Narrative and Legitimacy: U.S. Congressional Debates about the Nonprofit Sector* 

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This article develops a theory about the narrative foundations of public policy. Politicians draw on specific types of narratives in order to connect the policies they are proposing, the needs of the public, and their own needs for legitimacy. In particular, politicians are drawn to policy narratives in which they themselves occupy the central and heroic character position, and where they are able to protect the scope of their jurisdictional authority. We demonstrate how this works through a historical analysis of congressional debate about the nonprofit sector in the United States. Two competing narratives framed these debates: (1) a selfless charity narrative, in which politicians try to empower heroic charity workers and philanthropists, and then stay out of the way; and (2) a masquerade narrative, in which fake charities are taking advantage of the nonprofit tax exemption, in order to pursue a variety of noncivic and dangerous activities. Members of Congress quickly adopted the masquerade narrative as the dominant framework for discussing the nonprofit sector because it provided a more powerful and flexible rhetoric for reproducing their political legitimacy. By developing innovative elaborations of the masquerade narrative (i.e., identifying new categories of “false heroes”), while remaining faithful to its underlying narrative format, politicians were able to increase the persuasive impact of their legislative agendas. We argue that the narrative aspects of political debate are a central component of the policy-making process because they link cultural and political interests in a way that involves the mastery of cultural structure as well as the creativity of cultural performance.

How do politicians talk about the voluntary sector? Do they describe charitable organizations as responses to failed public policies, or as public-private partnerships experimenting with new solutions to old problems? Do they interpret philanthropy as altruism, or as an attempt by wealthy individuals to avoid taxation? Do they single out certain kinds of nonprofit groups for special preferences? Do they think there are tax-exempt organizations that should be treated with suspicion? The answers to these questions have a practical significance for the shape of civil society, since politicians are responsible for determining tax policies for nonprofit organizations. They also have a more general relevance for sociologists, particularly those interested in the intersection of culture and public policy.

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In order to understand the history of congressional debate about nonprofit tax policy, this article develops a theory about the narrative foundations of public policy and political legitimacy. Our central argument is that there were two competing political narratives about the nonprofit sector. The first narrative, which was a story of heroic charity organizations helping the downtrodden, served to justify the special privilege of tax exemption for nonprofit groups. Yet this account also threatened the legitimacy of politicians and other government workers, by describing them as obstacles to the effective functioning of the charity sector. Preferring an account in which they were the heroes, politicians made greater use of a second narrative about the nonprofit sector, in which there were dangerous organizations masquerading as charities, tricking philanthropists and foundation leaders into giving them money. According to this second story line, only politicians could protect the “real” charities against the “false heroes.” We contend that much of the complexity of nonprofit tax policy can be linked to the different ways in which politicians have been able to identify new categories of “false heroes,” in a manner that highlights the masquerade narrative. And we suggest that the narrative dimensions of political debate are a central element of the policy-making process.

While we emphasize the relationship between narrative and political legitimacy, we also try to situate the narrative requirements of political legitimacy within the broader set of political narratives and discursive strategies that inform the larger field of congressional debate. In other words, congressional debates about the nonprofit sector are always embedded within a broader set of discussions—about the relationship between capitalism and altruism; about the history and the nature of elite philanthropy; about the proper role of the state, and the kinds of things that can and cannot be done through public policy; about the unintended and perverse consequences of past public policies; about the problems of political influence and deceit. These other discursive projects have their own history and their own cultural logic, which influence the kinds of nonprofit narratives that are likely to resonate with other politicians engaged in the policy debate. In addition, when politicians make arguments about the nonprofit sector, they are bound by the normative expectation of temporal narrative consistency, which links their current statement to all of their past statements, as well as to the past statements of their allies.

The policy arena is a challenging and multidimensional cultural space for politicians. They must create a meaningful and persuasive policy narrative (about nonprofit organizations, for example), but they must do so in a way that (1) connects with the larger set of policy narratives that together define their political affiliation, (2) allows subsequent speakers to adopt the basic narrative logic of their argument, and (3) reinforces their own political legitimacy and their jurisdictional authority. Our account is sensitive to the internarrative complexity that emerges from all of these competing discursive situations. But we pay particular attention to the ways in which their narrative strategies satisfy the legitimacy requirement. By doing so we show how politicians developed a particular type of nonprofit narrative, the masquerade narrative, which could satisfy the legitimacy requirement in a way that was flexible enough to be elaborated in a variety of different ways that responded to an ever-changing political and cultural context.

Our argument unfolds in three parts. We begin by discussing how public policy debates are connected to politicians’ needs to reproduce their legitimacy and their jurisdictional authority. We argue that this interest in legitimacy encourages state actors to adopt specific types of narratives and particular forms of political rhetoric. Next, we review the turn to narrative in cultural analysis, and we introduce the
concept of character funneling in order to explain how politicians use the structural features of narratives to reproduce their own legitimacy, to simplify the complexity of the discursive environment, and to justify specific types of public policy. Finally, we demonstrate the usefulness of our theory through a historical analysis of congressional debate about nonprofit tax policy, showing how this debate shifted away from the selfless charity narrative and toward the masquerade narrative. We conclude by making some general observations about the role that culture plays in public policy, and pointing to specific qualities of narration that merit further attention.

THE STATE AND THE INTERESTS OF STATE ACTORS

Among political sociologists, there is a growing recognition that the “relative autonomy of the state” influences politics and public policy. For neo-statists such as Skocpol (1979, 1985) and Evans, Ruechemeyer, and Skocpol (1985), the state is more than a passive arena where other, more putatively fundamental social-structural conflicts are waged. While it is certainly the case that the interests and identities of political actors are shaped by structural forces—such as class relationships (Offe 1984; Poulantzas 1975, 1978), the history of elite conflicts (Lachmann 1990, 2002), and the decentralized, polyarchic collection of interest groups and voluntary associations (Dahl 1963; Dahl and Lindblom 1976; Polsby 1963)—this does not mean that political actors enter the state with their interests and their alliances already fully formed or resistant to modification. As a bureaucratic organization that organizes interests of its own, the modern state forces political actors to make significant modifications to their interests and their strategies, whenever they enter the state arena.

As Weber (1946) noted long ago, the modern bureaucratic state is shaped fundamentally by two relatively autonomous dynamics: (1) a normative commitment to the principle of office, and (2) an administrative commitment to the protection (and potential expansion) of jurisdictional authority. For this reason, as Skocpol and others have argued, the interests of the modern state do not simply mirror the concerns of those seeking its control (Evans, Ruechemeyer, and Skocpol 1985; Nordlinger 1981; Skocpol 1979, 1985; Skocpol and Amenta 1986; Weir and Skocpol 1983). It is a relatively easy exercise to identify examples of the state acting in ways that are contrary to the interests of economic elites (e.g., anti-trust measures), interest groups (e.g., campaign finance reform), and citizens (e.g., raising taxes). Further, state managers have their own interests and often act on their own behalf (which may be defined at any given moment in terms of individual needs, party needs, and/or needs of the state). For example, elected officials repeatedly attempt to shape the redistricting process in a way that improves their own chances for reelection and to win new seats for their political party, through gerrymandering and other similar strategies (e.g., Gelman and King 1994; Gronke and Wilson 1999). In addition, for many elected

1Our data come from the Congressional Record, and include analysis of the full text of every debate about nonprofit tax policy between 1894 (when Congress first passed a law explicitly exempting nonprofit organizations from taxation) and 1969. The data collection process involved using the index of the Congressional Record for every year between 1894 and 1969 to locate all of the debates (both extensive and brief) that transpired in the U.S. House of Representatives and the U.S. Senate during each year. To do this, we cross-referenced the terms tax (also, taxes, taxation) and nonprofit (also, tax-exempt organizations, charities/charitable) and then meticulously combed the debates that transpired on the floor on these topics. Every mention, general or particular, of any nonprofit organization(s) or tax exempt/potential tax-exempt organization(s) (indeed, many of these debates surrounded which organizations and contributions would, in fact, be tax-exempt) by any name, be it foundation, charity, union, philanthropic organization, member-benefit associations, etc. was included in the data set.
officials, their policy decisions are shaped by personal favors and informal pacts made between members of Congress (Carruba and Volden 2000; Groseclose 1996; Riker 1962). Indeed, the architecture of the legislative building and the committee structure of the legislative process can have profound effects on public policy, independent of the political identities that elected officials may bring to their jobs, or the public policy preferences that their constituents may hold.

In order to provide an adequate account of public policy, then, it is necessary to understand the state as an analytically autonomous political bureaucracy. For Skocpol (1985), the state bureaucracy consists of a set of administrative, policing, and military organizations coordinated by an executive authority. In its different bureaucratic embodiments, the state competes with the dominant class to extract resources from society and to control these resources, as a basis for maintaining a variety of administrative and coercive organizations. To be sure, the state uses many of its resources to maintain order and to defend its position in relation to other nation-states. But the elected officials and bureaucratic managers of the state apparatus also use the resources available to them in order to guarantee their administrative autonomy, and to try to expand the scope of their jurisdictional authority (e.g., Amenta and Parikh 1991; Nordlinger 1981; Orloff and Skocpol 1984; Skocpol 1985; Skocpol and Finegold 1982; Weir, Orloff, and Skocpol 1988). Skocpol's (1996) analysis of the health care policy of the Clinton administration documents a recent failed attempt at expanding the state's jurisdiction, while the New Deal was a more successful attempt (Skocpol 1980).

While significant debate remains about how much autonomy the state actually has, the neo-statist framework has nevertheless been important in directing attention toward the ways in which state managers attempt to act on their own behalf, and to expand the scope of their jurisdictional authority. Two important ways in which state actors seek to maintain and expand power are through (1) increasing revenues for initiatives, programs, and institutions to which they and their constituents are tied (e.g., military, social programs; see Amenta et al. 2001); and (2) identifying new areas in need of regulation (e.g., health care; see Skocpol 1996).

Yet, if state actors have an interest in protecting their autonomy, they can only do this by using particular kinds of cultural structures in order to produce effective rhetorical performances that are appropriate to the specific audiences to which they are addressed. In particular, state actors are faced with the challenge of connecting the policies they are proposing, their own legitimacy, their more general political ideology (as well as the ideology of their political party), and the needs of “the public.” Sociologists who study the state and public policy have been slow to investigate this connection between political legitimacy and public rhetoric. This lack of attention

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2 Critics of neo-statism have raised a variety of objections to the state autonomy argument, ranging from (1) questions surrounding the empirical accuracies of some influential contributions to the statist literature; (2) concerns that such theories discount the role of political forces outside the state, including politics from below; (3) accusations that the argument is based on the faulty premise that one can draw a clear boundary between state and society; and (4) that Skocpol's appeal to “bring the state back in” ignored a good deal of previous research in political sociology that already took account (in a variety of ways) of the relative autonomy of the state (see Jessop 2001 for a detailed review of these and other critiques).

3 Viewed from this perspective, the nonprofit sector is an excellent site for state actors to protect their autonomy, expand their jurisdictional authority, and reproduce their political legitimacy. As Salamon (1987) argues, state support of voluntary organizations in the United States began well before the American Revolution, has grown considerably, and today constitutes the largest source of funding for the nonprofit sector. Thus, many politicians will have connections with nonprofit policy initiatives, and almost all of them will have constituents who are affected by the nonprofit sector.
is complicated further by a more general bias in political theory, which tends to privilege the ideal of rational deliberation and to criticize rhetoric as a form of manipulation (Alexander 2003; Young 2000). More recently, though, social theorists have begun to shift away from a normative denunciation of rhetoric in order to build a theory of the political public sphere that recognizes the ways in which “rhetoric always accompanies argument, by situating the argument for a particular audience and giving it embodied style and tone” (Young 2000: 79; see also Alexander 1997; Gutman and Thompson 1996; Jacobs and Smith 1997; Rehg 1997). It is this focus on the rhetorical dimension of political debate that provides the motivation for the theory of narrative and public policy that we develop below.

THE NARRATIVE TURN IN CULTURAL ANALYSIS: A RESOURCE FOR UNDERSTANDING PUBLIC POLICY

Recognizing the social and cultural importance of stories and story forms, an increasing number of sociologists, historians, and psychologists have become interested in narrative in recent years (e.g., Alexander 1994; Ewick and Silbey 1995; Fine 1995; Gerrig 1993; Green and Brock 2000; Hart 1992; Holstein and Gubrium 1999; Jacobs 1996a; Kane 1997; Ku 1999; Maines 1993; Maynes 1992; Nell 1988; Polletta 1998; Schank 1995; Sewell 1992a; Smith 1994; Somers 1992, 1994; Steinmetz 1992; Strange and Leung 1999). The power of narrative is its ability to provide templates for orienting and acting in the world: by differentiating between good and evil, by providing understandings of agency and selfhood, and by defining the nature of social bonds and relationships (Taylor 1989:105). The stories that people tell to themselves and to others are not optional extras, used to pass the time during moments of rest and reflection; rather, they are a central component of social life that people experience in a “storied” way (Somers 1994:614; see also MacIntyre 1981; Ricoeur 1984). By arranging characters and events into stories, people are able to develop an understanding of the past, an expectation about the future, and a general understanding of how they should act.

The turn to narrative reflects a broader interest in meaning structures that is shared by many cultural sociologists. According to Alexander and Smith (1993, 2001), the analytical attraction of cultural structures such as codes or narratives is that they allow the analyst to study meaning-making processes without resorting to materialist reductionism or nonhermeneutic idealism. Furthermore, as Hall (2000) has argued, a focus on meaning structures helps the cultural analyst to distinguish between the intrinsic and extrinsic dimensions of cultural inquiry. On the one hand, intrinsic cultural inquiry is concerned with investigating situated meanings: the invented, received, re-presented, transposed, and improvised cultural repertoires that individuals and groups use to communicate, strategize, and coordinate their actions. On the other hand, extrinsic inquiry involves the attempt to identify generic and trans-situational cultural structures and cultural logics that support and inform the specific meanings at work. Ideally, for Hall (as for Alexander and Smith), a fully developed cultural explanation should “seek to understand both local meanings and their dialectical

4While spaces of parliamentary debate are not often the focus of public sphere research, both Habermas (1989) and Fraser (1992) have argued that parliamentary debate constitutes a particularly powerful and important space of public sphere discussion. Indeed, Fraser (1992:134) calls sovereign parliaments (1992:134) “strong publics,” in the sense that their discourse “encompasses both opinion formation and decision making.”
interplay with more general sociocultural processes theorized as cultural structures” (Hall 2000:347).

Compared to other techniques of cultural inquiry, narrative analysis offers significant advantages for understanding the connection between situated meanings and generic cultural structures. For any given narrative, it is possible to investigate the pragmatic goals the narrator is pursuing, the institutional context in which the story is being told, and the narrative conventions that regulate the talk or writing taking place within that specific institutional context. And yet, it is also possible to investigate the generic structures and story-types that inform these situated narratives. Politicians and journalists, for example, make frequent use of the human-interest story in order to put a human face on abstract public policies. In other instances, actors may rely upon the structural features of melodrama, Bildungsroman, tragedy, or comedy in order to naturalize a specific intended meaning. Attention to these and other narrative structures can provide the cultural analyst with tremendous insight into the ways in which the rhetorical features of public speech help to naturalize situated meanings within particular institutional and pragmatic contexts.

Cultural theorists and cultural sociologists have identified a number of important narrative structures, including plot (Kane 1997; Polletta 1998; Somers 1992, 1994; Steinmetz 1992), character (Bruner 1986; Jacobs 1996a; Radway 1993), genre (Alexander 1994; Griswold 1986, 1992; Jacobs 1996a, 2000; Jacobs and Smith 1997; Ku 1999; Olick 1999; Smith 1994; Wagner-Pacifici and Schwartz 1991), trope (Townsley 2001; White 1978), cardinal functions and catalyzers (Barthes 1977), inferential systems (Eco 1994), and evaluative systems (Linde 1986; Polanyi 1985). At a bare minimum, however, most scholars seem to agree that a narrative consists of the following characteristics: (1) a plot, which consists of a beginning, middle, and end; (2) a set of characters, usually including a central protagonist and an antagonist;

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5Our emphasis is on the way that narrative is able to link the intrinsic and extrinsic features of cultural inquiry. It is worth noting, however, that other scholars have emphasized different analytical features in their advocacy of narrative analysis. Polletta (2006), for example, has identified a number of methodological advantages. For one thing, it is relatively easy (for actors, as well as for analysts) to identify a narrative within a chunk of discourse; in contrast, it can be much more difficult to decide where a code, or a frame, or ideology begins and ends. Furthermore, “unlike frames or ideologies or discourses, all of whose referent is defined by analysts rather than the people who produce or act on them, most people know when they are telling a story. They know how to construct a story, and when and why and who should tell stories, and how to respond to a story” (Polletta 2005:7). In other words, narratives have a phenomenological advantage over many of the other culture concepts currently in use.

6In fact, this attention to the institutional factors that influence the production of narratives—for example, in social movements (Polletta 1998, 2006), news broadcasts (Jacobs 1996b), courtrooms (Ewick and Silbey 1995), or commemorative spaces (Wagner-Pacifici and Schwartz 1991; Olick 1999)—is one of the features of sociological narrative analysis that differs significantly from the purely literary approaches of Northrup Frye or Vladimir Propp. For the case of the public policy debates we are examining, it is worth noting several such institutional factors. First, while the debates originate as spoken discourse, arguments unfold with the recognition that they will appear in written form, in the Congressional Record. In addition, congressional speakers have the opportunity to supplement the written record of their speeches by inserting various written documents into the records. While the potential audience of these speeches and documents is the American public, most narratives are told under the assumption that other politicians and their aides, as well as specific constituents and interest groups, will consume them in the short term. This gives the congressional speeches a dual quality. On the one hand, because the debates are organized around the central topic of tax policy, the speeches are made in order to support or reject specific tax policies, and tend to refer to nonprofit organizations in terms of how much money they will cost (or save) the Treasury if specific proposals are passed. On the other hand, politicians make their speeches in full recognition that they are participating in the creation of a jointly authored text that will serve as a multivalent document: a policy document for politicians and their aides; a political document for their constituents, their political allies and opponents, and other interest groups; and a historical document for students of politics and political culture. This encourages them to broaden their speeches, to include stories about organizations they support and trust, as well as those they regard with suspicion and distrust.
and (3) a set of devices or functions that help to move the characters through the plot.

Still, while it is most certainly the case that “the narrative turn in the social sciences has been taken” (Denzin 2000:xii), the promise of narrative analysis will only be fully realized when analysts begin to show how the structural features of specific stories are related to social actions and historical outcomes.7 With this in mind, our theory of narrative and public policy focuses its attention on a particular structural feature of narratives: the organization, description, and relationships among different characters in the story. If narratives help to charge social life with evaluative and dramatic intensity, it is because of the way they organize characters into binary relations of similarity and difference—protagonists and antagonists, heroes and villains, allies and opponents, subjects and objects, donors and receivers, friends and enemies (Barthes 1977:106–07).8 Each of these character oppositions is defined by a particular sphere of action rather than a set of personality attributes. For example, the hero and villain participate in a shared space of combat, while the donor and receiver participate in a shared space of charity. In principle, the hero and the donor could be the same person, participating in two separate spheres of action in the story, and thereby arranged according to two distinct character oppositions.

As we will show, two types of political narratives have been particularly important for the nonprofit sector. Table 1 outlines the central character relationships of these two story types,9 as well as the roles they make available for politicians and nonprofit organizations.

The first type of narrative, the selfless charity story, is organized around the central opposition between a donor and a “blocking character” who presents an obstacle to the donor’s altruism. The donor is the hero of this story, providing charity and other social welfare services to those in need. The people who receive this charity play a relatively passive and minor role in the story, functioning primarily as beneficiaries of the donor’s altruism. Members of Congress play a significant role in the narrative—not only as the people who are responsible for regulating the nonprofit sector, but also as the people who are telling the stories. Importantly, though, the selfless charity story places significant constraints on the kinds of roles that are available for politicians. Their best role in the story is a supporting one, in which they empower the donors and then get out of the way. If politicians narrate themselves more centrally into the action of the plot, they tend to do so as “blocking characters,” who get in the way of the hero’s activities. A central component of many comic stories, the blocking character, is intimately connected with the theme of the absurd, and typically receives a significant amount of ridicule in the movement toward comedy’s telos, the reintegration of society.10 As such, the blocking character is not a desired position for those interested in reproducing their political legitimacy.

The second type of narrative, the masquerade story, is organized around the opposition between hero and false hero. Instead of placing nonprofit organizations in the
Table 1. Central Character Relationships in Two Main Story Types

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<tr>
<th>Central Character Opposition</th>
<th>Story Type 1: The Selfless Charity Story</th>
<th>Story Type 2: The Masquerade Story</th>
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<tbody>
<tr>
<td>Role of nonprofit organizations</td>
<td>Donor-hero: provides charity and other social welfare services to those in need</td>
<td>A. False hero: groups masquerading as charities, in order to take advantage of the tax advantages of the nonprofit status</td>
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<td>B. Buffoon: foundation leaders who are tricked into giving money to the false hero</td>
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<td></td>
<td>C. Helpless victim: “real charities” that have critical resources stolen by the false hero</td>
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<tr>
<td>Role of politicians</td>
<td>A. Support role: empowering charities, and staying out of their way</td>
<td>Hero: protects the “real charities” by finding and punishing the false hero.</td>
</tr>
<tr>
<td></td>
<td>B. Blocking role: getting in the way of charities and the philanthropists who support them</td>
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heroic character position, this narrative, instead, distributes them among a variety of conflicting roles. The role that is perhaps most central to the story is the false hero, in which there are groups masquerading as charities in order to pursue other, more nefarious goals. A second role, the buffoon, is played by the foundation leaders, who get duped into giving money to the false hero. The third role, the helpless victim, is played by all of the “real charities” that are suffering from the false hero’s deceits. Members of Congress occupy the role of hero in this narrative; their action in the story is to root out and punish the false heroes, and thereby to preserve the moral purity of the nonprofit sector. As we will demonstrate below, most of the later history of congressional debate about nonprofit tax policy has consisted of new elaborations of the masquerade story and, correspondingly, new justifications for close supervision of the nonprofit sector.

Perhaps, the most sociologically interesting dimension of these (and, indeed, of most) policy narratives is the process by which their myriad characters get reduced to a central binary opposition. This process of character funnelling enables individuals and groups to use the structural features of the narratives in a strategic way in order to gain power and influence in political and civil society. The process of funnelling the characters down to a central opposition serves simultaneously to reduce complexity and to intensify evaluation, in a way that encourages political alliances and galvanizes
political action. By reducing the complexity of the narrative to a central protagonist and antagonist, narrators are able to focus attention on who is the main threat, and what kinds of actions are required to eliminate the threat. This has the effect of highlighting specific meanings and assumptions about a specific policy, while masking and discrediting alternative understandings. Thus, in a manner similar to other types of binary oppositions, the process of character funneling pushes the narrative more clearly in the direction of determining purity and pollution, and naturalizing a sense of where political actors need to be if they wish to protect their legitimacy: specifically on the side of purity and, ideally, in the character position of hero and central protagonist.

In the ideal-typical narratives of congressional supervision outlined above, the processes of character funneling help to identify, to naturalize, and to motivate judgment in favor of specific types of nonprofit policy. Thus, in the selfless charity story, the focus on the central character opposition between donor and obstacle serves to reduce complexity by (1) largely ignoring the recipients of charity, (2) hypostatizing the charity sector into a single, heroic group, and (3) identifying the state as the central obstacle those charity workers must overcome. The narrative is effective because it suggests a clear course of action, in which policymakers should adopt a largely passive and supporting role. It is not, however, a narrative that aligns very comfortably with the state interest in political legitimacy. In addition, because it relies on a faith in the trickle-down effects of elite altruism, the selfless charity narrative has frequently failed to satisfy the material requirement of tax policy, which is to produce an adequate quantity of state revenue.

In contrast, the character funneling of the masquerade story reduces narrative complexity by (1) focusing primarily on the threats posed by fake charities, (2) identifying the state as the only agency able to identify and punish these fake charities, and (3) minimizing the functional importance of the “real charities,” which come into the story only to reinforce the need for strong congressional regulation. Like the selfless charity narrative, the masquerade narrative is effective because it suggests a clear course of action. Unlike the selfless charity narrative, however, the masquerade narrative aligns easily with the state interest in political legitimacy because it naturalizes the need for active state intervention. The masquerade narrative also has

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11In many ways, character funneling operates in a manner similar to what social movement scholars refer to as “framing processes.” As Benford and Snow (2000:614) define them, frames help to organize experience and guide action, and do so “by simplifying and condensing aspects of the ‘world out there.’” Recently, Benford and Snow (2000:622) have introduced the concept of “narrative fidelity” into their theory of framing processes, as a way to respond to the criticism, made by cultural sociologists (e.g., Jasper 1997; Kane 1997; Polletta 1998), that frame analysis fails to consider the ways in which frames are informed by underlying cultural structures and processes. Unfortunately, Benford and Snow’s concept of narrative fidelity does not really specify the kinds of cultural structures that shape the “culture out there”; instead, they rely on a vaguely defined sense of “cultural resonance.” Thus, by outlining one of these cultural structures, our description of character funneling can be understood as a potentially important contribution to one of the most underdeveloped components of frame analysis.

12Alexander and Smith (1993:164–65) describe a similar process in their research on the binary structure of civic discourse, and the way that this binary discourse shapes political debate: “the codes have an evaluative dimension that enables them to play a key role in the determination of political outcomes. In American civil society, the democratic code has a sacred status, whereas the counter-democratic code is considered profane. The elements of the counter-democratic code are dangerous and polluting, held to threaten the sacred center of civil society, which is identified with the democratic code. To protect the center, and the sacred discourse that embodies its symbolic aspirations, the persons, institutions, and objects identified with the profane have to be isolated and marginalized at the boundaries of civil society, and sometimes even destroyed.... Strategically, this dual capacity will typically result in efforts by competing actors to tar each other with the brush of the counter-democratic code, while attempting to shield themselves behind the discourse of democracy.”
the advantage of aligning effectively with some of the more general ideological currents that have informed 20th-century American political discourse, such as the 1940s attacks on labor unions, the Cold War obsession with communism, and the 1960s concern with unfair tax shelters. And because it defined heroic congressional action through the practice of closing tax loopholes, it was able to satisfy the material institutional requirements of raising sufficient state revenue. We turn now to a more detailed description of these narratives, showing how the masquerade story became the dominant narrative for describing the relationship between nonprofit organizations and the state. Throughout this discussion, we move back and forth between a “thick description” of specific congressional debates and a more theoretical concern with the relationship between narrative, policy, and legitimacy.

THE INITIAL NARRATIVE: EMPOWERING CHARITIES, AND GETTING OUT OF THEIR WAY

In the United States, the first congressional debates about nonprofit organizations took place as part of a larger discussion about how to increase state revenues. Tariff issues were of primary concern in 1894, while the 1917 and 1936 tax debates were shaped by the need to raise war revenue. Given the context in which these early debates took place, any exemption from taxation had to be justified: tariff exemptions, individual and corporate exemptions, and, of course, exemptions for charitable, religious, and social service organizations. It was not enough to argue that nonprofit organizations should be exempt from taxation simply because they benefited the public good.

Influenced by this concern for raising revenue, some of the earliest congressional narratives about the nonprofit sector emphasized the ways in which they actually saved money. In these stories, nonprofit organizations created revenue by performing charitable tasks that the government would otherwise have to do itself, and by performing these jobs more effectively and efficiently. This justification was articulated clearly by Rhode Island Senator Gerry, in 1917:

> the charitable and religious institutions of our country are very great institutions for good. Our hospitals and our different organizations for relieving the poor are doing work that the Government would have to do if they did not, and I believe they are doing it a great deal better than it could be done by the Government. I do not think for one moment that any sensible man will dispute the statement that where persons are working purely from religious and philanthropic motives of the highest kind—for example, like the Sisters of Charity—they will perform the work with greater ability than the mere Government employees. Mr. President, I think that they ought to be encouraged. I think church work of that sort ought to be assisted, and I believe that the people of the country are in favor of such action. (Congressional Record 1917:6049)

This description performs a number of important narrative functions. First, it describes the motives of charity workers as religious, altruistic, and unquestioningly pure. Second, it asserts a contrast between charity workers and government workers, privileging the former and questioning the effectiveness of the latter. And third, it identifies a normative course of action for the state, whose function is to play a supporting role for the real heroes: the charity workers and the philanthropists.
This narrative was persuasive, in part, because the trust that was vested with charitable organizations was also connected to a set of broader narratives, which circulated simultaneously, about elite philanthropy and individual responsibility. These extra-legislative narratives defined the charity sector as a monolithic, altruistic entity, and dramatized the dangers of too much government interference. These complementary narratives merged into stories depicting wealthy philanthropists who would support the charitable sector by making large donations and setting up foundations, but only if their altruistic instincts were not blocked by shortsighted and foolish politicians who wanted to increase the tax burden on the rich. According to this argument, higher income taxes would not hurt the wealthy individual at all, but they would cripple the communities, foundations, and social service organizations that relied on the donations of the rich to support them in their enterprises. This argument was not told so much as a forecast or warning, as it was a historical narrative about the things the wealthy had done with their surplus income so many times in the past:

Who provided the hundred millions of dollars which was raised for the Red Cross? Was that done by the average citizen, or did it come from the surplus revenue of those who will pay the income taxes which will be imposed by this bill? . . . Who provides the very large amounts of money given each year to educational and charitable institutions? Who has provided for the research investigations carried on by the various Rockefeller endowments? Those things cannot be done unless there are large accumulations of capital, and they come as a result of those large accumulations . . . I ask the Senator from Wisconsin or any other Senator where is this money coming from to keep the public service corporations of this country up to a reasonable standard to serve the public, or what is going to be done for money to add to the industrial activity of the United States . . . if we take all this surplus revenue for the Government then there is none remaining for these very important matters. (Senator Weeks, Congressional Record 1917:6212)

This story served to naturalize the idea that wealthy individuals could be trusted to act in a way that would benefit the public good, so long as the government did not obstruct them through higher taxes. The underlying theme, elaborated repeatedly, was that federal tax policy should emphasize positive inducements in order to allow the natural civic virtue of the wealthy to be realized. In 1894, for example, Nebraska’s Senator Allen argued that the tariff on imported European oil paintings should be changed to encourage more civic-mindedness by exempting the tariff in instances where the paintings were made available to the public.13 In 1917, Senator Myers (from Montana) argued that religious and charitable organizations should be exempted from the federal inheritance tax in order to encourage large bequests by wealthy individuals.14 In other words, as long as politicians did not block the altruistic instincts of the wealthy, charitable organizations would have all the resources they needed to serve the public good.

For politicians, there were three main problems with these kinds of selfless charity stories. First, because they were based on a faith in the trickle-down effects of elite philanthropy, they were not very effective at responding to one of the main challenges of the time: raising the state revenues necessary to fund World War I and,

14 Congressional Record (1917:5934; also see the discussion on pp. 6049–50).
ultimately, to support the poverty relief programs instituted during the first waves of the New Deal. Second, they contrasted with the Progressive rhetoric of the time, which emphasized a suspicious attitude toward capitalist robber barons while articulating an alternative vision of policy expertise within government (see Schudson 1998: esp. 211–19). Third, the selfless charity stories failed to provide a mechanism for reproducing the political legitimacy of representatives in Congress. In general, people prefer to narrate themselves as the heroes of the stories they tell (Alexander and Smith 1993; Schank and Berman 2002). In this respect, politicians are no different from other members of society in imagining themselves playing the lead rather than a mere supporting role. More specifically and problematically, though, the “selfless charity” story identified charity workers and philanthropists as guardians of the public trust. By doing so, this narrative challenged the very cultural foundation of political legitimacy, which requires that representatives of the state occupy the role of public guardian—a guardianship that was highlighted by the heroic discourse of Progressivism.15

Given the growing influence of the Progressive movement, as well as the more general legitimacy problems that the “selfless charity story” presented for members of Congress, it is perhaps not surprising to find that competing narratives about the nonprofit sector were put forth from the very beginning of congressional debate. Indeed, during the 1894 debates, there were several attempts to tell negative stories about charities—for example, that charity humiliated its recipients,16 that philanthropists made their fortunes from unfair tariffs that hurt workers,17 and that more effective tax policy could eliminate the need for both of these forms of “altruism.”18 These alternative narratives had the benefit of identifying Congress as a heroic group of social engineers, whose policies could improve the lives of all of society’s members. But they were not very successful at changing the interpretive environment, and by the 1917 congressional debates they had disappeared entirely.

There are several factors that help to explain the initial failure of this alternative narrative strategy. The shifting political climate surely played a part, as the influence of the Progressive movement was already in rapid decline by 1920 (see Link 1959). The cultural resonance of stories about orphanages, hospitals for crippled children, and benevolent philanthropists also played a part, since these stories were central to the very justification for nonprofit tax exemption. And rhetorically, there were problems with alternative narrative’s focus on the putative victims of charity—the poor and the working-class recipients who had been “shamed” by accepting assistance—since these recipients/victims did not play a significant role in the selfless charity story that was being contested. If they were to narrate themselves successfully as the heroes of the nonprofit sector, members of Congress would need to develop an alternative narrative that was more effective in balancing the different cultural requirements of this complex and multidimensional discursive space.

Early hints about the eventual shape of this alternative narrative surfaced during John D. Rockefeller’s unsuccessful campaign in 1910 to obtain a national charter for

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15 As Weber (1946:95) argued, distinguishing political leaders from civil servants: “The honor of the political leader, of the leading statesman, however, lies precisely in an exclusive personal responsibility for what he does, a responsibility he cannot and must not reject or transfer.” In a more empirical vein, Burstein and Bricher’s (1997) study found that congressional committees overwhelmingly defined public problems in a way that assigned significant responsibility to the federal government.

16 Congressional Record (1894:909).

17 Congressional Record (1894:991).

18 Congressional Record (1894:1287).
his foundation. Rockefeller’s proposal was criticized heavily in the press, through rhetoric that made use of many of the features of the masquerade narrative. Yet, many senators supported the Rockefeller proposal, and even defended it against its detractors in the media. It was only after sustained public criticism that a few senators and a chorus of representatives began to express concern about the proposed foundation and the possibility that it would become an enormous tax shelter or an unregulated agent of influence. Such criticisms, of course, made sense in the context of growing national concern about the monopoly power of Rockefeller’s Standard Oil. What is surprising is not that there was controversy around the Rockefeller Foundation charter, but that (1) the legislators were so slow to raise an eyebrow, even when the philanthropy under consideration was proffered by a public figure shrouded by questions of corporate illegitimacy, and (2) that on the floor of Congress, the selfless charity narrative remained dominant, at least for a limited period of time. This would soon change, however, as congressional debates about nonprofit organizations became increasingly focused on the question of political influence.

THE MASQUERADE NARRATIVE, PHASE I: MARSHALL FIELD, LABOR UNIONS, AND THE GROWING PROBLEM OF INFLUENCE

Trusts when organized for the public good should have proper encouragement, but when they have reached the point where they, by aggregated capital and combination of interests, attempt to, or influence legislation, either State or national, they should be removed and dispersed. (Senator Perkins, Congressional Record 1894:3853)

From the earliest debates about nonprofit tax policy, there had always been a secondary, less audible narrative about the problem of political influence, and the organizations that were likely to take advantage of nonprofit tax exemptions in order to pursue political rather than civic goals. This second narrative appeared only rarely in the early congressional debates, but it became increasingly prevalent and powerful after 1940, with a change in the larger ideological climate. While orphanages, hospitals for crippled children, and farm cooperatives still were defined as a special category of heroic actors, the focus began to shift away from them and toward stories about dangerous organizations that had no interest in the public good. Congressional debate in the 1940s featured repeated attacks on labor unions, while debates in the 1950s focused almost exclusively on subversive communist organizations masquerading as tax-exempt educational entities, as well as the foundations that funded them. In this cultural context, it made much less sense simply to encourage altruism, or to stay out of the way of charities and philanthropists. More vigilance was needed in order to protect the moral purity of the nonprofit sector.

19Some of the most prominent critics included administrators at Harvard University and Cornell University; John Bigelow, who was the editor of the New York Evening Post; and Thomas Hisgen, who was an oil industry competitor of Rockefeller.
20This is particularly evident in Harvard President Emeritus Eliot’s remarks (New York Times March 5, 1910, p. 9), in which he complained that the Rockefeller Foundation charter would allow “undeserving charities” to impose themselves on foundation administrators; that foundation trustees might unwittingly discriminate against deserving charities; and that, even if Rockefeller’s intentions were pure, it was still unlikely that the foundation’s leaders would be able to execute the foundation’s philanthropic objectives in an effective way.
21See, for example, New York Times, March 7, 1910.
If the narrative of vigilance and distrust developed primarily through stories about dangerous organizations, it also included some important stories about dangerous individuals. Stories about altruistic elites were replaced in the 1940s by tales about people like Marshall Field, who was accused of taking advantage of the charitable exemption to pursue politics. A critic of American isolationism, Field had established newspapers in New York (PM) and Chicago (Chicago Sun-Times) to try to mobilize public opinion in favor of entering World War II (Hall 1987:19). Because both papers lost money consistently, Field treated them as hobbies and wrote off the losses, consistent with the tax code of the time. Opposing this use of the tax code to pursue politics, Senator Danahar of Connecticut proposed an amendment to restrict the amount of losses from secondary businesses that could be counted as tax exemptions. This proposal, which became known informally as the Marshall Field amendment, was ultimately defeated, primarily because of the adverse effect it would have on livestock breeders (Hall 1987:19). Nevertheless, the debate revealed an interesting cultural shift in the rhetoric about nonprofit organizations. Rather than countering the stories about Marshall Field with other stories about philanthropists who had put their excess revenues to charitable use, the arguments against the hobby loss provision were made exclusively through an economic defense of entrepreneurial activity. The idea of trusting people to act with civic responsibility was becoming less convincing within a larger climate of attack against individuals, foundations, and nonprofit interest groups who were accused of trying to draw the United States into the war (Hall 1987:19).

One of the most important ways that politicians developed the masquerade story was in their criticisms of labor unions. Early in the 1944 congressional debate, Senator Clark of Missouri introduced an amendment to have farm cooperatives and labor unions added to the list of nonprofit organizations that would be exempted from having to file an organizational return. To make his case, Clark gave examples of charitable fraternal associations that were also exempt (such as the Elks, the Shriners, the Moose, and the Knights of Columbus), and argued that farm cooperatives and labor unions provided the same kinds of benefits to civil society—farm cooperatives because they provided a check on extortion, and labor unions because they promoted and asserted the right of collective bargaining. But Senator Clark’s amendment was challenged immediately, and from many different sides. Senator Chavez argued that labor unions were “entirely different” from the Elks or the Moose because they extorted money from workers in the federal government and elsewhere. Senators Brewster and Reynolds argued that labor unions were spending millions of dollars trying to influence political campaigns and elections, that they had much more power and influence than charitable organizations, and that it was not too much to ask them to provide some information about the source of their revenues. North Carolina’s Senator Bailey argued that labor unions had become too powerful and, furthermore, that if labor unions were part of the nonprofit sector then it was necessary to treat the entire sector with increased suspicion and supervision:

I am perfectly willing to take the responsibility of saying that if there were nothing in this amendment except the requirement that the labor unions should

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22See Congressional Record (1944:224–33).
23Congressional Record (1944:306).
24Congressional Record, (1944:306).
give an account to the Congress for the information of the Congress, I would be very heartily for it; and if I must pay the price of being in favor of getting some information from any other groups in America, I am willing to pay that price. The time has come when it is the clear duty of the Federal Government to face the issue and obtain information from the labor organizations. ... We have given the labor organizations so much power that this Government itself is in jeopardy. (Congressional Record 1944:320)

In this argument, we see the elements of the masquerade story beginning to get articulated more fully. The false hero, by taking advantage of the tax benefits designed for “real” charity organizations, threatened the entire nonprofit sector. Furthermore, the best way to deal with the threat was to increase the surveillance and supervision of the entire sector. This masquerade narrative was only beginning to develop in the 1940s; it would be elaborated much more fully during the 1954 congressional debates, as new categories of false heroes were added to the narrative, and as the need for active congressional supervision was invested with a greater sense of dramatic urgency.

THE MASQUERADE NARRATIVE, PHASE II: SUBVERSIVE ORGANIZATIONS, COMMUNIST INFILTRATION, AND HAPLESS FOUNDATIONS

If the fear of labor unions helped to initiate the discursive shift toward distrust, the fear of communists and subversives moved matters along even further. A concern had appeared briefly in 1934 that certain organizations might use the nonprofit exemptions to spread propaganda. This concern surfaced again in 1944 during the discussion of labor unions, when Senator Reynolds asked to insert into the record the text of a resolution he sponsored (Senate Joint Resolution 9), which stated that no officer of a labor union could be a member of the Communist Party, the Fascist Party, or the Nazis. By 1954, however, the fear of subversives had come to dominate discussions about how to tax nonprofit organizations (as well as most other policy debates). The main point of reference for these debates was an “anti-subversive amendment” proposed by Senator McCarran. This proposed legislation would not only deny tax exemptions to individuals who donated money to a subversive organization, but it would deny tax-exempt status to any nonprofit organization that donated to a subversive individual or association (unless the receiver of the donation had signed a sworn statement that they were not engaged in subversive activities). In arguing for the amendment, Senator McCarran shifted the entire balance of trust; rather than simply assuming that charitable groups could be trusted to act in ways that contributed to the public good, he wanted nonprofit organizations to be granted exemptions only after they had demonstrated their allegiance and their altruistic motivations. Vigilance and suspicion of nonprofit organizations, it seemed, were now duties of Congress:

let us not forget that the granting of tax exemptions as a corollary of the exercise of the taxing power has been based largely upon the premise of giving support to persons and organizations performing functions considered to be in the general good. When the Congress concludes that an organization is engaged in activities which do not benefit the general public good, the Congress certainly can, by general legislation, terminate the tax-exempt status of that organization. (Congressional Record 1954:9447)
McCarran also attacked foundations, arguing that there was plenty of evidence that many of them were supporting communists and communist organizations—some unknowingly, but many continuing their donations even in the face of repeated warnings about the subversive activities of the organizations they were supporting.26 In support of this argument McCarran told a story about the Institute for Pacific Relations, and placed the Judiciary Committee’s report about the foundation into the record. For McCarran, the story about the Institute for Pacific Relations was a story about communist deception, and was emblematic of the need for greater vigilance, suspicion, and supervision of the nonprofit sector.27 McCarran argued that the need for suspicion and careful supervision was due to two factors. On the one hand, politicians needed to be suspicious of organizations that claimed to be doing charitable work but were really engaging in subversive propaganda activities;28 on the other hand, they needed to maintain careful supervision of well-intentioned but incompetent leaders of foundations, who did not do their jobs carefully enough.29

The conference committee eventually threw out McCarran’s amendment, but not on the grounds that foundations could be trusted to act in the interest of the public good. The conference committee actually accepted the argument that there needed to be strict oversight of the nonprofit sector in order to make sure that subversive organizations did not pose as philanthropic organizations and take advantage of the special status granted to those organizations. What the conference committee wanted to avoid, however, was hurting “real” charitable organizations simply because Congress had not drafted more careful or efficient legislation:

A large foundation could lose its exemption unless every foreign farmer to which it furnished fertilizer signed the sworn statement and all the sworn statements were secured by agents of the foundation who were not themselves subversive. The burden imposed upon the organization of determining who is a “subversive” imposes tremendous difficulties and any mistake, however minor, would seriously curtail the philanthropic activities of the organization . . . . The present law may not be the most efficient method of preventing subversive organizations from benefiting from the tax-exempt status conferred on religious, charitable, scientific, and other organizations who contribute so heavily to the general welfare of the country. (Congressional Record 1954:12413)

26In McCarran’s words: “There is clear evidence that many foundations have aided and supported Communist organizations and Communist fronts, and individual Communists. Some of this has been done, perhaps, quite unwittingly. Some of it has been done in spite of warnings, in some cases repeated warnings, to the donating foundation, that its beneficiaries were subversive in character. Adoption of this amendment will, I think, substantially put a stop to all such contributions” (Congressional Record 1954:9447).

27The Judiciary Committee’s report wrote that the Institute for Pacific Relations (IPR) was an instrument of the Communist Party; that its activities were made possible by the support of individuals and foundations who were unfamiliar with the inner workings of the IPR; and that the leadership of the IPR actively sought to deceive these and other potential contributors. See Congressional Record (1954:12530–31).

28The attack on foundations was part of a much larger campaign that lasted throughout the 1950s. In 1952 the Select Committee of the House of Representatives undertook an extensive investigation of foundations, motivated by the following question: “Have foundations supported or assisted persons, organizations, and projects which, if not subversive in the extreme sense of the word, tend to weaken or discredit the capitalistic system as it exists in the United States and to favor Marxist Socialism?” (Cox Committee, quoted in Hall 1987:19).

29After his amendment was thrown out by the conference committee, McCarran argued that the committee had spent too much attention on the question of subversives, and had not considered the problem of incompetent foundation leaders: “What the McCarran amendment was aimed at was not subversive organizations, but ‘fat-cat’ foundations run by ‘fat-headed professional do-gooders,’ who, to say the least, have not been overly careful about who they gave money to” (Congressional Record 1954:12530).
For both sides of this debate, the key character types were (1) the subversive fake charities, (2) the real charity organizations that suffered from their deceit, and (3) the heroic congressmen who monitored the nonprofit sector with renewed vigilance. Foundation leaders and other wealthy individual donors were funneled either into the character position of false hero (knowingly supporting subversive organizations) or victimized legitimate charity organization (lacking the skill and vigilance to distinguish between the real and the fake charities). The difficult job of identifying the fake charities fell to Congress, which, as a result, became the protector of the entire nonprofit sector. Furthermore, the role of protecting real charities against fake ones was defined through a particular sphere of action—the closing of loopholes:

A distinct anomaly is presented when an organization actually devoted to antisocial action is able to pay less income tax than legitimate business activities on the ground that the organization professes to be devoted to philanthropic work of a type which Congress has seen fit to give special recognition. The chairman of the Joint Committee on Internal Revenue Taxation has instructed the committee staff to make a study to determine the faults in the present law and to explore the possible ways of removing this loophole. (Congressional Record 1954:12413)

Thus, by 1954 the central elements of the masquerade narrative had been clearly defined. The dramatic tension of the narrative was defined by the opposition between members of Congress and fake charities, in an action space where heroic action consisted of identifying the deceptive and subversive organizations, as well as closing loopholes in the tax code in order to prevent future deceptions from taking pace. As compared to the selfless charity story, the masquerade narrative had the advantage of greater flexibility, whereby new elaborations merely required the “discovery” and identification of a new category of false hero, and a narrative that linked the new false hero to the larger political-discursive space.

THE MASQUERADE NARRATIVE, PHASE III: FROM POLITICAL INFLUENCE TO ECONOMIC GREED

The debate over the Tax Reform Act of 1969 exhibited the same formal features as the earlier masquerade narratives. Specifically, the main character opposition was between Congress and the false hero, in an action space defined by political vigilance, and where heroic action involved the closing of loopholes in the tax code. What was new about the 1969 debate was the identification of a new false hero: the “tax cheat.” The tax cheat did not masquerade as a charity organization or a philanthropist in order to spread subversive propaganda. Instead, the tax cheat was driven by the simpler and diffuse motive of economic greed. Yet, if the motive of greed was less dramatic than the desire to spread subversive propaganda, it nevertheless had the effect of dramatically expanding the scope of necessary supervision. Assuming that every structured tax incentive created an opportunity for deception, the House Ways and Means Committee drafted a bill whose goal was to remove every loophole that had been inadvertently created by the Internal Revenue Code.30

30This bill was included in the Congressional Record as House Report No. 91-413.
In its description of individuals and organizations, the narrative about economic
greed was propelled by a public outcry over the wealthy of America paying dispro-
portionately low federal taxes. Gone were the stories about how accumulated wealth
contributed to the public good; in their place were stories about selfish elites and their
crafty legal strategies for avoiding taxes. Representative Ulman, for example, told a
story about 154 individuals with incomes over $200,000 who had legally avoided tax-
ation in 1966. Senator Long complained about people who were actually making
money by donating to charity. Senator Gore complained that private foundations
such as the Kellogg Foundation had been created primarily for the purposes of tax
avoidance, corporate advertising, and the financial enrichment of wealthy families.
These kinds of selfish activities by wealthy Americans justified a call to action in or-
der to increase the political supervision of the charitable sector. Because individual
taxpayers could not be trusted to act charitably, it was up to the politicians to close
all potential ambiguities in the tax system. Indeed, the growing distrust of wealthy
individuals made foundation formation appear to be a form of tax avoidance for the
elite, rather than the act of benevolence described in the selfless charity narratives,
which had characterized most of the debate earlier in the century. The following
descriptions are typical:

The tax-exempt foundation has long been used by many of our millionaires as
a loophole which enables them to avoid Federal estate taxes and thus keep their
businesses and fortunes intact... the great fortunes of men who profited from
the enormous expansion of American business continue to find their way into
tax-exempt foundations. These foundations have already passed and will continue
to pass—by right of inheritance—to the control of heirs of their trustees. This
enables a few to control ever increasing tax-exempt wealth. (Congressional Record
1969:22605)

Almost every time a man becomes a millionaire, he starts looking for a good
lawyer to set himself up, to create “my foundation” to avoid taxes and confer
benefits on his family. (Congressional Record 1969:37088)

I have been asked to serve as a trustee on some of them [foundations] where
some fellow who never gave the first evidence that he has one drop of human
kindness sets it up for tax avoidance, sets it up for his children and grandchildren
to use for the economic muscle involved in that money, without giving any of it
for charity. (Congressional Record 1969:37201)

By mobilizing these stories of greed, selfishness, and duplicity, politicians were able
to narrate foundations into the character position of “false hero,” in a manner that
reinforced the theme of political vigilance. Fueled by a handful of well-publicized
abuses, many of the relevant tax reforms proposed in House Bill HR 13270 focused
on increasing the oversight and regulation of foundations in order to make sure

that the self-interested actions of foundation leaders could not be camouflaged as virtuous acts of beneficence. Combined with the well-established concerns about the political activities of foundations, which continued to be voiced, the effect was to challenge one of the central ideas of the selfless charity narrative: namely, that foundations could be trusted to act in an honorable manner. Representative Patman was a key author of these new narratives, criticizing the Rockefeller, Ford, and Mellon Foundations through a long series of examples about how they spent more money on offices, salaries, and “exotic trivia” than they did on vital public services. Still other stories criticized economic self-dealing between foundations and their corporate donors. From this point of view, the clear course of action for Congress was to increase its supervision of the nonprofit sector, to close tax loopholes, and to make it more difficult for irresponsible foundation leaders to masquerade as representatives of philanthropic organizations:

there are loopholes in the foundation section [of the bill] through which you can drive a 10-ton truck. By setting up subsidiary charitable or educational organizations, the big foundations can do by indirection what we have prohibited by direction. (Congressional Record 1969:22579)

in the course of the hearings, ample testimony was presented to convince us that some foundations have been created as legal devices for escaping taxes and that these organizations have abused present laws governing foundation activity. In this bill we have sought to close these avenues of financial abuse. (Congressional Record 1969:22769)

Importantly, and similar to the earlier debates about subversive organizations, this version of the masquerade narrative amplified its rhetorical force by identifying the “real” charities that were being hurt by the deceptive actions of the false hero. Hospitals, universities, medical research facilities, and poverty relief institutions continued to be described as the most important and beneficial organizations in the country, just as they had been described in almost every nonprofit narrative since 1894. And, just like the 1954 debates about subversive organizations, there was a concern to draft the new legislation carefully, in order to root out the “false hero” without hurting the “real” charitable organizations that were dependent on foundation support as their primary historical source of funding:

We must bring private foundations under control, but we must do so in a fair and reasonable manner. We must never forget that in a broad variety of endeavors, private foundations have been of major value to American society. (Congressional Record 1969:35795)

the philosophy of giving which is embodied in our foundations is a unique American concept. In no other country are such institutions comparable for using the resources of the private sector for the public good as our foundations… (Congressional Record 1969:22618).

35See, for example, Congressional Record (1969:22732, 22754, 37602, 37606).
37See, for example, the comments of Senator Long (Congressional Record 1969:37198).
When someone gives to an orphanage, that is not a tax dodge. That is not a tax shelter. When someone gives income to arrest cancer, that is not a tax dodge. That is something that is done in the public interest. When someone gives to spread their religious faith throughout the world, that is not a tax dodge. That is something done in the interest of humanity. . . . Make no mistake about it, a gift to a genuine charity is not a tax dodge. (Congressional Record 1969: 37890)

Ultimately, the tax legislation that was passed paralleled the narratives that had been used to describe the state of the nonprofit sector. At the individual level, limitations were placed on deductions that had been abused by taxpayers, and at the organizational level, divisions were established that separated the pure actors from the profane ones. Thus the Tax Reform Act of 1969 subdivided the category 501(c)(3) into the two distinct subcategories of private foundations and public charities—where the foundations occupied the status of “privileged but suspicious.” The legislation enacted multiple provisions increasing the oversight, taxability, and regulation of private foundations, while trying to protect as much as possible the group of organizations that for nearly a century had been identified as the most sacred category of heroic actors in the nonprofit sector. Indeed, the need for careful, strict oversight of the nonprofit sector was the primary theme of the Javits Philanthropy Amendment, which proposed a presidential commission to study all aspects of tax-exempt status, with the clause that no new foundations could be established until the commission had concluded its study.38

CONCLUSION

Recent years have witnessed a growing sociological literature on culture and public policy (e.g., Adams and Padamsee 2001; Block 1996; Brubaker 1992; Burstein 1991; Burstein and Bricher 1997; Burstein, Bricher, and Einwohner 1995; Dobbin 1993; Fligstein and Maria-Drita 1996; Saguy 2003; Skrentny 1998). Reacting against purely materialist and rational-actor models, and building upon related developments in the study of political culture, these scholars have pointed to a variety of ways that cultural processes are involved in the very constitution of political interests.39 As Campbell (2002) has argued, however, more attention still needs to be paid to questions that identify specific mechanisms through which cultural and political interests get linked together in the policy-making process. For instance, how do political actors use rhetoric, persuasion, and other elements of cultural performance in order to win policy victories?40 How can they make sure that their public policies reproduce their political legitimacy? How can they reproduce the legitimacy of themselves and their allies, while challenging the legitimacy of their opponents? These are crucial questions for sociologists because they point to the complicated relationship between structure and agency.

We found basic narrative structures that informed congressional debates about nonprofit tax legislation; at the same time, though, we also found that the elaborations and reelaborations of these structures were linked to the dynamics of political

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38 See Congressional Record (1969:37205–10). This amendment ultimately died in conference committee (Brilliant 2001).
39 For an excellent review of recent advances in the study of political culture, see Berezin (1997).
40 On the importance of cultural performance, see Alexander (2004).
legitimacy. In order to reproduce their legitimate authority as guardians of public good, members of Congress needed to find a story about the nonprofit sector in which they themselves occupied the central and heroic character position, where they were able to protect (or expand) the scope of their jurisdictional authority, where they were able to connect their narratives to other parts of the political-discursive field, and where they were able to maintain temporal narrative consistency. This explains the increasing use of the masquerade story, which placed politicians at the center of a narrative about rooting out false heroes and closing tax loopholes. In addition, the basic structure of the masquerade narrative was flexible enough to be elaborated in a variety of different ways that responded to the changing political and cultural context. In contrast, the earlier congressional narratives about the heroic activities of charities and philanthropists placed politicians in a less attractive character position, at the same time as it was less flexible than the masquerade narrative, and less likely to align with significant ideological changes taking place in 20th-century U.S. political discourse. Thus, even though the selfless charity story was consistent with the diffuse cultural tradition of encouraging and rewarding civic virtue, it was less useful for policymakers’ cultural and political interests. By 1940, virtually all of the debates about the nonprofit sector were organized by the logic of the masquerade story, which pitted members of Congress against a variety of false heroes in a battle for the moral purity of the nonprofit sector.

By describing the rise of the masquerade story and the decline of the selfless charity story, our argument is consistent with studies that point to the relatively small number of ways policymakers tend to define a specific public problem (e.g., Baumgartner and Jones 1993; Burstein and Bricher 1997; Burstein, Bricher, and Einwohner 1995; Edelman 1988). But we make an important contribution to this literature by suggesting two specific cultural mechanisms—the binary structure of character relationships, and the process of character funneling—that help to explain the small range of definitions. Culturally speaking, the narrow range of policy definitions was not related to a weakness of political imagination, or to the shallowness of political culture. Instead, it was due to the peculiar duality of structure and agency, in which agency requires both knowledge of cultural structures and an ability to apply these structures to new contexts (Sewell 1992b:20). In the case of nonprofit tax legislation, this meant taking the basic plot outline of the masquerade story—the elimination of false heroes—and applying it in new contexts, such as the 1940s attacks on labor unions, the Cold War obsession with communism, and the desire to prevent rich people from abusing the nonprofit tax exemption in order to avoid paying taxes. In other words, successful policy making involved the creation of innovative new elaborations on the masquerade story, and the corresponding identification of new categories of false heroes: politicized philanthropists, labor unions, communists, incompetent foundation leaders, greedy and duplicitous millionaires. By developing innovative elaborations of the masquerade story, while remaining faithful to its underlying narrative format, politicians were able to increase the persuasive impact of their legislative agendas, and therefore to increase the likelihood of policy-making success. Culturally speaking, then, political success involved the mastery of cultural structure as well as the creativity of cultural performance.

41For an excellent cultural history of civic life in the United States, see Schudson (1998).
42On the narrative foundations of persuasion, see the interesting research of Green and Brock (2000) and Schank and Berman (2002).
Ultimately, our research pushes the literature on culture and public policy in a more explicitly narrative-based direction. And in doing so, it contributes to the growing narrative movement in the social sciences. Indeed, our arguments support many of the central claims of sociologists who have done work on narrative, politics, and the public sphere: for example, arguments about multiple narrative constructions of an issue or event (e.g., Gerteis 2002; Jacobs 1996a; Ku 1999); arguments about how narratives help collective mobilization by identifying a specific adversary (Alexander and Smith 1993; Kane 1997; Melucci 1996); and arguments about how narratives help to transform we/they boundaries into specific action strategies (Tilly 2003). As sociologists continue to use narrative approaches in their research, we expect all three of these general findings to become widely accepted.

At the same time, there are other cultural aspects of public policy that still merit further investigation. For example, we were surprised by the enduring power of corruption and perversity themes, which raises the important question of whether there are certain story types that are more politically powerful than others. There remains the important question of whether there are specific mechanisms through which successful narrative innovations are introduced into the public policy arena. And while we have focused primarily on the cultural structures that inform policy narratives, there is still the question of the cultural pragmatics of public policy—in particular, the relationship between actor and audience, the means of symbolic production, and the mise-en-scene through which the performance is choreographed (see Alexander 2004). Of course, no single article can address every theoretical issue. Nevertheless, we hope that we have been able to conceptualize the relationship between narrative, public policy, and political legitimacy in a theoretically productive way.

REFERENCES


