wealthy elite at the expense of the poor (Hageman et al. 2007). Since this not common terminology in discussing tax changes, how this would be marketed was uncertain, but we expected some type of separate reference to the “elites” and the “lower” spectrum of taxpayers.

This coding scheme brings about a certain level of subjectivity. When in doubt, definitions of these constructs or ideology were re-read, and prior research was examined for examples of how such constructs had been implied in prior work. Since the potential for bias in the coding scheme is great, we go beyond merely summarizing the impression management techniques and STB ideology and provide extensive quotes from the archived documents to provide the reader guidance as to how these statements were coded.

Findings

Overall, the findings demonstrated that both the White House and the FRB primarily utilized assertive impression management techniques that sought to build a positive reputation during the tax policy formation period of the 2001 Act. Table 1 and 2 summarize the impression management tactics and ideological themes used. As these tables show, both organizations relied on the use of ingratiation, tactics designed to gain the approval of an audience that controls rewards (such as approval or esteem). Both the White House and the FRB discussed tax cuts using the ideology of the economy, the limited role of government, and creating an “ideal” tax system. However, only the White House specifically addressed the benefits of these tax cuts to the lower and middle class, as well as the elite. Furthermore, the impression management tactics used varied based upon the types of ideological appeals, as well as by the governmental entity.

[Please insert Table 1 and Table 2 here]

Benefits to the Economy

The White House communicated multiple times that the proposed tax cuts would benefit the economy, appealing to a market-oriented ideology. This reliance on appeals to economic benefits is not surprising, given that tax cuts during the Reagan Administration were marketed using similar arguments (Stockman, 1986). For the present study, the majority of White House

references used the impression management tactic of ingratiation (68% or 150/220 references to economic benefits); such appeals sought to secure the approbation of citizens and governmental officials alike. Such arguments tended to be self-enhancing statements to convince citizens of the economic benefits of cutting taxes. The majority of these statements called for action by emphasizing the positive effects that tax cuts would have on the economy, such as:

As you know, President Bush, throughout the campaign when he announced this tax cut, said that this tax cut will also, in addition to other reasons, serve as an insurance policy against any future economic downturns. We're very heartened to see that Chairman Greenspan has weighed in on the importance of cutting taxes to protect the economy, and we hope that the Congress will join President Bush and Chairman Greenspan in cutting taxes, in passing the Bush tax cut, so we can protect the strength of our economy (Press Briefing by White House Press Secretary Ari Fleisher, January 25, 2001).

We have been hearing too much troubling economic news. It is time for the United States Congress to give Americans some good economic news: tax relief for everyone who pays income taxes (President Bush Radio Address, March 17, 2001).

The economy needs a shot in the arm. So I call on the House and the Senate to reach an agreement on the final tax relief package this week. The sooner the Congress completes its work, the sooner the American people will have their own money in their own pockets to save and invest as they see fit. Our economy cannot afford any further delays (Statement by President Bush, May 23, 2001)

The tactics used to market the effect of tax cuts on the economy emphasized the positive outcomes that could result from such action. As indicated above, White House representatives (e.g. Fleisher, January 25, 2001) used the argument that FRB Chairman Greenspan had also noted the economic benefits of tax cuts. The arguments by Greenspan used ingratiation to achieve a certain outcome (40% or 62/154 references to economic benefits), but the specific appeals to economic benefits were more tempered than the statements by the White House:

In today's context, where tax reduction appears required in any event over the next several years to assist in forestalling the accumulation of private assets, starting that process sooner rather than later likely would help smooth the transition to longer-term fiscal balance. And should current economic weakness spread beyond what now appears likely, having a tax cut in place may, in fact, do noticeable good (Congressional Testimony by FRB Chairman Alan Greenspan, January 25, 2001).

So what it is, as I indicated before, is it's an insurance policy. It's basically doing something with a low -- against a relatively low probability outcome; that is, the protracted nature of a recession (Responses to congressional questions by FRB Chairman Alan Greenspan, February 13, 2001).

... [H]istory has indicated that it is very difficult to get a tax cut in place to materially alter the probabilities of going into a recession. But if you get into an extended one, having cut taxes, you are better off than not. And I think that's a general position which I think I would find the evidence is pretty much supportive of (Responses to congressional questions by FRB Chairman Alan Greenspan, February 28, 2001).

Thus, whereas the White House suggested that the U.S.'s current economic woes could be solved with a tax cut, the FRB suggested that such tax cuts were difficult to effectively implement and could only help to protect against the "low probability" of a long recession. This type of assertive technique reflects the proactive nature of the governmental organizations' attempts to build support for proposed tax cuts (Elsbach et al. 1998). Both groups explicitly relied upon an economic argument to win favor for the proposed tax cuts and their organizations' reputation, in line with the reasoning underlining the STB strategy (Krugman, 2003).

Limited Role of Government

A second theme used by governmental entities during the policy formation period was the suggestion that cutting taxes could achieve the benefit of a reduced role of government. Such an ideological appeal is inherent in STB policy; in particular, advocates of Straussian philosophy do not believe that the government should attempt to improve the basic condition of people, and that the role of governmental social programs should be reduced (Murray, 2006; Hageman et al. 2007). Both the White House and the FRB relied upon this ideological appeal, and primarily used self-promotion and ingratiation techniques in making appeals to enact tax cuts to reduce the size of the government. The FRB also extensively used intimidation tactics in threatening disastrous effects if the size of the federal government failed to shrink.

Organizational self-promotion tactics differ from ingratiation—self-promoting statements seek to convince an audience that an organization has positive qualities, whereas ingratiation seeks to achieve some type of positive outcome from the audience (Tedeschi & Melburg, 1984). Both the White House (48% or 151/312 references) and the Federal Reserve (24% or 31/127 references) used organizational self-promotion appeals in reference to their ideology of a limited role of government in emphasizing the accuracy of forecasts or their trust in citizens:

And as you point out, we really have no choice but to make a forecast, because not making a forecast is not -- is effectively trying to duck an issue for which we may -- we're making very major commitments. And implicit in any action that the Congress takes is a forecast. The only question: With all of its weaknesses, is it the best forecast that can be made, or is it suboptimal, leading to suboptimal policy? And I would argue it's important, that as difficult as it is to forecast, we have no choice, as you point out, and we should do the best that we can (Responses to congressional questions regarding the accuracy of budget forecasts by FRB Chairman Alan Greenspan, February 13, 2001).

No, this is an issue about trust, as far as I'm concerned. It's who do you trust. And I want you to know, I trust the people of this country. I not only trust them to spend their own money more wisely than the federal government will spend it, but I trust the people to provide a compassionate tomorrow for our fellow citizens (Statement by President Bush, March 27, 2001).

By comparison, organizations use ingratiation tactics to build support for a desired outcome (Tedeschi & Melburg, 1984). The FRB emphasized that reducing tax cuts was preferable to increasing the size of expenditures (22% or 28/127 references), whereas the White House stressed that lower taxes benefited citizens by preventing the future growth of the government (38% or 117/312 references). To generate support for the benefits of a limited role of government, the FRB appealed to an economic ideology, whereas the White House relied upon an implicit assumption that citizens would not favor governmental spending by politicians:

In general, as I have testified previously, if long-term fiscal stability is the criterion, it is far better, in my judgment, that the surpluses be lowered by tax reductions than by spending increases (Responses to congressional questions by FRB Chairman Alan Greenspan, February 28, 2001).

The President believes it's urgent to provide permanent tax relief, not one-time-only tax relief. And the President would not support anything that would keep taxes high or leave too much money in the hands of politicians because he fears they'll spend it later (Press Briefing by White House Press Secretary Ari Fleisher, January 25, 2001).

Tax relief is the right thing to do. It's an answer to a prayer, such as this one: lead us not into temptation. The big surplus accumulating in Washington was one great temptation for the spenders. And once we met basic needs, with a reasonable growth in our budget, instead of increasing the size of your federal government, what we decided to do was to put faith in the American people. We would rather have you spend the money. (Speech by President Bush, June 4, 2001).

This bill is more than just tax relief. It is more than just preventing Washington from growing the size of government. This bill reflects a philosophy that says, we trust the American people more than we trust government. (Speech by President Bush, June 4, 2001).

The White House also appealed to a sense that the estimated surplus was the *people's money* and enacting tax cuts would be a way to *return the people's money*. Again, this reasoning is consistent with Straussian and neo-conservative ideology inherent in STB policy that favors a reduced role of the federal government (Kristol, 1995a).

...[W]e'll still have money left over, which leaves us with two options -- first is to spend it on bigger government, or to return it to the taxpayers who earned it. I believe it should be returned to the taxpayers. It's the people's money, and the government ought to be passing it back after it's met priorities (Speech by President Bush, March 22, 2001).

When you're running surpluses that big -- when you're running surpluses that big, particularly with your economy beginning to sputter, it ought to say something loud and clear, if you take a common-sense approach to government. And that means the folks are overtaxed. And if you're overcharged for something, you ought to demand a refund. And I stepped in front of the Congress and demanded a refund on your behalf. (Speech by President Bush, March 8, 2001).

Finally, the greatest proportion of the FRB's statements in the policy formation period using the argument of limited government as a rationale for tax cuts used intimidation or threats (26% or 33/127 references). Intimidation tactics are useful when such negative actions or threats help to secure the compliance of the audience (Tedeshi & Melburg, 1984). The crux of the FRB's arguments in favor of reducing the size of the government was that paying off

governmental debt too quickly could lead to the widespread “danger” of governmental accumulation of private assets:

The danger that confronts us is that coming from a period which, granted it was far less of a desirable budgetary problem than we confront now, where we had to go was perfectly clear, unambiguous, and the ability to overdue it approached zero. I used to say, in the stages of significant endeavors towards budget reduction, that I didn't stay awake at night worrying about that we would overdo it. There is a considerable danger however, in this side that we might (Responses to congressional questions by FRB Chairman Alan Greenspan, January 25, 2001).

...I have precisely the same concerns on excess accumulation of assets -- claims against the private sector by the federal government -- in that regard, for the same reasons. That is, it would also reduce the efficacy of the private sector. And so that what happens is that the principles are the same, it's just that would -- looking at them from a different point of view (Responses to congressional questions by FRB Chairman Alan Greenspan, January 25, 2001).

...[W]e must avoid a situation in which we come upon the level of irreducible debt so abruptly that the only alternative to the accumulation of private assets would be a sharp reduction in taxes or an increase in expenditures. These actions might occur at a time when sizable economic stimulus would be inappropriate. Should this Congress conclude that this is a sufficiently high probability, it is none to soon to adjust policy to fend off such potential imbalances (Responses to congressional questions by FRB Chairman Alan Greenspan, January 25, 2001).

Overall, both the White House and FRB used the assertive impression management tactics of self-promotion and ingratiation to argue the benefits of tax cuts in line with a reduced role of government. However, the White House implicitly used the alternative of *politicians spending money* to gather support for proposed tax cuts, while the FRB explicitly appealed to the *danger* of paying off the federal debt too quickly. The different approaches served the same overall purpose—to build support for tax cuts in order to advance the Straussian, neo-conservative agenda of attempting to reduce the size of the federal government (Hageman et al. 2007).

“Ideal” Tax System

A third major theme in the marketing of tax cuts deals with the characteristics of an *ideal* tax system. STB policy is rooted in Straussian political philosophy, which treats the role of

values and singular moral clarity in a society as particularly important (Strauss, 1950). Thus, in marketing tax cuts, governmental organizations using this argument may appeal to tax cuts as *satisfying society's values* or that cuts were the *right* thing to do. For this ideological appeal, the White House relied heavily on self-promotion and ingratiation tactics. The majority of the White House's communication rested on self-promotion tactics (55% or 180/330 references) that strove to bolster the characteristics of the proposed tax cuts. As indicated below, the White House promoted itself as offering a plan that was *right for American* and *making a lot of sense*:

...[T]ax relief is on the way and it's right for America. (Speech by President Bush, April 18, 2001).

It's an agreement that makes a lot of sense. In the agreement is the largest tax cut in a generation and reasonable levels of spending (Speech by President Bush, April 18, 2001).

As the 2001 Act moved through the houses of Congress, the White House's self-congratulatory statements regarding its role in the proposed tax cuts grew even stronger:

I proposed the plan. I campaigned on the plan. Many of you, the truth be known here, didn't actually think it was going to happen (Statement by President Bush, May 11, 2001).

This is an historic day. It explains the art of the possible; it shows what can happen when good people come together with the intention of doing what's right for the American people. And we have done right by the American people today. God bless you (Statement by President Bush, May 26, 2001).

In the examples of self-promotion, the White House did not explain why the plan was the *ideal* for American citizens, but directly equated its provisions with reflecting the ideal values of the country. This reference to *ideal* without adequate explanation shows similarities to Straussian philosophy, whose notion of *singular moral clarity* is never explicitly denoted (Strauss, 1950). On the other hand, the White House also used many ingratiation tactics (23% or 75/330 references) that sought to gain the approval and support of constituents regarding the plan itself. To win approval of citizens, the White House initially portrayed President Bush as being "a new

sheriff in town” who sought to realign the country’s entire tax system (Press Conference by White House Press Secretary Fleischer, January 31, 2001). Particularly in the early stages of the formation of the 2001 Act, the White House sought to gather support for the plan through direct calls for support from American citizens who would understand the fairness of the plan:

My plan addresses the struggles of American families and respects their judgment. It doesn't tell families how to spend their money; it doesn't single out some Americans for relief, while leaving others out. It's tax relief for everybody who pays taxes. That's what the times and basic fairness demand (Speech by President Bush, February 5, 2001).

I'm asking all Americans to examine this plan and I'm asking for your support...My plan...is good for America and for the American families that make our country so unique and strong (Speech by President Bush, February 5, 2001).

But most of all, America is made up of fine, decent, honorable citizens, citizens who work hard every day to provide for their families -- just like my friends here -- citizens who, once the nation meets our priorities, ought to keep their own money, so you can spend, and you can save, and you can dream (Speech by President Bush, February 20, 2001)

Overall, the White House’s ingratiation tactics attempted to build support among citizens by broadly appealing to notions of fairness, without discussion of contextual subtleties. Again, these statements align with the emphasis upon absolutism inherent in Straussian philosophy and neo-conservative theory alike (Murray, 2006).

In contrast, many of the FRB communications in this regard rested on the defensive tactic of avoidance (43% or 12/28 references). Organizations utilize avoidance or concealment tactics when they are silent on a particular issue. This tactic is common when organizations do not wish to be associated with a specific matter and attempt to downplay their involvement (Arndt & Bigelow, 2000). For this study, the FRB did not wish to be viewed as recommending specific provisions as part of the 2001 Act, and sought to distance themselves from these implications:

I'm not going to argue for any particular tax cut or anything. That's not -- I'm not raising that (Responses to congressional questions by FRB Chairman Alan Greenspan, February 13, 2001).

Congressman, I think you'll find that nowhere in any of my testimony, written or oral, have I actually addressed a question of any particular tax or spending program in this particular context. I have argued that those are judgments that the Congress has to make (Responses to congressional questions by FRB Chairman Alan Greenspan, February 28, 2001).

Well again, Congressman, I can't really comment on that. Those are the key decisions which are really fundamentally deep and very important value judgments about the future of our nation, and I think the elected representatives are the most qualified people to reflect the values of the population as a whole (Responses to congressional questions by FRB Chairman Alan Greenspan, March 2, 2001).

Such avoidance may have resulted from the fact that the FRB was already on thin ice with its discussion of tax policy changes. As one commentator observed, "Since when is it the Fed's business to say that we should have a tax cut rather than, say, a new prescription drug benefit -- or for that matter a missile defense system?...Mr. Greenspan himself seemed aware that he was on shaky ground," (Krugman, 2001b, p. A.15). In comparison, the White House used the selling point that the plan was fair and good for the American people to build support for both the administration and the plan itself. This distinction in strategies used by governmental organizations may reflect their perceived role in the policy formation process, in that the FRB may have tried to distance itself from the potential outcry over its involvement in fiscal policy.

Support of Lower-Income Citizens

Whereas both the FRB and the White House used the previously discussed themes in their communications regarding the proposed tax cuts of the 2001 Act, only the White House communicated regarding the effects of the plan on citizens with lower tax liabilities. The 2001 Act itself was a regressive plan—a disproportionate amount of the benefits of the tax cut went to wealthy taxpayers (Gale & Potter, 2002). The roots of STB policy lie in Straussian philosophy, whose notion of a *natural right* characterizes the wealthy elite as having a natural right to societal benefits (Drury, 1997). Rather than highlighting these tendencies, however, the White

House took two approaches: (1) to gain support by emphasizing the benefits of the 2001 Act to lower- and middle-income households, and (2) by convincing citizens of the positive characteristics of cutting taxes for the wealthy.

In building support for the tax cuts among lower-income and middle-class citizens, the White House primarily relied upon ingratiation and exemplification strategies. Ingratiation rests upon convincing an audience of the positive qualities of a particular issue to build support (Tedeschi & Melburg, 1984). The White House's use of ingratiation tactics targeted toward poorer citizens (41% or 131/317 references) rested on convincing constituents that the 2001 Act disproportionately benefited lower-income households, aided those with credit card debt, and addressed rising energy problems. The President's Agenda for Tax Reform document particularly highlighted that tax cuts would benefit lower-income citizens:

These are the basic ideas that guide my tax policy: lower income taxes for all, with the greatest help for those most in need. Everyone who pays income taxes benefits — while the highest percentage tax cuts go to the lowest income Americans. I believe this is a formula for continuing the prosperity we've enjoyed, but also expanding it in ways we have yet to discover. It is an economics of inclusion. It is the agenda of a government that knows its limits and shows its heart (President's Agenda for Tax Reform, released February 8, 2001).

High marginal tax rates act as a tollgate, limiting the access of low and moderate-income earners to the middle class. The belief that any worker, with enough effort, can join the middle class is at the heart of the American Dream. But when government attempts to help the poor by simply redistributing income, it often undermines incentives to work harder and earn more (President's Agenda for Tax Reform, released February 8, 2001).

Moreover, many of the White House's statements stressed how tax cuts could help those facing high consumer debt or other financial difficulties:

There's a lot of talk about national debt. And that's important. But there's a lot of credit card debt that are burdening people (Speech by President Bush, March 1, 2001).

There's another reason to act quickly -- because many families need some help right away. A lot of Americans are struggling with debt and some have borrowed against their homes to repay it. These families could certainly use extra money-money that my tax

relief plan will offer. Other families will buy some things they need, or save for college or retirement (Radio Address by President Bush, March 10, 2001).

There are a lot of American mothers and dads who wake up in America today anxious over bills they have to pay. Their worries don't get any easier when the federal government takes more of their income in taxes than they pay for food, shelter and clothing. For families with children to raise and debts to pay, tax relief will lift burdens and ease worries (Speech by President Bush, April 16, 2001).

Such statements ignore the fact that millions of citizens with payroll tax liability but without an income tax liability did not receive tax relief, while the wealthiest 1% of taxpayers received nearly 37% of the benefits of the 2001 Act – despite previously paying around a quarter of all individual income tax (Krugman, 2001a; Gale & Potter, 2002). Indeed, those in the lowest quintile of income received an average tax cut benefit of only \$67, while those so poor that they did not have an individual income tax liability received nothing (Gale & Potter, 2002). When rising energy costs became a problem in May 2001, the White House also attempted to market the tax cuts as a solution for lower-income citizens' energy bills:

To the Congress, who is interested in helping consumers pay high gas prices, pass the tax relief as quickly as possible. We've set aside \$100 billion to help consumers with high energy prices. That's the quickest way to help consumers. I am deeply concerned about consumers, I am deeply concerned about high gas prices (White House Press Conference by President Bush, May 11, 2001).

The energy crisis is causing millions of middle-income and working Americans to pay more than they would like to pay to fill up their tanks with gasoline. One of the fastest ways to get relief to people is by cutting taxes. (Press Briefing by White House Press Secretary Ari Fleisher, May 15, 2001).

Regardless of whether the White House attempted to bolster the benefits of its proposed plan, the potential for tax cuts to assist with credit card debt, or marketing tax cuts as a strategy to deal with an energy crisis, the White House ignored the facts that most lower-income taxpayers would see little or no tax relief (Krugman, 2001a). This treatment of society's “vulgar,” or non-elite, align with Straussian philosophy (Drury, 1997).

Another tactic the White House used to market its plan was the use of exemplification or *modeling* to build support (Tedeschi & Melburg, 1984). In addressing the benefits of tax cuts to lower-income taxpayers, the White House used exemplification extensively (34% or 107/317 references) using the illustration of “tax families”. One case portrayed a tax family receiving a tax cut of \$1,382 as an example of how tax cuts benefited the lower-income families the most:

The father is an operating engineer at Children's Health Care of Atlanta, and the mother is a regional sales coordinator for High Mark Life Insurance Company. When I say this tax cut benefits low-income people the most, this will have the biggest change in their lives. If you give a tax cut 10 times the size to an upper-income family, it won't change their lives nearly as much as it will for a family who lives paycheck to paycheck, who all of a sudden now will have \$1,382 in their pockets. And they'll have more options, more new things to do in life as a result of the tax cut (Press Briefing by White House Press Secretary Ari Fleisher, March 1, 2001).

In other examples of exemplification, the White House stressed that cutting taxes could benefit families with debt or affected by higher energy costs. In portraying these examples, the White House chose to emphasize that tax cuts would be the best solution for such problems.

Steven and Josefina tell me they pay almost \$8,000 a year in federal income taxes. My plan will save them more than \$2,000. Let me tell you what Steven says: "Two thousand dollars a year means a lot to my family. If we had this money, it would help us reach our goal of paying off our personal debt in two years' time." After that, Steven and Josefina want to start saving for Lianna's college education. (President Bush's Address to the Joint Congress, February 27, 2001).

This good family, they pay \$2,900 in federal income taxes. Once Congress puts the plan I've just described to you in place, these good folks will save \$1,700. (Applause.) That's not a lot for some, they say. It's a lot for them. It's \$1,700 more dollars in their pocket. You know, there's a lot of talk about national debt. I want people to remember in Congress, there's also debt at the private level. There's a lot of folks who have got credit card debt. They thought they could manage the debt okay, until the fact that our nation didn't have an energy policy caught up with us (Speech by President Bush, March 26, 2001).

The White House specifically chose individuals that would receive a tax cut, and compared their taxes under the proposed plan with the amount of taxes paid under the current system, rather than articulating that millions of lower-income taxpayers conflicted by these same

issues would not receive any tax cut. Furthermore, the use of these tax families ignored whether the families would have received a bigger tax cut under an alternative plan, and avoided comparing the amount of refund the families received from the proposed 2001 Act with the refund amounts of wealthier families. Instead, the marketing of the benefits to the wealthier families rested upon the positive benefits of cutting taxes for all.

Support of Wealthy Citizens

One of the key propositions of STB policy is that tax cuts will tend to disproportionately benefit the wealthy, such that tax cuts themselves will be regressive (Hageman et al. 2007). Indeed, the 2001 Act did result in disproportionate benefits to elite taxpayers, at the detriment of those in the lower and middle classes (Krugman, 2001a; Gale & Potter, 2002). However, organizations may use assertive impression management tactics as anticipatory reactions to events in attempts at building support (Elsbach et al. 1998). Once again, the FRB did not communicate about the regressivity of the proposed tax cuts. The White House, however, heavily relied upon the technique of ingratiation in emphasizing the positive qualities of the tax cuts in order to build support (181 out of 247 references to wealthy taxpayers, or 73%). The White House also used a wide array of appeals, including discussion of the *death tax*, the effects on businesses, incentives of wealth creation, and the benefits of reduced rates for everyone.

One of the most consistently used techniques that the White House employed was using the terminology of the *death tax* to refer to the estate tax. The estate tax is steeply progressive, and only the top 2% of all estates are subject to this tax. The White House did not address the fact that only extremely wealthy taxpayers paid this tax (Krugman, 2001a). Instead, the White House attempted to garner support for abolishing the estate tax by attempting to paint the issue as affecting a broader range of taxpayers:

President Bush believes that the bias of the death tax against the family farm and family business is the antithesis of the American Dream. Accordingly, his tax relief plan will eliminate the death tax. Eliminating the death tax will allow family farms and businesses to be passed from one generation to the next without having to break up or sell the assets to pay a punitive tax to the federal government. As a result, wealth would be taxed only when it is earned, not again when entrepreneurs and senior citizens pass the fruits of their labors to the next generation (President's Agenda for Tax Reform, released February 8, 2001).

The President's commitment to eliminating the death tax will also boost risk-taking and wealth creation. The present system is unfair—it taxes income that was already taxed when it was earned and makes it difficult for many families to pass on their business or farm to the next generation. The death tax is wrong both from an equity and economic perspective. Elimination of the death tax will help family businesses and give seniors renewed incentive to save for their children (Blueprint for Economic Reform, February 28, 2001)

Some of the more illogical arguments in favor of abolishing the “death tax” were the White House’s statements that getting rid of the estate tax would help to “save family farms”:

We will eliminate the death tax, saving family farms and family-owned businesses (President Bush’s Radio Address, February 3, 2001).

President Bush believes that the bias of the death tax against the family farm and family business is the antithesis of the American Dream. Accordingly, his tax relief plan will eliminate the death tax. Eliminating the death tax will allow family farms and businesses to be passed from one generation to the next without having to break up or sell the assets to pay a punitive tax to the federal government (President’s Agenda for Tax Relief, February 8, 2001).

And to keep family farms in the family, we're going to get rid of the death tax (Speech by President Bush, March 2, 2001).

These portrayals of eliminating the estate tax as a way to preserve family farms fly in the face of the fact that economists and other researchers have never identified even a single case of a family farm that was lost due to the estate tax. Indeed, the *New York Times* reported that, “Even one of the leading advocates for repeal of estate taxes, the American Farm Bureau Federation, said it could not cite a single example of a farm lost because of estate taxes” (Johnston, 2001). Thus, the White House sought to build approval for its tax plan by building support of citizens

that supported the role of “family farms” – in spite of lacking even a single piece of evidence to support the claim.

The White House’s portrayal of the benefits of eliminating the estate tax mirrored another common theme within its discussion of reducing taxes on the elite – the potential bonus to small businesses and entrepreneurs. The White House repeatedly used ingratiation techniques to portray the tax cuts for the wealthy as a means of encouraging business growth and the “entrepreneurial spirit.” Some of the many examples of these references include:

... I want to remind you all that when you drop the top rate from 39.6 percent to 33 percent, it enables small businesses and entrepreneurs to more likely be able to expand their businesses. Because if you inquire, you'll find a lot of the small businesses in your districts and in your states are unincorporated small businesses and/or sub-Chapter S businesses. And the top rate reduction I view as a way to create an environment in which the entrepreneurial spirit can continue to move in America (Speech by President Bush, March 2, 2001).

But we also drop that top rate, from 39.6 to 33 percent. And we do so for this reason: Much of the capital that accumulates in the private sector ends up being managed by small business owners. Small business is the backbone of the country. Many of you all are small business owners. Ninety-five percent of small business owners pay the highest marginal rate in our tax code. They're unincorporated businesses. They're what we call sole proprietors (Speech by President Bush, March 6, 2001).

And I want you to remind the skeptics and the naysayers and the doubters that many small businesses are unincorporated, many are what they call Sub-chapter S, and they pay the highest marginal rate in the tax code. And by dropping the top rate from 39.6 percent to 33 percent, we provide capital infusion into the small business sector of America. This is a plan that is good for the entrepreneur and small business people. It makes sense to be that way. (Speech by President Bush, March 9, 2001).

The White House even explicitly appealed to the idea that reducing the top tax rate might lead to a revitalization of the inner cities:

...[W]hen you drop the top rate, you encourage growth in inner-cities by encouraging entrepreneurial spirit to flourish. A drop of the top rate really says to the urban enterprise, the small business person in urban America, you'll have more money to reinvest so you can employ more people (Speech by President Bush, April 5, 2001).

The White House's depiction of the justification of reducing the highest marginal tax rate attempted to garner support for the move by painting a picture of entrepreneurs that would spring forth with unbridled job creation and economic growth once the rate was lowered. Furthermore, some of the White House's arguments stated that most small business owners (e.g. 95%) paid taxes at the highest marginal tax rates. However, per the Center on Budget & Policy Priorities:

For every small business owner who would benefit from reducing the top income tax rate of 39.6 percent, there would be 15 small business owners who would not benefit from the Administration's tax package. For every small business owner who would benefit from reducing the top rate, there are 12 small business owners who receive the Earned Income Tax Credit and could benefit from an improvement in it (Shapiro & Greenstein, 2001, p. 1).

Taken together, these results indicate that the White House deliberately appealed to the notion of protecting the small business owner with tax cuts, but in actuality, the benefits for this group was significantly overstated. Like the appeals for eliminating the estate tax, the ingratiation tactics used to create support actually contradicted available evidence on the structure of the tax system.

Tied together with the benefits on small-businesses is the notion that reduced tax rates at all levels would enhance incentives for individuals to "work hard." The White House therefore relied upon the implicit assumption that higher taxes discouraged economic activity, as evidenced by these statements:

It is important to remember the role of government is not to create wealth. The role of government is to create an environment in which businesses, small and large, can flourish. That's the role of government (Speech by President Bush, February 28, 2001).

The American people understand that people who pay the most in income taxes should not be denied tax relief because they were successful and worked hard (Press Briefing by White House Press Secretary Ari Fleisher, March 2, 2001).

Now, to put it bluntly, some folks in Washington think all of the doctors in this room make too much money and you shouldn't get any of your money back. That's a fact. I know you've worked hard to get to where you are. You spent long hours in training and school. You do important, life-saving work. You also pay a lot of taxes (Speech by President Bush, March 21, 2001).

Inherent in these statements is the argument that the government should not penalize those that work hard and are successful. This implicitly assumes that taxpayers in a higher marginal tax bracket have worked hard to get to that point in life, and the government should not unjustly penalize them. This type of logic is akin to the role of natural right in Straussian philosophy, in which society's elite have a natural right to govern since there is likely a natural reason that they are in such a position of power (Strauss, 1950; Drury, 1997). The White House's argument also ignores the possibility of inter-generational transfer of wealth, and that those paying higher taxes on income that was not earned have not necessarily "worked hard."

A final type of ingratiation tactic that the White House used was the argument that "all taxpayers" should receive tax relief. Rather than appealing to notions of small businesses or of potential job creation, these contentions focused on how reducing *all* marginal tax rates was truly fairer to all taxpayers:

And the President does believe that we should not punish people because they are successful in America, and that no one should pay a rate of higher than 33 percent (Press Briefing by White House Press Secretary Ari Fleisher, May 9, 2001).

We're also going to cut all rates. You remember in the course of the campaign, ours was a campaign that made it clear we're going to be fair to the American people; that we didn't believe in the Washington talk about targeted tax cuts; that we felt that a targeted tax cut meant folks in Washington got to decide who won and who didn't win; that the best tax policy -- the best tax relief policy was to say, if you pay taxes, you get relief, everybody who pays taxes in America (Speech by President Bush, June 4, 2001).

These arguments logically confound the definition of marginal tax rates. Taxpayers in a 39.6% bracket do *not* pay individual income tax at the rate of 39.6% on all income; only the amount above a certain threshold is taxed at that rate. Indeed, no taxpayers pay tax at their marginal rate; due to exemptions and standard or itemized deductions, millions of lower-income taxpayers do not even have a tax liability. Simply reducing the lowest marginal tax rate (such as

from 15% to 10%) would result in a reduction in taxes for *everyone* that owed income tax, since the lowest marginal tax rate applied to all income up to a certain amount. The White House administration, however, sought to build support for the reductions as fairer to all taxpayers by slanting the argument as if failing to reduce the highest bracket would deny certain taxpayers a refund. Furthermore, the argument of reducing the highest marginal rate to 33% such that no one paid more than 33% of their income in taxes is also flawed. Due to the progressive tax system, taxpayers in higher tax brackets do *not* pay all of their income tax at that rate, and only pay income tax at the highest marginal rate on their portion of income that exceeds a certain baseline.

Taken together, the White House attempted to build support for its plan to reduce the highest marginal tax rate by arguing that the reduction would enable the inter-generational transfer of family farms, promote small business growth, and provide a fairer treatment to all taxpayers. However, many of these arguments were logically flawed, and the arguments contradicted facts about the overall distribution of both the tax system and the tax cuts. The appeals to family firms and small businesses were particularly flawed, given that no evidence could support the White House's claims (Johnston, 2001; Shapiro & Greenstein, 2001). In essence, the White House's use of ingratiation tactics served to build support for reducing the taxes on the wealthy as part of the Straussian underpinning of favoring society's elite's (Drury, 1997). That the tax cuts themselves benefited the elites the most aligns with STB policy (Hageman et al. 2007), but the White House's use of impression management indicates that pre-emptive techniques may be appropriate to build support on an issue (see Elsbach et al. 1998).

Discussion

This study examined the use of impression management by governmental bodies to build support during the policy formation stage of a proposed tax law change that appears consistent

with STB policies. Given that both the FRB and the White House were instrumental in the development of the 2001 Act (Krugman, 2001a), it is not surprising both organizations engaged in extensive impression management tactics. Arguments put forth by these organizations are consistent with the ideology underpinning STB policy as articulated by Hageman et al. (2007) in terms of suggesting tax cuts would help the economy, would further limit government, reflected an “ideal” tax system, and were fair in benefiting the wealthy elite. The White House also tried to portray the tax cuts as benefiting lower-income families, in spite of evidence to the contrary (e.g. Krugman, 2001a). Of further note, both the White House and FRB relied extensively on assertive impression management tactics; this type of technique is more common when organizations seek to pro-actively alter public opinion (Ogden & Clarke, 2005).

What may be the most noteworthy about the FRB’s activity is not the specific types of impression management tactics, but the fact that it engaged in these types of activities at all. During the question-and-answer period of Chairman Alan Greenspan’s initial congressional testimony on January 25, 2001, Senator Sarbanes remarked, “It wouldn’t be far off the mark for the press to carry the story of ‘Greenspan takes the lid off the punch bowl’ at this morning’s hearings, because your position in the past has consistently been that the surpluses should be devoted to reducing the debt” (Sarbanes, 2001). Indeed, the fact that this testimony came 5 days after the switch in executive power to the Bush White House may not be a coincidence. In a speech on May 21, 2001, Governor Laurence Meyer of the FRB remarked, “The relationship between the Federal Reserve and the executive branch was exceptional during the Clinton Administration. Early indications point to a continued excellent relationship with the new Administration” (Meyer, 2001). Perhaps the FRB’s involvement in fiscal policy indicated a willingness of the FRB to align itself with the ideology of the new White House.

In comparison, the White House, as the initiator of the 2001 Act, primarily used ingratiation and self-promotion tactics to convince constituents of the benefits of enacting tax cuts. Still, the White House used a wide array of ideological appeals in trying to build support. Besides the notion that cutting taxes would improve the economy and reduce the role of government, the White House sought to portray the tax cuts as indicative of a “fair” tax system, benefiting lower income and wealthy taxpayers alike. Many arguments appear internally inconsistent, particularly the contention that lower-income citizens benefited the most from the cuts – overlooking that the wealthiest taxpayers received the largest proportion of the benefit. The White House’s use of a variety of assertive tactics and ideological appeals appear reflective of the STB framework and the objectives (Hageman et al. 2007).

Of interest also is how tactics used by the White House differed between appeals to lower-income and wealthy citizens. Discussion of the benefits of tax cuts to lower income citizens focused on *exemplification*—portraying examples of taxpayers whose burdens would be reduced under the new tax scheme. However, the White House did not use any models for the wealthiest 1% who receive a disproportionate amount of the tax cut’s benefits (Gale & Potter, 2002). Instead, the White House relied on the logically confounded notion that those that “worked hard” and were “successful” should also receive a cut in their top marginal rate, ignoring the fact that reducing the lowest marginal tax rate benefited all taxpayers. The White House also developed several logically inconsistent arguments that reducing the taxes on the wealthy would help family firms and the majority of small businesses, despite evidence to the contrary (Johnston, 2001; Shapiro & Greenstein, 2001). The White House’s arguments for favoring “wealth creation” align with STB propositions (Hageman et al. 2007) and Straussian philosophy (Drury, 1997), demonstrating a rhetorical link between the wealthy and hard work.

Overall, this study demonstrates that governmental bodies engage in impression management tactics. The specific events examined in this study show the use of impression management to promote tax policy consistent with that of STB (Hageman et al. 2007). Governmental bodies appeared to achieve support for elitist policies by using assertive impression management tactics.

Table 1

Impression Management Tactics used by the White House

Defensive		Economy	Limit the Role of Government	Reflects Ideal Tax System	Helps Lower & Middle Class	Fair to Wealthy	Total
	Excuse	13	3	7	1	1	25
	Justification	4	9	3	7	0	23
	Disclaimer	1	0	0	0	0	1
	Dissociate	1	1	2	2	0	6
	Avoidance	7	3	16	2	2	30
	Apologies	0	0	0	0	0	0
	Restitution	0	0	0	0	0	0
	<i>Sub-Total - Defensive</i>	26	16	28	12	3	85
Assertive	Ingratiation	150	117	75	131	182	655
	Intimidation	7	19	8	5	5	44
	Exemplification	11	2	4	107	14	138
	Self-Promotion	13	151	180	56	42	442
	Supplication	3	7	24	3	1	38
	Entitlements (past)	6	0	7	1	0	14
	Enhancements (past)	4	0	4	2	0	10
	<i>Sub-Total - Assertive</i>	194	296	302	305	244	1341
	Total	220	312	330	317	247	1,426

Table 2
Impression Management Tactics used by the Federal Reserve Board

Defensive		Economics	Limit the Role of Government	Reflects Ideal Tax System	Total
	Excuse	1	6	0	7
	Justification	1	14	0	15
	Disclaimer	0	0	0	0
	Dissociate	5	3	0	8
	Avoidance	4	9	12	25
	Apologies	0	0	0	0
	Restitution	0	0	0	0
	<i>Sub-Total - Defensive</i>	<i>11</i>	<i>32</i>	<i>12</i>	55
Assertive	Ingratiation	62	28	11	101
	Intimidation	36	33	0	69
	Exemplification	1	0	0	1
	Self-Promotion	32	31	5	68
	Supplication	0	1	0	1
	Entitlements (past)	12	2	0	14
	Enhancements (past)	0	0	0	0
	<i>Sub-Total - Assertive</i>	<i>143</i>	<i>95</i>	<i>16</i>	254
	Total	154	127	28	309

References

- Aerts, W. (1994). On the use of accounting logic as an explanatory category in narrative accounting disclosures. *Accounting, Organizations & Society, 19*, 337–353.
- Aerts, W. (2005). Picking up the pieces: Impression management in the retrospective attributional framing of accounting outcomes. *Accounting, Organizations & Society, 30*, 493-517.
- Arndt, M. and Bigelow, B. (2000). Presenting structural innovation in an institutional environment: Hospitals' use of impression management. *Administrative Science Quarterly, 45*, 494-522.
- Becker, G. S., Lazear, E. P. & Murphy K. M. (2003). The double benefits of tax cuts. *The Wall Street Journal* (October 7), A20.
- Brown, W. (2006). American nightmare: Neoliberalism, neoconservatism, and de-democratization. *Political Theory, 34*(6), 690-714.
- Clatworthy, M. A., & Jones, M. J. (2006). Differential patterns of textual characteristics and company performance in the chairman's statement. *Accounting, Auditing, & Accountability Journal, 19*, 493-511.
- Claybrook, J. (2006). Wealthy families' campaign to repeal estate tax is big con job. *Public Citizen* Press Release (April 26).
- Daft, R. L. (1998). *Essentials of organization theory and design*. South-Western Publishing.
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. *American Sociological Review, 48*(2), 147-160.
- Dowling, J., & Pfeffer, J. (1975). Organizational legitimacy: Social values and organizational behavior. *Pacific Sociological Review, 18*, 122-136.
- Drury, S. B. (1997). *Leo Strauss and the American Right*. New York, NY: St. Martin's Press.
- Drury, S. B. (2005). *The Political Ideas of Leo Strauss, Updated Edition*. New York, NY: Palgrave Macmillan.
- Elsbach, K. D. (1994). Managing organizational legitimacy in the California cattle industry: The construction and effectiveness of verbal accounts. *Administrative Science Quarterly, 39*, 57-88.

- Elsbach, K. D., & Sutton, R. I. (1992). Acquiring organizational legitimacy through illegitimate actions: A marriage of institutional and impression management theories. *Academy of Management Journal*, 35, 699-738.
- Elsbach, K. D., Sutton, R. I., & Principe, K. E. (1998). Averting expected challenges through anticipatory impression management: A study of hospital billing. *Organization Science*, 9, 68-86.
- Friedman, M. (2003). What every American wants. *The Wall Street Journal* (January 15), A10.
- Gale, W. G. & Potter, S. R. (2002). An economic evaluation of the Economic Growth and Tax Relief Reconciliation Act of 2001. *National Tax Journal*, 55(1), 133-186.
- Hageman, A., Arnold, V. & Sutton, S. (2007). Starving the Beast: Using tax policy and governmental budgeting to drive social policy. Working paper, University of Central Florida. Available at SSRN: <http://ssrn.com/abstract=997637>.
- Johnston, D. C. (2001). Focus on farms masks estate tax confusion. *The New York Times* (April 8), pp. C.1.
- Johnston, D. C. (2007). IRS audits middle class more often, more quickly. *The New York Times* (April 16), pp. C.1.
- Jones, B. D. & Williams, W. (2006). Tax cut delusions: Flawed economic ideas and the decline of good government in America. Working Manuscript, University of Washington: Center for American Politics and Public Policy.
- Kinsley, M. (2001). Greenspan the pitchman... *The Washington Post* (February 2), pp. A.23.
- Krippendorff, K. (1980). *Content Analysis: An Introduction to its Methodology*. Newbury Park, CA: Sage Publishing Co.
- Kristol, I. (1995a). *Neo-Conservatism: The Autobiography of an Idea*. New York, NY: The Free Press.
- Kristol, I. (1995b). American conservatism 1945-1995. *The Public Interest*, 121, 80-91.
- Kristol, I. (2003). Preview: The Neoconservative Persuasion. *The Weekly Standard*, 8(47), 1-3.
- Krugman, P. (2001a). *Fuzzy Math: The Essential Guide to the Bush Tax Cut Plan*. New York, NY: W. W. Norton & Company.
- Krugman, P. (2001b). Et tu, Alan? *The New York Times* (January 28), pp. A.15.
- Krugman, P. (2003). The tax-cut con. *The New York Times* (September 14).

- Meyer, J.W. and Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*. Vol. 83(2). pp. 340-363.
- Murray, D. (2006). *Neoconservatism: Why We Need It*. New York, NY: Encounter Books.
- Neu, D., Warsame, H., & Pedwell, K. (1998). Managing public impressions: Environmental disclosures in annual reports. *Accounting, Organizations & Society*, 23, 265-282.
- Norton, A. (2004). *Leo Strauss and the Politics of American Empire*. New Haven, CT: Yale University Press.
- Ogden, S. & Clarke, J. (2005). Customer disclosures, impression management, and the construction of legitimacy: Corporate reports in the UK privatized water industry. *Accounting, Auditing, & Accountability Journal*, 18, 313-345.
- Pfeffer, J., & Salancik, G. R. (1978). *The External Control of Organizations: A Resource Dependence Perspective*, New York: Harper and Row.
- Roberts, R. W. & Bobek, D. D. (2004). The politics of tax accounting in the United States: Evidence from the Taxpayer Relief Act of 1997. *Accounting, Organizations & Society*, 29, 565-590.
- Schlenker, B. R. (1980). *Impression Management: The self-concept, social identity, and interpersonal relations*. Monterey, CA: Brooks/Cole.
- Shapiro, I. & Greenstein, R. (2001). Reducing the top rates: How much benefit to small businesses? *Center on Budget and Policy Priorities* (May 3).
- Shlaes, A. (2001). Time to stop blaming Greenspan over taxes: The Bush administration must not use the Federal Reserve Chairman as an excuse for failing to cut taxpayers' burden. *Financial Times* (January 2), pp. 15.
- Shevlin, T. (1999). Research in taxation. *Accounting Horizons*, 13, 427-441.
- Staw, B. M., McKechnie, P. I., & Puffer, S. M. (1983). The justification of organizational performance. *Administrative Science Quarterly*, 28, 582-600.
- Stoianoff, N. P. & Kaidonis, M. A. (2005). Rehabilitation of mining sites: Do taxation and accounting systems legitimize the privileged or serve the community? *Critical Perspectives on Accounting*, 16, 47-59.
- Strauss, L. (1950). *Natural Right and History*. Chicago, IL: The University of Chicago Press.
- Strauss, L. (1968). *Liberalism: Ancient and Modern*. New York, NY: Basic Books.

- Strauss, L. (1989). What is liberal education? In H. Giddin *An Introduction to Political Philosophy: Ten Essays by Leo Strauss*. Detroit, MI: Wayne State University Press.
- Stockman, D. (1986). *The Triumph of Politics*. New York, NY: Harper & Row, Publishers.
- Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20, 571-610.
- Tedeschi, J. T. & Melburg, V. (1984). Impression management and influence in organization. In S. B. Bacharach & E. J. Lawler (Eds), *Research in the Sociology of Organizations*, Vol. 3, Greenwich, CT: JAI Press.

Appendix

Archived Materials Used in this Study

White House Representations – all inclusive from January 20, 2001 to June 7, 2001

Press Secretary Statements and Responses to Questions

White House Press Releases

President's Agenda for Tax Relief (February 8, 2001)

Blueprint for Economic Reform (February 28, 2001)

Radio Addresses by the President and other Organizational Spokespersons

Prepared Speeches and Statements by the President

Other documents archived under "News and Events" for 2001 on the White House website (www.whitehouse.gov), accessed numerous times during March & April 2007

Federal Reserve Board Representations - all inclusive from January 20, 2001 to June 7, 2001

Congressional Testimony (prepared statements and responses to questions) by FRB members

Speeches Made by FRB Members (archived on Federal Reserve Board website)*

Minutes from FRB Board Meetings

FRB Annual Report

FRB Publications (archived on Federal Reserve Board website)*

*Federal Reserve Board website (www.federalreserve.gov) was accessed numerous times during March & April 2007.