
MIKLÓS SEBŐK*

The Politics of Manufactured Crisis: Political Entrepreneurship and the Fiscal Wars of the Early 2010s in the U.S.

Intersections.EEJSP
3(5): 73-96.
DOI: 10.17356/ieejsp.v5i3.526
<http://intersections.tk.mta.hu>

* [sebok.miklos@tk.mta.hu] (Centre for Social Sciences, Hungarian Academy of Sciences)

Abstract

It is a widely used assumption in the literature on political decision-making that leaders ‘choose their battles’ according to their interests. This strategic approach often results in seemingly ‘fake crises’; crises which are – as opposed to natural disasters – not exogenous in nature. These crises are exceptional in that they are avoidable and are the product of political entrepreneurs following deliberate agendas. In this paper, the logic of crisis manufacturing is illustrated by a case study of the ‘fiscal wars’ of 2011–2013. The case study shows how, given the right institutional environment, political entrepreneurs, even those outside the political mainstream, can use crisis manufacturing to their advantage. In order to exploit the institutional veto points related to fiscal policy in the U.S. constitutional system, various actors associated with the Republican Party and the Tea Party movement used a networked, coalition-based approach to reach these goals. Although their quest to instill a regime of fiscal conservatism was eventually unsuccessful, they did manage to raise their national profile and set the policy agenda for an extended period.

Keywords: Political entrepreneurship, manufactured crisis, policy studies, Tea Party, fiscal policy.

1. Introduction¹

The sources of policy crises are well-studied in contemporary policy studies, and rightly so. Depending on their nature, policy crises involve significant losses in terms of human lives (as in the case of disasters or armed conflict) or economic value (as in the case of financial meltdowns, for example). The analysis of the root causes of crises, therefore, is a natural preoccupation for policy researchers.

Policy crises come in two major types: those which are exogenous, and those which are endogenous in nature. Whereas exogenous shocks tend to lead students of public policy towards the global context – e.g., to seismology in the case of tsunami prediction –, crises with endogenous causes highlight the role of political actors and institutions. Endogeneity – here defined by the condition that the impetus for the crisis comes from inside the realm of the political system – may still be the unpredictable outcome of unintended acts.

But, at least in some cases, crisis stems from the premeditated deeds of the political class. The logic of these *manufactured crises* – to borrow a term used by Porter (2014), among others – is distinct from those initiated by exogenous causes, and also from those of the ‘unintended’ subclass of the endogenous kind. We rely on multiple strands in the literature to delineate a theoretical framework for describing the logic of manufactured crisis. The former include works related to institutional change, political entrepreneurship, U.S. fiscal policy (see ‘fiscal cliff’) and the study of the public policy of American conservatism and the Tea Party.

In this article the logic of manufactured crisis is explored through outcome-centric research (Gschwend and Schimmelfennig, 2011: 184). As opposed to inductive research aimed at generalization from a sample, the focus of the former is internal validity as it develops a causal link between independent political factors and dependent policy variables. That said, as the theoretical framework matures over prospective studies, questions of external validity may once again come to the fore (we discuss a few of these in the Discussion).

Our case of choice concerns the role the Tea Party movement played in the U.S. debt ceiling crisis of the early 2010s. This episode in U.S. policy history seems particularly suitable for an outcome-based study of the logic of manufactured crises. First, it was clearly an endogenous crisis: opponents of public debt accumulation would not have had much leverage over other political actors except for exploiting the debt ceiling. In this it represents an exemplary case of a ‘man-made’ disaster in waiting, as nothing separated calamity from normalcy except for a simple vote (as occurred on a number of previous occasions).

Moreover, the debt ceiling debate offers a natural case for the study of the role of political entrepreneurship in crisis-manufacturing as a distinctive set of players played an active part in fomenting the crisis – the Tea Party movement and its congressional allies. The subject of the debate is equally suitable for our purposes. The high-stakes negotiations surrounding the debt ceiling created a real-life ticking bomb scenario, in which a potential shortcut to massive political capital accumulation was matched with correspondingly high political risk.

¹ I am thankful for comments by Gábor Gyóri and two anonymous reviewers. Any errors that remain are my sole responsibility.

In the given settings, all the major components of a major endogenous policy crisis were at play: political entrepreneurs striving for a return on political investment; easily removable institutional constraints; a high-risk, high-reward environment, and a firmly defined timetable for the negotiations to unfold. In light of these features, the Tea Party maneuvering regarding the debt ceiling promised to be a classic case of manufactured crisis.

In what follows, an overview is first provided of the literature on the endogenous causes of crises in general, and the role of political entrepreneurs in particular. Second, we discuss the rationale for case selection. Third, an empirical case study is presented of the fiscal wars of 2011–2013 with an emphasis on how the logic of crisis-manufacturing unfolded in the strategic moves of the political leaders of the Tea Party movement. A discussion of the theoretical relevance of the networked, coalition-based strategy of the Tea Party follows, along with considerations related to the external validity of the proposed framework. The final section recapitulates and considers avenues for further research.

2. Endogenous policy crises

Policy crises can range from ‘acts of war, threats of force, and terrorist attacks to environmental calamities, industrial accidents, health epidemics, and natural disasters’ (Schneider and Jordan, 2016). Many of these are exogenous (such as disasters) or man-made (such as industrial accidents) and are usually not related to the strategic agency of political actors. An endogenous crisis, on the other hand, features such strategic motives and deliberate action.

The phrase *manufactured crisis* is a recurring term in reports and studies, with subjects ranging from public schools (Berliner and Biddle, 1996) to social security (Baker and Weisbrot, 2001; here under the more derogatory ‘phony crisis’ moniker). Most recently, it was applied to the Iran ‘nuclear scare’ (Porter, 2014). Its wide-ranging usage points toward a concept that travels well through fields and paradigms.

Generally speaking, this approach is associated with the ‘power-critical’ branch of crisis studies (Hart, 1993: 37). This states that – as opposed to practitioner-oriented research focusing on crisis management – policy crises are ‘politically controversial phenomena’ and are best understood as elements of a constructed social reality. While from this research direction have stemmed a fair amount of studies of the politics of crisis, these have mostly used the presence of policy crisis as a given, a fact of reality that political actors can relate to (e.g. by ‘exploiting’ it – Boin et al., 2009). However, a conceptualization of endogenously created crises remains elusive.

A compact definition of the latter can be constructed by combining this notion with the theory of political entrepreneurship. Non-exogenous policy crises are those initiated from within the domestic political system, as opposed to, for example, the Iran hostage crisis of 1979–1981. A sub-type of these are man-made crises, intentional or unintentional: their subject, severity, and timing is not dictated by factors from outside the community of political actors. Finally, a manufactured crisis is both endogenous and is ushered in by the strategic intent of political entrepreneurs as opposed to unintended consequences.

Our primary concern in this paper is the sub-type of endogenous crisis initiated by political entrepreneurs. The notion of manufactured crisis, then, posits a causal

link between independent political factors and dependent policy variables. Case studies that fall under this or other monikers abound in the literature. Hay (2010) demonstrates that the ‘Winter of Discontent,’ the period of major strikes in 1979 in the United Kingdom against the policies of the Labour government in charge at the time, was ‘in many respects a manufactured crisis,’ concluding that ‘Keynesianism’s death in Britain was not economically given, but politically orchestrated.’ This literature, in contrast to the similar research direction centered on the term ‘crisis exploitation,’ does not take crisis as a given. While crisis opens new avenues for strategic behavior (as described in e.g. Boin et al., 2009: 83), our focus is less on ‘post-crisis politicking’ and ‘framing contests’ than pre-crisis brinkmanship.

In this, its roots are in theories of endogenous crisis in general, and the role of political entrepreneurship that initiates these in particular. Studies of endogenous crisis are now abundant in economics, where financial meltdowns provide ample data on intra-system imbalances, upsetting more traditional theoretical accounts (see Lucarelli, 2011: 7–9). While these may be endogenous crises of the unintended sort, intentionality is more difficult to avoid – or: easier to establish – in political science studies. Here, the prevalence of exogenous explanations of change is more of an obstacle (Mahoney and Thelen, 2010: 5–7). Furthermore, endogeneity may be defined by factors other than the general political system, as in the case of political institutions, which can change according to varying patterns of self-enforcement and reinforcement.

3. The role of political entrepreneurship in manufacturing crises

In order to cut through some theoretical complexity, our focus is on political entrepreneurship as a distinct force for endogenous policy change. In this we follow the literature on various aspects of the entrepreneurship of political aspects, such as public, institutional, political and policy entrepreneurs (see e.g. Schneider et al., 1995; Sebők, 2018; Laffan, 1997; and Sheingate, 2003, respectively), which portray bureaucrats and politicians as ‘agents of change.’ Mintrom and Norman (2009) go on to directly link policy entrepreneurship and policy change.

What is somewhat less well elaborated in this line of research is an account of political entrepreneurship performed by groups or networks, as opposed to individuals or homogeneous coalitions. This approach may be particularly fruitful in assessing the sub-types of manufactured crisis. The subjects of agency (i.e. individuals or groups) are of interest insofar as they reshape how the crisis unfolds: more heterogeneous players with unstable preferences may – but need not – add dynamic depth to the game.

Needless to say, multiple sources contribute to the conversion of simple games to multi-stage dynamic games. The shifting membership and, therefore, underlying preference-structure of coalitions as political entrepreneurs is one such factor. Their capability to ‘manufacture opportunities themselves by transforming “events” into “crises”’ (Polsby, 1983: 168–170, cited by Sheingate, 2003: 189) may be both reinforced or diluted by their multi-agent setup.

Our outlook is also affected by the nature of the leverage and the stakes involved. Baumgartner and Jones (2010: 21–22) make the distinction between policy subsystems and the macropolitical level. Crises of only subsystem-level interest can be

pushed up to the level of macropolitics, where attention is scarce and sequential: at any given time, general interest cable news channels will only cover a handful of events. One indicator of such macropolitical potential is the leverage involved. The Cuban Missile Crisis was of utmost importance not only because the exact location or destructive capability of the missiles involved; it was magnified by its relation to defense doctrines and the validity of verbal ultimatums in a multi-phase Cold War game.

Similar near-existential threats include protracted strikes (as in the case of the Winter of Discontent) and other disruptions to the ordinary provision of basic goods and services. Legislative gridlock may also be a source of policy crises: obstruction (in the form of filibuster or other institutionalized veto points) can undermine government policies, thereby impacting the everyday life of citizens.

In light of these considerations our research question is related to the role of political entrepreneurship in the creation of manufactured crises. We argue that given the right institutional environment, political entrepreneurs, even those outside the political mainstream, can use crisis manufacturing to their advantage. Since no off-the-shelf theoretical treatments are available for studying the logic of manufactured crisis, we rely on an empirical case study of what appears to be a clear-cut case of an endogenous crisis: the so-called fiscal wars of the early 2010s.

In this period, in order to exploit the institutional veto points related to fiscal policy in the U.S. constitutional system, various actors associated with the Republican Party and the Tea Party movement used a networked, coalition-based approach to advance their goals. Although their quest to instill a regime of fiscal conservatism was eventually unsuccessful, they did manage to raise their national profile and set the policy agenda for an extended period.

For the insurgents, the institutional arrangement of the debt ceiling proved an accurate choice for a battlefield with its high risk nature and sound footings in popular opinion (see unpopular bailouts). Nevertheless, despite the generally favorable setting it took proficient political entrepreneurship to manufacture a crisis of the given proportions. Insurgencies – a moniker which was also often applied to the Tea Party, and with good reason – frequently resort to elements of asymmetrical warfare, such as hostage-taking, suicide bombers, and other suspensions of the laws of war (or in this case: conventions and gentleman's agreements not to tinker with the full faith and credit of the U.S.). Guerrilla warfare is often characterized by small numbers of mutineers (or 'freedom fighters'), their dependence on popular help, and decentralized, amorphous system of command.

The networked, coalition-based and guerrilla approach to manufacturing policy crises – as well as its potential for subverting existing policy arrangements – represents a potentially unique class of endogenous crisis, which could be fleshed out using real world examples. In particular, we will investigate the factors explaining the networked nature of the Tea Party crisis manufacturing coalition; how political entrepreneurs designed and operated that network; and how the dynamic nature of shifting political coalitions offered the possibility for more radical participants to hijack the conservative agenda and to further escalate the situation.²

² I am grateful to the anonymous reviewers for their comments on the research question and the logic of manufactured crisis.

Furthermore, we discuss whether these three key elements of the case are connected; i.e. whether networks are especially suited to crisis manufacturing via shifting coalitions. In order to realize the theoretical potential of this framework for studying endogenous policy crises, we adopt a case-study-based, inductive approach to theory development which is thoroughly informed by our empirical work.

4. Case selection

In this article we rely on outcome-centric research in exploring the logic of manufactured crisis (Gschwend and Schimmelfennig, 2011: 184). The examination of these propositions is undertaken by utilizing the conventions of qualitative case study research. Our aim is to provide an ‘analytic narrative’ that ‘pays close attention to stories, accounts and context’ while at the same time extracting ‘explicit and formal lines of reasoning, which facilitate both exposition and explanation’ (Bates et al., 1998: 10). Our focus is on internal validity, even as we are optimistic with regard to a potential generalization of the framework (see Discussion).

The U.S. debt ceiling crisis is an obvious case for the study of manufactured crisis for a number of reasons, including the consensus of various participants and commentators that in fact it was the result of strategic intent aimed at policy stability.³ As Jessop (2014: 18) put it, the U.S. ‘fiscal cliff’ negotiations exemplified ‘the paradox of a political stagecraft that manufactures crises or controversy around some issues and thereby diverts political attention from other, perhaps more fundamental, themes, problems and crises (which are depolitized by default).’

The notion of a ‘fiscal cliff’ is closely related to the post-2000 implosion of the extant institutional structure and informal conventions regarding U.S. fiscal policy (Meyers, 2014). Partly due to the extreme polarization of American politics (Jacobson, 2013), the previously innocuous policy instrument of the debt ceiling was turned into a weapon in political fights. The clear deadlines and high stakes (i.e. financial collapse) associated with its resolution lent themselves well to games-of-chicken-style set ups for intransigent political actors.

In this, and besides its evidently endogenous nature, the debt ceiling case also offers a control group of previous instances when the renewal of federal borrowing authority was routine drill. Ever since the introduction of a wholesale debt limit – as opposed to individual authorizations – in 1917, and the subsequent extension of the rule to nearly all U.S. financial obligations, the debate had largely steered clear of the fiscal cliff: ‘despite the rhetoric, when push comes to shove debt ceiling increases get the votes they need – though often not without considerable political strife’ (Wallach, 2013: 3).

³ See e.g. a Wall Street Journal article assuming that House Speaker John Boehner’s ‘decision to postpone a debt ceiling showdown is best understood as the GOP’s attempt to break a cycle of manufactured crises that have worked to President Obama’s advantage.’

<http://online.wsj.com/news/articles/SB10001424127887324624404578258221969657306>

Similarly, a New York Times editorial called the fiscal feuding ‘an artificial national crisis that put the economy and the savings of Americans at risk.’ <http://www.nytimes.com/2011/08/05/opinion/end-the-debt-limit.html>

It is no overstatement that an ‘exemption consensus’ prevailed in U.S. politics for almost a century before the fiscal wars of 2011–2013.⁴ This encompassed two strands of opinion: the very cessation of the debt ceiling provision and the de facto termination of the requirement to be achieved by circumvention (see the so-called Gephardt, and McConnell rules). While important differences remain between the two positions, for our purposes they signify the same content: the elimination of the debt ceiling provision as a means of crisis manufacturing.

As far as methods are concerned, in this study strategic intent on behalf of those critical of consecutive debt ceiling increases is unearthed by an analysis of secondary sources, including media reports, voting behavior, pressure group scorecards, and FCC filings. The wealth of information surrounding the debt ceiling crisis provides a magnificent target for a study of such a low level of demand with regard to external validity.

5. Case study: The U.S. debt ceiling and crisis manufacturing by coalition

5.1 A network of political entrepreneurs

The key element of the endogenous emergence of policy crises is crisis manufacturing undertaken by political entrepreneurs. In the case of the debt ceiling negotiations in the early 2010s, these entrepreneurs were mainly associated with the Republican Party and/or the conservative movement. Major players included House Speaker John Boehner and Senate Minority Leader Mitch McConnell, as well as Tea Party members of both Houses of Congress, and the grassroots and its unofficial leaders: former VP-nominee Sarah Palin and radio talk show host Rush Limbaugh.

A further refinement involves detaching the group of fiscally conservative ‘Young Guns’ of the time (such as House Majority Leader Eric Cantor, Whip Kevin McCarthy, and Rep. Paul Ryan) from establishment figures in other leadership and senior committee positions. Tea Party financiers (such as the Koch brothers) and their networks also merit consideration as autonomous players.

The congressional arm of the Tea Party movement had its origins in the stance of ‘strident fiscal conservatives like Senator Harry F. Byrd’ (Wallach, 2013). A more immediate progenitor was the historic Republican takeover of the House, hallmarked by the Contract with America, the brainchild of former House Speaker Newt

⁴ Besides most Democrats, at various times and in different forms this view was endorsed by an extremely heterogeneous group of Republican policy-makers and stakeholders. These included FED-chair Ben Bernanke, former OMB directors David Stockman, Mitch Daniels and Jim Nussle, and former presidential candidate Steve Forbes. Similarly, business leaders (such as Goldman Sachs CEO Lloyd Blankfein and the U.S. Chamber of Commerce), and an overwhelming majority of a Booth Business School survey of thirty-six leading economists questioned the usefulness of the provision and/or decried attempts to use it for political brinkmanship. Even the Wall Street Journal joined the ranks of the repeal camp, arguing that since ‘Republicans are never willing to shoot their debt-limit hostage (...) the limit has now become Democratic leverage against Republicans. Why continue the pretense of fighting over a debt limit that doesn't limit debt?’

http://online.wsj.com/news/articles/SB10001424052702304104504579377303355489512?mod=WSJ_Opinion_LEADTop

Gingrich. His standoff with President Bill Clinton resulted in two consecutive government shutdowns – for reasons very similar to the limited government-themed demands of the Tea Party insurgency.

The protagonists of this second coming of a Republican revolution were more diverse and less centralized. A month before the 2010 midterms a nationwide canvass of Tea Party organizers by the *Washington Post* asked ‘Which national figure best represents your groups?’ and got the following responses: no one, 34 per cent, Sarah Palin, 14 per cent, Glenn Beck, 7 per cent, Jim DeMint, 6 per cent, Ron Paul, 6 per cent, Michele Bachmann, 4 per cent.⁵ Before the intake of Tea-Party-affiliated new members of Congress – and her own thematic presidential run in 2012 – Bachmann formed the Tea Party Caucus, which – at least as an official center of Tea Party politics – did not take hold.⁶ Tea Party activists revered the individual citizen and distrusted the Beltway elite.

The focal point of the Tea Party had always been outside Congress, dispersed across America and less structured than would have normally been the case with a movement of such political clout. In consequence, members of Congress associated with the Tea Party often resorted to a constrained view of their mandate, summarized in the approach of a ‘Contract from America’ and the practice of signing pledges (such as the Anti-Tax Pledge). In the face of this power vacuum, talk show hosts, TV commentators and out-of-work Republican politicians vied for leadership status and popular support. Nevertheless, the movement was not entirely grassroots or self-financed. Non-profit organizations set up by conservative businessmen or activists (such as Tea Party Patriots, FreedomWorks, and Americans for Prosperity) provided support to like-minded causes (sometimes by astroturfing) and candidates from the beginning.

The basic cleavages were thus encoded in the structure of the debt ceiling debate from the beginning of 2011. Three somewhat coherent blocs of political actors took to the trenches: Democrats, by and large united around a strategy of cost minimization in exchange for raising the debt ceiling; establishment Republicans, sharing in and often leading party efforts to exert maximum concessions from Democrats in non-military spending cuts without sacrificing the full faith and credit in U.S. debt; and Tea Party faithful, who were only interested in abrupt changes of dramatic proportions in the face of a perceived ‘big government takeover’ of America. With this cast of characters, crisis manufacturing on behalf of a network of conservative actors unfolded in three overlapping phases between 2009 and 2013.

5.1.1 Phase 1: Debt is in the air (2009–2011)

The movement that eventually gained attention as the Tea Party engaged in its first bursts of political activity in early 2009 in response to the first stimulus package by incoming president Barack Obama and a Congress controlled by Democrats.⁷ With upcoming legislation that included the Affordable Care Act (‘Obamacare’), an aborted

⁵ <http://www.washingtonpost.com/wp-srv/special/politics/tea-party-canvass/>

⁶ Form some, any formal caucus constituted a betrayal of the grassroots origins of the movement (Chaffetz – <http://www.politico.com/news/stories/0810/40528.html>). For others, even the Tea Party Caucus was not radical enough: they went on to form the Liberty Caucus (<https://www.facebook.com/houselibertycaucus>).

⁷ <http://www.nytimes.com/2010/02/28/us/politics/28keli.html>

attempt at introducing cap-and-trade-style climate change regulation, and the Dodd-Frank financial regulation package, right-wing activists were mobilized by a 'leftward lurch' in federal policy. The icing on the cake was a 1.9 trillion USD increase in the debt ceiling, which even some Democrats – mostly 'blue dogs' from vulnerable districts – voted down. They also insisted on tougher rules for future spending (pay-as-you-go rules).

In light of these developments, elements of the credo and legislative agenda of the upstart Tea Party movement were shortlisted via online voting (with more than 450,000 participants, according to organizers).⁸ The resulting 10-point Contract from America included a balanced budget constitutional amendment, a tax code of 4,543 words (the length of the original constitution), a limit on annual growth in federal spending, a moratorium on earmarking and a ban on tax increases. This selection attests to the preoccupation of the Tea Party with all things fiscal (and with a direct constitutional foundation for any public policy proposals).

Furthermore, opinion polls seemed to suggest that the public was on board for a more restrictive budgetary approach. An AP-CNBC poll showed a 14 per cent increase over two years in the response 'very worried' to the question 'How worried are you that increasing federal debt will harm the financial future of your children?' The result (56 per cent, with 29 per cent 'somewhat worried') substantiated Tea Party claims that the majority of the electorate had become hostile towards new interventionist programs by the federal government.⁹ Nevertheless, as to the structure of budgetary rebalancing, participants were evenly split between spending even more on priorities such as education, on the one hand, and cutting spending on the other.

Explanations for the causes of 'runaway' public debt were just as conflicting. Democratic conventional wisdom blamed the Bush tax cuts, the wars in Afghanistan and Iraq, and the combination of the 2008 financial crisis and the subsequent recession. Tea Party rhetoric was centered around crises of a different sort: manufactured crises. At the time, Glenn Beck made frequent references to the echoes of a 'possible arrival of a 'New World Order,' which would be ushered in by Mr. Obama using 'a strategy of manufactured crisis to destroy the economy and pave the way for dictatorship.' Tea Party activists repeated these arguments around the country. It was not long before Republican strategists – by principle, and also convinced that they were on the right side of public opinion – set out to manufacture a crisis of their own.

5.1.2 Phase 2: Strategic unity – tactical diversity (2010–2011)

It has to be emphasized that the panic surrounding ever-increasing public debt was not, by any stretch, the invention of right-wing conspiracy theorists. Federal debt was increasing at a historic rate in nominal terms (see Figure 1), with a surge in Debt/GDP from the mid-fifties during the period 1990–2006 to 91 per cent in 2011.¹⁰ Projections looked even worse with entitlement-related spending getting especially out of hand

⁸ http://www.nytimes.com/2010/04/15/us/politics/15contract.html?_r=0

⁹ <http://surveys.ap.org/data/per cent5CGIK per cent5CAP-CNBC per cent20Poll per cent20Topline per cent201 per cent20112310.pdf>

¹⁰ Indexes differ according to the specifics of underlying data. The calculations presented here are corroborated by St. Louis FED data: <http://research.stlouisfed.org/fred2/series/GFDEGDQ188S>.

(CBO, 2011: 80). In the short term, the unusually long recession took its toll, as did the – short-lived – discretionary spending increases denounced by Tea Party activists (again, see Figure 1).

Figure 1 Statutory debt, spending, and GDP growth: 1948–2013



Source: OMB, Bureau of Economic Analysis. End of fiscal year.

The fiscal situation was worsening but immediate repercussions were not expected: bond yields remained low for a sustained period and a fiscal collapse was not on the horizon. In this situation it required political entrepreneurship to convert a moral panic into a political, let alone a legislative, strategy. Not that Republican leaders had much choice¹¹: Tea Partiers held liable *both* parties for runaway debt and also posed a larger threat to the establishment of the GOP: most ‘patriots’ were Republicans and, by virtue of their mobilization networks, a threat to reckon with in Republican primaries. Post-crisis accounts of events were unerring in declaring that ‘the establishment held back the Tea Party by basically co-opting their issues and rhetoric – while in the process moving the party even more to the right.’¹² Yet there was a fine line between co-optation and forcing a shutdown, as Boehner made clear to incoming freshmen in December 2010: ‘For people who’ve never been in politics it’s going to be one of those growing moments (...) but we’ll have to find a way to (...) help people understand the serious problem that would exist if we didn’t do it.’¹³

Based on the premises of ‘adult’ behavior on the part of the eighty-five incoming House members, a coalition between establishment- and Tea Party Republicans firmly set in: Boehner had donated ‘millions of dollars from his own campaign chest to the challengers,’¹⁴ singled out the ‘monstrous’ ACA as a target for repeal and, after the election, announced a renewal of the Republican moratorium on budgetary earmarks. The speaker-in-waiting was also no stranger to some leading Tea Party organizers, notably Dick Armey, with whom he had served as a member of the Gingrich House leadership (and Armey duly endorsed him for Speaker¹⁵). He was fully preparing to ‘lead by being led.’

¹¹ Even as they acted as agents of the agenda. Their analytical status is, therefore, ambiguous.

¹² <http://www.bostonglobe.com/opinion/editorials/2014/08/09/tea-party-steers-gop-right-away-from-white-house/Trz1NOrjXO4Oin3MIIRVEN/story.html>

¹³ <http://www.newyorker.com/magazine/2010/12/13/house-rule-4?currentPage=all>

¹⁴ Ibid.

¹⁵ <http://www.politicsdaily.com/2010/10/20/dick-armey-backs-john-boehner-for-house-speaker/>

Even then, there were ominous signs: candidates with Tea Party backing – such as Peter Schiff in Connecticut – were touting their pledges to devote all their ‘time in the US Senate to forcing an immediate end to deficit spending, by leading a filibuster against the raising of the national debt ceiling and fighting every big spending bill that comes across the Senate floor’ (in the event, Schiff lost his primary).¹⁶ Similar pledges were made by hundreds of Tea Party candidates in a Ulysses-like act of tying themselves to the mast against the siren calls of big government. Before long (in December) there was ‘disagreement between Boehner and (...) at least one freshman member of the leadership team, about how to control the federal deficit.’¹⁷

Thinly veiled threats were also issued by the Young Guns. When Boehner had suggested in an interview that ‘he might compromise with Democrats if the middle-class tax cut was the only option,’ McCarthy was quick to push back: ‘It’s a generational thing (...) we have our ideals, but also our principles.’ Ryan added: Boehner never asked him to tone down his anti-debt rhetoric: ‘I think he realizes the kind of class we’ve got coming in, and the kind of times that we are in (...) And I think he realizes that he can’t stand athwart history or the direction of this new conference, anyway. If he tried, they’d throw him out.’¹⁸ With a potential challenge for the speakership by Cantor looming, Boehner had a vested interest in championing the cause of spending and – by inference – debt reduction.

Next on the agenda was how to approach the issue in an adult, but at the same time expedient and unhesitating manner. ‘Starving the beast’ of federal government had been a favorite policy proposal of conservatives for decades – even when a balanced budget (or, indeed, debt reduction in general or a ban on earmarked funds to be used in the states or locally) was not high on the agenda.¹⁹ While fiscal conservatism was gaining strength with the electorate, House Republicans were also conscious of what the T.E.A. in the Tea Party stood for: Taxed Enough Already.

Thus the issue of spending reduction was chosen as the carrier for a strategy of confrontation with a Democratic president and Senate. As Rep. Ryan put it: ‘we owe it to our employers, the people who elected us, to give them a choice of two futures.’²⁰ The other signature item on the Tea Party agenda was even more self-evident: over 2009 the conservative base developed an obsession with the Democrats’ health care proposal, fretting over a purported government takeover of their insurance policies in general, and ‘death panels’ in particular.²¹ ‘Obamacare’ perfectly fit the bill, being a second issue directly related to the overarching leviathan theme so popular with Tea Partiers.

In the event, the combination of spending cuts and an anti-health-care stance had naturally developed into a winning combination for Republicans preparing to gain

¹⁶ <http://www.redstate.com/diary/goper/2010/05/26/with-rob-simmons-out-support-the-tea-party-candidate/>

¹⁷ <http://www.newyorker.com/magazine/2010/12/13/house-rule-4?currentPage=2>

¹⁸ *Ibid.*

¹⁹ The Reagan presidency was notorious for its rocketing public debt (see Wallach, 2013). And anti-earmark crusaders in Congress (such as Tom Coburn – who even earned the nickname Dr. No) were often vilified by fellow Republicans more captivated by the idea of getting reelected.

²⁰ <http://www.newyorker.com/magazine/2010/12/13/house-rule-4?currentPage=2>

²¹ A term coined by Sarah Palin to describe – incorrectly – a segment (the Independent Payment Advisory Board) of the proposed legislation as authorizing bureaucrats to decide who were ‘worthy of medical care.’ Between 2010 and 2012 about four in ten U.S. adults consistently shared this opinion. <http://thehill.com/policy/healthcare/258753-poll-four-in-10-believe-in-health-law-death-panels>

a majority in the House in the 2010 midterms (the Senate, at that time, seemed out of reach). The former was selected as an agenda item and manufactured by the coalition of a diverse selection of players, creating common ground for at least some part of the period. All participants did their part: talk show hosts and town-hall speakers amplifying the negative message, Young Guns rolling out alternative policy proposals, and party leadership recruiting and aiding candidates to take on vulnerable Democrats.

Yet one piece was missing: a bridge between electoral and legislative strategy or, put more simply, a path to ‘get things done.’ This was not trivial, as Democrats were expected to hold on to the Senate and the president professed to be trigger happy about vetoing any acts that would have undone his first-term achievements. In a system based on the separation of powers, a freshly mobilized House majority needed allies, or at least some sort of institutional leverage. If they could not expect anything to get passed in concert with the Senate, they needed to create previously non-existent veto points to extract concessions.

The debt ceiling was an obvious target. Ryan himself lambasted it²² during the previous increase, which was passed with zero Republican votes and 37 Democrats joining them in opposition²³ (see Table 1). Some Democrats even suggested that it was the job of the Republican House majority to make sure that the country avoided default (Draper, 2012: 56). Ultimately, Republicans were convinced they would come out victorious from this high-stakes game, even if – realistically – it boiled down to a choice between government shutdown and/or default or lifting the debt ceiling (at best, with strings attached). The Young Guns were perfectly cognizant of this fact and proactively discouraged talk of a ‘nay’ vote, in contrast to their otherwise belligerent rhetoric (see e.g. *ibid*: 225).

²² <http://www.c-span.org/video/?291937-1/house-session>

²³ http://houselive.gov/MediaPlayer.php?view_id=2&clip_id=4317

Table 1 Selected fiscal roll calls in House of Representatives (2010-2014)

Date	Subject	Act name	No.	Dem Y	Dem N	Rep Y	Rep N	Y Total	Note
111th Congress - Speaker: Pelosi (D)									
Feb.4, 2010 ²⁴	Debt ceiling, PAYGO	Statutory pay-as-you-go	HJ 45. PL. 111-139	217	37	0	175	217	N: Blue Dogs (Giffords)
Dec. 16, 2010 ²⁵	Tax cuts expiring	Tax relief, unemployment. ..	HR 4853. PL. 111-312	139	112	138	36	277	Y: Cantor, McCarthy, Ryan, Ron Paul N: Bachmann, Gohmert
112th Congress - Speaker: Boehner (R)									
March 2, 2011 ²⁶	Continuing resolution (4)	Further Continuing Appropriations Amendments	HJ 44. PL. 112-4	104	85	231	6	335	Y: Cantor, Ryan N: Bachmann, Gohmert, Paul; Pelosi
March 16, 2011 ²⁷	Continuing resolution (5)	Additional Continuing Appropriations Amendments	HJ 48. PL. 112-6	85	104	186	54	271	N: Bachmann, Gohmert, Chaffetz, Labrador, King (IA), Jordan, Mulvaney, Paul N: Pelosi
April 9, 2011 ²⁸	Continuing resolution (6)	Further Additional Continuing Appropriations Amendments	PL. 112-8	140	42	208	28	348	N: Bachmann, Gohmert, Chaffetz, Labrador, King (IA), Jordan, Mulvaney
Apr. 14, 2011 ²⁹	Continuing resolution (7)	Full-Year Continuing Appropriations	HR 1473.	81	108	179	59	260	Y: Cantor, Ryan N: Bachmann and other Tea Party members, Pelosi
Aug. 1, 2011 ³⁰	Debt ceiling, sequestration rule	Budget control	S 365. PL 112-25	95	95	174	66	269	Y: Cantor, Pelosi N: Bachmann and other Tea Party members; McGovern and other

²⁴ <http://clerk.house.gov/evs/2010/roll046.xml>

²⁵ <http://clerk.house.gov/evs/2010/roll647.xml>

²⁶ <http://clerk.house.gov/evs/2011/roll154.xml>

²⁷ <http://clerk.house.gov/evs/2011/roll179.xml>

²⁸ <http://clerk.house.gov/evs/2011/roll253.xml>

²⁹ <http://clerk.house.gov/evs/2011/roll268.xml>

³⁰ <http://clerk.house.gov/evs/2011/roll690.xml>

Date	Subject	Act name	No.	Dem Y	Dem N	Rep Y	Rep N	Y Total	Note
									progressives
Jan. 1, 2013 ³¹	Fiscal cliff	American taxpayer relief	HR 8. PL. 112-240	172	16	85	151	257	S: Only 8 Nays, incl. Rand, Rubio, Lee
113th Congress – Speaker: Boehner (R)									
Jan. 23, 2013 ³²	Temporary debt ceiling	No budget, no pay	HR 325. PL 113-3	86	111	199	33	285	Y: Cantor, Ryan, Scalise, Jordan N: Bachmann and other Tea Party members, Pelosi
October 16, 2013 ³³	Debt ceiling, Continuing resolution	Continuing appropriations	HR 2775. PL. 113-46	198	0	87	144	285	Y: Cantor, Pelosi N: Bachmann and other Tea Party members
Feb. 11, 2014 ³⁴	Clean debt ceiling	Temporary debt limit extension	S 540.	193	2	28	199	221	Y: Cantor, McCarthy N: Ryan
			AVERAGE	137	65	138	86	275	

Source: Author and <http://fas.org/sgp/crs/misc/RL31967.pdf> Note: Y=Yea/Aye, N=Nay/Noe, S=Senate

However, some members of the Republican conference did not share this approach of a game of strategy. Political capital was to be accumulated not only by crisis-resolution, but by creative destruction. For these Republicans, compromise on fiscal issues meant antagonizing their dearly held principles *and* guaranteed primary defeat in 2012.

Despite these ominous signs, and in stark contrast to the social conservative-neocon coalition behind the George W. Bush presidency, incoming majority leader Cantor highlighted four issues for his conference: jobs and the economy; cutting spending; shrinking the federal government; and expanding individual liberty (Draper, 2002: 47). During a closed-door retreat in mid-January, Cantor also pleaded with his troops to ‘look at a potential increase in the debt limit as a leverage moment when the White House and President Obama will have to deal with us. (...) Either we stick together and demonstrate that we’re a team that will fight for and stand by our principles, or we will lose that leverage.’³⁵

The first application of the general strategy came in March–April, 2011 by which time previous appropriations for the fiscal year October 2010–September 2011 had run out. As no budget had been passed by September 2010, continuing

³¹ <http://clerk.house.gov/evs/2012/roll659.xml>

³² <http://clerk.house.gov/evs/2013/roll030.xml>

³³ <http://clerk.house.gov/evs/2013/roll550.xml>

³⁴ <http://clerk.house.gov/evs/2014/roll061.xml>

³⁵ http://www.washingtonpost.com/business/economy/origins-of-the-debt-showdown/2011/08/03/gIQA9uqIzL_story.html

resolutions covered expenditure on the general level of the previous fiscal year. And since no grand bargain had been conjured up during the lame-duck session of December (or based on the Bowles-Simpson recommendations) the federal government was now on a ticking clock until March 4. House Republicans kicked the can down the road twice more in exchange for roughly \$10 billion in spending cuts. At this point a government shutdown was scheduled for April 8. A seventh continuing resolution was agreed on just hours before furloughs were scheduled to take place at the cost of an additional cut of \$38 billion from the budget proposal. However, as these, to a large extent, only targeted project or ‘conditionally mandatory’ expenditures, a CBO estimation put actual savings at a mere \$355 million. For all their negotiations, compromises, and painful votes, Tea Party Republicans felt tricked.

Incremental changes were made to the strategy before the next potential showdown, the August 2 debt ceiling deadline. This included a more concentrated voting procedure, as the previous approach created ‘divisions rather than promot[ing] unity within the conference.’ Among the ideas floated as preconditions for a potential compromise, the usual subjects came up: repealing Obamacare, a balanced budget constitutional amendment, and caps on mandatory spending. Only a ‘dozen or so’ members ruled out a deal (Draper, 2012: 226).

In a quest to instill unity in a rowdy caucus a bill was put forth by the majority leadership that embraced a series of popular proposals by the membership in order to ‘cut, cap and balance’ (CCB) the budget. In exchange for raising the debt limit it stipulated steep cuts in non-military spending, and made future debt ceiling hikes conditional on passing a balanced budget amendment to the constitution. However, as it did not contain provisions to defund Obamacare, and (based on their general anti-increase stance) Reps. Bachmann, Paul, and Jones did not support it (along with 181 Democrats).³⁶

With this display of purity most House Republicans were basically done negotiating with the White House – it took a concerted effort on behalf of the leadership of both chambers and the president to reach a last-minute agreement based on a modified version of CCB, a far cry from any sort of grand bargain. Boehner was right to emphasize the similarities between the two proposals, including avoiding tax increases and guarantees of future spending cuts in the form of sequestration.³⁷

That said, the vote had ambiguous results as to who won or lost. From the perspective of our research question, the most important development was that it provoked a lasting rift in camaraderie within the Tea Party caucus, and also within the Republican conferences in Congress. Throughout the entire crisis period between 2011 and 2014 the Republican House majority mustered by itself the necessary 218 votes for key fiscal roll calls on a single occasion (on March 2, 2011, see Table 1). It was no different with this first debt ceiling showdown, as – on August 1st, just one day before the shutdown deadline – sixty-six Republicans ‘defected’ (and the others were accused of defection by Tea Party media³⁸).³⁹

5.1.3 Phase 3: Taking sides (2011–2013)

³⁶ <http://clerk.house.gov/evs/2011/roll606.xml#N>

³⁷ http://www.nytimes.com/interactive/2011/08/01/us/politics/20110801_BOEHNER_DEBT_FRAMEWORK.html?_r=0

³⁸ http://www.huffingtonpost.com/2011/07/29/allen-west-tea-party-schizophrenia-debt_n_913283.html

³⁹ This is telling even as most votes allowed for tactical voting.

The most important takeaway for hardcore Tea Party believers from the events of March-August 2011 was that gratification had been delayed once again. Obamacare was the law of the land; there was no realistic chance of passing a balanced budget amendment; and several compatriots gave in under pressure from party leadership. Along with the impending presidential primaries, the 2012 elections provided a new opportunity for Tea Party strategists to advance their agenda.

Throughout the tense process of the 2011–2013 fiscal crisis, members of Congress repeatedly refused to rule out testing the waters when it came to default. Tim Scott denounced the thought that a deal was ‘a foregone conclusion (...) I’d like to let the proof be in the pudding.’⁴⁰ When presented with projections regarding the fallout from default, ‘conservatives like Georgia Rep. Phil Gingrey read (...) emails from banker friends who didn’t buy it.’⁴¹ John Fleming went on the record, stating that ‘nothing happens’ if the debt ceiling is reached.⁴² With default, or a protracted shutdown, remaining uncharted territory, some House Republicans were still preparing for a final fiscal showdown.

Yet circumstances somewhat changed for the second half of the period. As opposed to the 2010 midterms, Democrats now picked up eight seats in the House (but remained the minority party), and two in the Senate. President Obama also won a second term against the mainstream Republican Mitt Romney who had previously defeated a number of Tea-Party-backed contenders (including House firebrand Bachmann).

The crisis of 2011 also left the Republicans more divided about and averse to fiscal brinkmanship. By fall the Republican ‘cardinals’ on the appropriations committees were in full revolt over hardliners undercutting their proposed bills (Draper, 2012: 278). Cantor was progressively becoming a main target for the media at large over Republican intransigence. While he was still described by some as ‘the Republican leadership’s tether to the Tea Party,’ in fact he donated money to moderates and never joined the Tea Party Caucus (nor did the other Young Guns). Even ideologues who were otherwise on friendly terms with House Tea Partiers, such as Karl Rove, denounced their slash-and-burn tactics when it came to bargaining with Democrats: he declared that passing a viable measure ‘will require the GOP to accept less than total repeal of the Obama agenda, vote for spending cuts smaller than what they want, and support a debt increase all Republicans wish were not necessary.’⁴³

The exemption consensus was now ever powerful, and duly led to compromise (brokered once again in the Senate, with the help of vice-president Biden) on the upcoming editions of the crisis: the ‘fiscal cliff’ of December 2012, and also a temporary debt ceiling increase. The silver lining in all this was the arrival of a new ally for ‘liberty’-focused House members with the 2012 elections: Ted Cruz, the new junior senator from Texas. Along with Mike Lee and Rand Paul from the 2010 intake, he developed a new veto point in a Senate that still retained individual

⁴⁰<http://dailycaller.com/2010/12/21/house-freshman-leader-voices-doubts-about-boehners-first-adult-moment-raising-debt-ceiling/>

⁴¹http://www.slate.com/articles/news_and_politics/politics/2014/02/debt_limit_brinkmanship_is_dead_the_republican_strategy_of_crisis_budgeting.html

⁴² http://www.politico.com/story/2013/09/house-republicans-government-shutdown-96968_Page2.html

⁴³ <http://online.wsj.com/news/articles/SB10001424127887324581504578231672194516556>

members' right to obstruct - or 'filibuster' - proceedings. New methods also took root to persuade members of Congress to engage in responsible fiscal behavior: the next temporary debt ceiling hike was linked to passing a budget within three months. Without this, members of the chamber in question would have their pay withheld: no budget, no pay.

However, the resulting new debt ceiling deadline of mid-May initiated once again a contentious process with the Young Guns now firmly in the leadership camp. Reps. Bridenstine and Huelskamp (along with twenty-eight others) proposed to eject Obamacare from a bill under consideration. This, in turn, 'shocked' Boehner and Cantor who prevented a full-blown revolt by rescheduling related votes.⁴⁴ Tea Party activists such as Erick Erickson of RedState, a blog, were unimpressed, announcing that 'House Conservatives Will Prove They Are the Problem.'⁴⁵

Open season was once again declared on the debt ceiling, but with Democrats less inclined to compromise, a sensible exit point was wanting. As Rep. Stutzman, who supported the ensuing government shutdown in October 2013, put it: 'we have to get something out of this. And I don't know what that even is.'⁴⁶ Inside this 'Republican suicide machine' tensions were brewing.⁴⁷ As the Treasury announced in late September that extraordinary measures would be exhausted no later than October 17, Cruz prepared to filibuster any legislation that funded Obamacare. In the meantime, the Wall Street Journal, no foe of spending cuts, concluded that 'Kamikaze missions rarely turn out well, least of all for the pilots.'⁴⁸

Unrepentant, the no-compromise wing of the Republican Party crafted a letter to House leadership with eighty signatures demanding that the budget bill 'affirmatively de-fund' Obamacare. Simultaneously, a Tea Party rally ('Exempt America'⁴⁹) was held on Capitol hill, featuring revolting lawmakers from both chambers. The 'Williamsburg Accord' of early 2013, devised to offer a 'unified Republican strategy' that drove 'toward a new debt ceiling standoff with the president,' was now officially void.⁵⁰

When Tea Partiers refused to vote for any debt ceiling increase and continuing resolution that did not defund Obamacare, the government went into a partial shutdown on October 1. The ball was once again in the court of the Senate in terms of coming up with a solution. Senate minority leader Mitch McConnell admitted that 'we were talking in the Senate Republican conference as early as July that (the hardcore strategy) had no chance of success.'⁵¹ Calling the twenty-one-hour filibuster speech on September 24 by Cruz a 'quixotic venture,' he was already busy brokering a deal with Senate majority leader Harry Reid that included the McConnell rule and

⁴⁴<http://www.motherjones.com/politics/2013/10/how-gop-hardliners-hijacked-boehner-debt-ceiling-obamacare>

⁴⁵ <http://www.redstate.com/2013/03/06/today-house-conservatives-will-corrupt-america/>

⁴⁶<http://washingtonexaminer.com/gop-stands-firm-against-funding-bill-will-link-to-debt-ceiling-fight/article/2536750>

⁴⁷ In retrospect, Paul Ryan also called it a "suicide mission".

<http://www.rollingstone.com/politics/news/inside-the-republican-suicide-machine-20131009>

<http://blogs.rollcall.com/218/paul-ryan-rules-out-another-government-shutdown/?dcz=>

⁴⁸ <http://online.wsj.com/news/articles/SB10001424127887323846504579073083671216784>

⁴⁹ <http://exemptamerica.com/>

⁵⁰ <http://www.rollingstone.com/politics/news/inside-the-republican-suicide-machine-20131009?page=2>

⁵¹ <http://www.nytimes.com/2013/10/20/us/politics/senate-minority-leader-faces-dual-battles-in-gop.html>

various other stopgap measures in order to avoid a recurrence of a fiscal showdown. Three days later, closure was finally voted on with only eighteen other Republican Senators joining, falling short of a blocking minority of forty.

With the Tea Party losing the Senate front of the battle, House Republicans were once again confronted with the choice of default vs. a debt limit hike. Finally, on October 16, a conference amendment was passed with no Democrats opposed, but only a minority of House Republicans joining Boehner and Cantor in voting ‘yea.’⁵² As John McCain, the 2008 Republican presidential candidate, observed: ‘It did change the environment when the American people rejected the shutdown.’ He referred to polls conducted during the two weeks of the shutdown showing that 53 percent blamed Republicans for the crisis, compared with 31 percent who blamed Mr. Obama. These also represented the lowest party approval scores for the GOP in twenty-plus years.⁵³

In two months’ time, a budget agreement involving Rep. Ryan ended ‘the four year quest for a “grand bargain” by funding the government above the levels set in 2011 and not cutting entitlements.’⁵⁴ And with a ‘clean’ debt limit raise passed with mostly Democratic votes in February 2014, a three-year era of fiscal wars was finally over.

6. Discussion

In this article, we have argued that the networked, coalition-based and guerrilla approach to manufacturing policy crises represents a unique class of endogenous crisis. In particular, we investigated four aspects of the case at hand: (1) the factors explaining the networked nature of the Tea Party crisis-manufacturing coalition; (2) how political entrepreneurs designed and operated that network; (3) how the dynamic nature of shifting political coalitions offered the possibility for more radical participants to hijack the conservative agenda and to further escalate the situation; and (4) how these three key elements of the case are connected, i.e. whether networks are an especially suitable form of crisis manufacturing via shifting coalition.

From a theoretical standpoint, by tackling these questions we may arrive at a more complete categorization of various types of crisis manufacturing. Here, beyond external factors, such as policy domain and geographic scope (see Conclusion), the key aspect may be related to internal structures of players, the multiplicity of games, and the dynamics of the game over time with repeated games.

As for the first two topics, the fiscal wars of 2011–2013 were not the product of the centralized planning of a coherent player. But they were the product of strategic planning nevertheless: evidence discussed in the previous section points unequivocally towards the premeditated nature of the moves leading to the debt crisis. Republicans had repeatedly voted for clean debt limit increases before, or had invoked the Gephardt rule to the same effect. The way recurring debt ceiling negotiations led to

⁵² No surprise, then, that in June 2014 Cantor was ‘primaried’, and suffered a shocking defeat from a relatively unknown college professor backed by the Tea Party.

⁵³ <http://online.wsj.com/news/articles/SB10001424052702303382004579127571975912810>

⁵⁴ http://www.slate.com/articles/news_and_politics/politics/2014/02/debt_limit_brinkmanship_is_dead_the_republican_strategy_of_crisis_budgeting.html

the brink of a ‘fiscal cliff’ in the early 2000s points towards an endogenous, manufactured crisis.

The dynamic of the fiscal wars is key to understanding the consequences of coalition-building. Diverse preferences generate different payouts and exit points for participants. A complete alignment of preferences is not a precondition for success. Rather, this depends on the circumstances. In August 2011, House Republicans reached a deal that contained no tax increases, yet at the same time involved significant spending cuts. It also passed without the votes of Tea Party Republicans. This verged on achieving a maximum ransom without actually shooting the hostage.⁵⁵ However, divergent preferences caused tectonic movements in political tactics (i.e. breaking ranks with Cruz in the Senate), without which the strategy might have paid off.⁵⁶

After all, the strategy was based on common ground in terms of *threats* of a default. In this, a coalition-based strategy is analogous to a multi-stage rocket, with each stage consuming a separate propellant: in the case of the establishment the latter was deterrence; for Tea Partiers it was the capability of a first strike. It is also important to note that the dynamic nature of a coalition-based strategy may eventually play into the hands of more radical participants. The latter had a chance to jettison the majority leadership altogether by carrying over their momentum to a new stage with new veto points: Senate filibuster in this case. Escalation strategies may be developed throughout the dynamic game despite constraining initial circumstances.

In light of this discussion, the Tea Party revolt was at its best when forcing temporary unity on the Republican leadership, compelling it to play hardball in the negotiations. At various points until August 2011 they exerted concessions from a president with his sights on a grand bargain that had previously been inconceivable. Congressional Democrats were less impressed, leading in most cases to idiosyncratic agreements involving (for the most part) congressional leadership and ex-Senate stalwart Biden. Throughout the fiscal wars, parallel channels of negotiations were open, with no clear indication of future prospects. Strategy was exerted without the help of a formal organization or central leadership. In the event, it was not so much a fully-fledged strategy as a blueprint thereof. This observation sums up our findings related to our first two questions.

As for the third, network-based crisis-manufacturing had both its upsides and downsides. An unclear and shifting ‘membership’ – without a predefined mission statement – produced slipping towards the most extreme participants, and thus shifting goals. Veto points popped up inside the coalition at various times, undermining the bargaining of the day (along with previously agreed gains). These drawbacks were, however, largely offset by the advantages of network governance: time and time again outside pressure provided impetus for breaking gridlocks, such as threats of ‘primarying’ disloyal members. Moreover, obedience came on the cheap with a handful of blogs and dozens of local activists in each House district playing the role of disciplinarians.

⁵⁵ A widely-cited Wall Street Journal editorial quipped: ‘We’ll support efforts to cut spending and reform entitlements, but the political result will be far worse if Republicans start this fight only to cave in the end. You can’t take a hostage you aren’t prepared to shoot.’

<http://online.wsj.com/news/articles/SB10001424127887323874204578217912983267062>

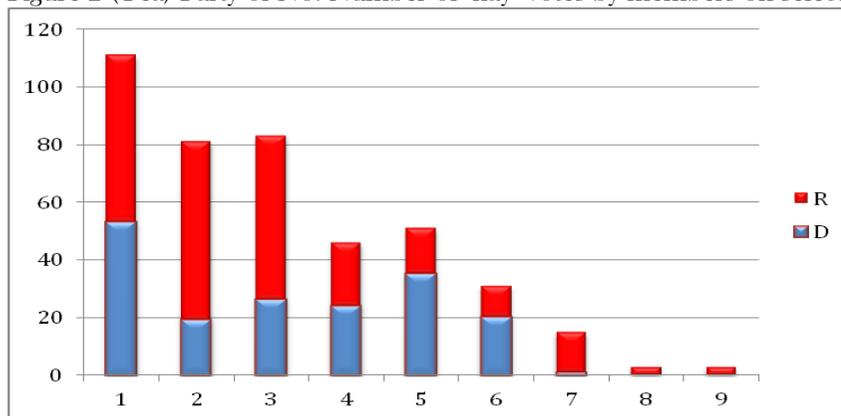
⁵⁶ <http://www.politico.com/magazine/story/2014/08/paul-ryan-betrayer-110186.html?hp=17>

Finally, network-based crisis manufacturing proved particularly adept at expanding the conflict from the fiscal policy subsystem to macropolitics and the general political agenda (as described by Baumgartner and Jones, 2010: 21–22). Manufacturing it was: there were no low-hanging fruits in the fiscal wars with entrenched interests (e.g. providers and recipients), the existence of the prevailing ‘exemption consensus’ and – at the end of the line – a progressive president and Senate majority. Just as in 1995, with the previous edition of shutdown politics, it took political entrepreneurship to reap the potential rewards of network-based brinkmanship. This entrepreneurship – on behalf of activists (such as Grover Norquist and Heritage Action, led by ex-Senator Jim DeMint), financiers (see the Koch Brothers) and politicians (Bachmann, Cruz, etc.) – provided the ideological coherence, chain of command, money source, and talking heads) for an improbably successful revolt.

This is related to our fourth point and the overarching question of how we define success (or payout) for political entrepreneurs. Although the quest of the Tea Party to instill a regime of fiscal conservatism was eventually unsuccessful, they did manage to raise their national profile and set the policy agenda for an extended period. Despite being labeled ‘suicide missions’ in hindsight by bona fide conservatives, such as Paul Ryan and Mitch McConnell, the insurgency gained maximum leverage with the hand it was given. At the end of the day, it took no more than a nucleus of twenty House republicans to stand up to the powerful exemption consensus and capture a large part of the political agenda for years in a row.

Figure 2 demonstrates that a core group of less than two dozen House members were joined by fellow Conservative Study Group, Tea Party Caucus, and Liberty Caucus members (and from the other end of the ideological spectrum: progressive Democrats) in key bipartisan votes. However, legally speaking, they never constituted a blocking minority in either chamber.

Figure 2 (Tea) Party of No: Number of ‘nay’ votes by members on selected roll calls



Source: <http://clerk.house.gov/>, author’s own calculations

It took a concerted effort by radical fiscal conservatives in both chambers and outside Congress to leverage a relatively weak hand to obtain palpable concessions and create an ongoing struggle that lasted more than three years. Entrepreneurship was present not just in engineering voting blocks for specific roll calls, but also in amassing

bargaining chips in a highly institutionalized environment. From a complex web of structural constraints on political agency two institutional factors emerged as crucial for Tea Party success: gerrymandering and primary rules favoring more extreme policy positions; and a ban on pork-barrel projects in appropriations bills that served as positive feedback for the emergent fiscal radicalism in the House.³⁷

As for the theoretical and empirical relevance of our findings, we have to keep in mind that crises may come in many forms. They are shaped by the nature of the leverage involved; by the might and structure of the opposition; by the extant rules within the institutional arena, and by the allies positioned without; as well as by the dynamics of a protracted period of contention. In this, all manufactured crises are unique.

Yet this is not to say that all manufactured crises are unique in the sense that any attempt at generalization is futile. Quite the contrary, the case of the fiscal wars is significant in that it provides insight into the sub-type of endogenous crisis hallmarked by a disjointed collection of participants with partly overlapping aims. This is something to be expected in a separation-of-powers system powered by large sums of regulated and 'dark' money and partisan media operations. What is less trivial is that such a fragmented selection of players may nevertheless be adept at concocting, revising, and executing strategies over years.

7. Conclusion

In this article, the logic of manufactured crisis was explored through outcome-centric research: our goal was to establish a causal link between independent political factors and dependent policy variables by way of a detailed description of the case at hand. The origins of the fiscal wars of 2011-2013 in the U.S. were assessed, and we put forth an explanation centered around the notion of manufactured crisis. The descriptive study of the factors at play pointed towards a shift in the political understanding of the debt ceiling.

The 'exemption consensus' of the pre-2010s refers to a long series of debates and decisions related to the debt ceiling. Political brinkmanship played a minor role in these negotiations and no actors followed strategies explicitly aimed at defaulting on federal debt as a means of returning to fiscal restraint. The Tea Party template for exerting such a curtailment of deficit spending from an unwilling political establishment, therefore, constituted a new breed of crisis manufacturing. This sharp turn from debt-ceiling politics as usual was intentional, and it made use of the institutional and social setting of the early 2010s. Political entrepreneurs associated with the movement relied on a dynamic, coalition-based approach framed by outside pressure and steered by network governance.

This case of 'politics by hostage taking' may be considered to be one of the best known instances of an endogenously and deliberately created policy crisis. As such, it also serves the purposes of theory development with regard to the role of political entrepreneurship in manufacturing policy crises. In conclusion, we consider how the logic presented in this study may be extended to cases beyond U.S. fiscal policy.

³⁷ 'It's made my job a lot more difficult,' Boehner admitted. 'I've got no grease.'
<http://www.rollingstone.com/politics/news/inside-the-republican-suicide-machine-20131009>

First of all, it is also clear that the debt-ceiling case itself is worth further inquiry. It was not long after the fiscal wars that a new theme emerged linking climate change policies and funding for the Environmental Protection Agency to raising the debt ceiling.⁵⁸ Until congressional politics is ‘exempted’ from the debt limit, it is bound to produce new empirical flesh for the study of manufactured crises.

Second, this point may apply to policy subsystems far removed from the domain of fiscal policy. In the U.S. the 9/11 terrorist attacks led to emergence of a surveillance state that in many respects outlasted the immediate threat of Al-Qaeda. According to the American Civil Liberties Union, the ‘Patriot Act,’ passed in 2001, ‘amounted to an overnight revision of the nation's surveillance laws that vastly expanded the government's authority to spy on its own citizens, while simultaneously reducing checks and balances on those powers.’⁵⁹ This interpretation was reinforced by Edward Snowden’s disclosures in 2013. Yet surrounding the debate about the need to ‘sunset’ certain provisions, a key force in the Senate, Lindsey Graham (R), stated that ‘anyone who neuters this program is going to be partially responsible for the next attack.’⁶⁰ The temporal nature of the politics of manufactured crisis is clearly visible in this case, and in other related cases in which political entrepreneurship is aimed at sustaining the perception of a crisis situation for political gain.

Third, this idea also travels well geographically: In Hungary, the topic of illegal migration became a key element in the messaging of Fidesz, the right-wing governing party, even as the flow of migrants approaching the Hungarian border all but stopped. However, this development did not lead to the government lifting the ‘state of emergency related to mass migration.’⁶¹

A fourth aspect of the politics of manufactured crisis that has a relevance beyond the U.S. polity is associated with the severity of the potential repercussions of political entrepreneurship. Here, the key case appears to be Brexit, which – by 2019 – posed an existential challenge to the United Kingdom and Great Britain. The man-made nature of this crisis situation is well-documented, from the role of former prime minister David Cameron to those associated with the social media and field campaign to leave the EU and beyond.

Finally, the long-term dynamics of crisis manufacturing are also worth exploring, as these may shed light on crucial aspects beyond those that case studies can capture. Changing circumstances may lead to wholesale position shifts for the players involved. This is seen in how Barack Obama, then a junior senator from Illinois, argued on the Senate floor in 2006 that raising the debt limit was ‘a sign that the U.S. government can’t pay its own bills.’ As president, Obama admitted: ‘you start realizing (...) we can’t play around with this stuff.’⁶² Or, to cite a convert in the other direction: Mitch McConnell contemplated his short odds of becoming Senate

⁵⁸ <http://talkingpointsmemo.com/dc/gop-senators-want-to-block-obamas-climate-rules>

⁵⁹ <https://www.aclu.org/issues/national-security/privacy-and-surveillance/end-mass-surveillance-under-patriot-act>

⁶⁰ <https://www.aclu.org/blog/national-security/privacy-and-surveillance/scaremongering-about-patriot-act-sunset>

⁶¹ https://index.hu/belfold/2019/08/31/a_belugyminiszterium_szerint_meg_kell_hosszabbítani_a_tomeges_bevandorlas_okoza_valszaghelyzetet/

⁶² <http://abcnews.go.com/blogs/politics/2011/04/president-barack-obama-exclusive-concedes-senate-vote-against-raising-debt-limit-political/>

Majority Leader in August 2014 by claiming that Obama ‘needs to be challenged, and the best way to do that is through the funding process.’⁶³ It takes a saint to withstand the lure of crisis manufacturing.

References

- Baker, D. and Weisbrot, M. (2001) *Social Security: The Phony Crisis*. Chicago: University of Chicago Press.
- Bates, R. H., Greif, A., Levi, M., Rosenthal, J.-L. and Weingast, B. R. (1998) *Analytic Narratives*. Princeton: Princeton University Press.
- Berliner, D. C. and Biddle, B. J. (1996) The manufactured crisis: Myths, fraud, and the attack on America’s public schools. *NASSP Bulletin*, 80(576): 119–121. <https://doi.org/10.1177/019263659608057619>
- Boin, A., ’t Hart, P. and McConnell, A. (2009) Crisis exploitation: political and policy impacts of framing contests. *Journal of European Public Policy*, 16(1): 81–106. <https://doi.org/10.1080/13501760802453221>
- Draper, R. (2012) *Do Not Ask What Good We Do: Inside the U.S. House of Representatives*. New York: Free Press.
- Gschwend, T. and Schimmelfennig, F. (2011) *Research Design in Political Science: How to Practice What They Preach*. Basingstoke: Palgrave Macmillan.
- Hay, C. (2010) Chronicles of a death foretold: the Winter of Discontent and the construction of the crisis of British keynesianism. *Parliamentary Affairs*, 63(3): 446–470. <https://doi.org/10.1093/pa/gsp056>
- Jacobson, G. C. (2013) Partisan polarization in American politics: A background paper. *Presidential Studies Quarterly*, 43(4): 688–708. <https://doi.org/10.1111/psq.12062>
- Jessop, B. (2014) Repoliticising depoliticisation: theoretical preliminaries on some responses to the American fiscal and Eurozone debt crises. *Policy and Politics*, 42(2): 207–223. <https://doi.org/10.1332/030557312X655864>
- Laffan, B. (1997) From policy entrepreneur to policy manager: the challenge facing the European Commission. *Journal of European Public Policy*, 4(3): 422–438. <https://doi.org/10.1080/13501769780000081>
- Lucarelli, B. (2011) *The Economics of Financial Turbulence: Alternative Theories of Money and Finance*. Cheltenham, UK: Edward Elgar.
- Mahoney, J. and Thelen, K. A. (2010) *Explaining Institutional Change: Ambiguity, Agency, and Power*. Cambridge; New York: Cambridge University Press.
- Meyers, R. T. (2014) The implosion of the federal budget process: Triggers, commissions, cliffs, sequesters, debt ceilings, and shutdown. *Public Budgeting and Finance*, 34(4): 1–23. <https://doi.org/10.1111/pbaf.12049>

⁶³ <http://dyn.politico.com/printstory.cfm?uuid=35E1D6E3-562D-4DB1-ADE3-6376BC656D02>

-
- Mintrom, M. and Norman, P. (2009) Policy entrepreneurship and policy change. *Policy Studies Journal*, 37(4): 649–667. <https://doi.org/10.1111/j.1541-0072.2009.00329.x>
- Polsby, N. W. (1983) *Consequences of Party Reform*. Oxford: Oxford University Press.
- Porter, G. (2014) *Manufactured Crisis: The Untold Story of the Iran Nuclear Scare*. Washington D.C.: Just World Books.
- Schneider, M., Teske, P. E. and Mintrom, M. (1995) *Public Entrepreneurs: Agents for Change in American Government*. Princeton: Princeton University Press.
- Schneider, S. K. and Jordan, M. P. (2016) Political science research on crises and crisis communications. In Schwartz, A., Seeger, M. W. and Auer, C. (eds.) *The Handbook of International Crisis Communication Research*, New York: Wiley-Blackwell. 11–23.
- Sebők, M. (2018) Institutional entrepreneurship and the mission creep of the national bank of Hungary. In Bakir, C. and Jarvis, D. S. L. (eds.) *Institutional Entrepreneurship and Policy Change*. Cham: Palgrave Macmillan. 243–278. https://doi.org/10.1007/978-3-319-70350-3_10
- Sheingate, A. D. (2003) Political entrepreneurship, institutional change, and American political development. *Studies in American Political Development*, 17(2): 185–203. <https://doi.org/10.1017/S0898588X03000129>
- t' Hart, P. (1993) Symbols, rituals and power: The lost dimensions of crisis management. *Journal of Contingencies and Crisis Management*, 1(1): 36–50. <https://doi.org/10.1111/j.1468-5973.1993.tb00005.x>
- Wallach, P. A. (2013) Mr. Boehner, tear down this ceiling! *Governance studies*, 2013 January. Available at <https://www.brookings.edu/wp-content/uploads/2016/06/10-debt-ceiling-wallach.pdf> Accessed: 28-09-2019.