

Ronald Reagan's Agenda



Introduction Ronald Reagan was inaugurated president on January 20, 1981, and entered the White House from a position of great political strength. Reagan believed that his overwhelming electoral victory—he earned 480 electoral votes to Carter’s 49—signaled a clear mandate to implement his brand of conservatism, called *neoconservatism*. Reagan’s ambitious agenda included plans to stimulate the economy, lower taxes, cut liberal social programs, and

dramatically lessen the federal government’s role in people’s everyday lives. Reagan also wanted to increase American military might, stem the growth of communism, and advance his conservative philosophy on social issues.



- Was President Reagan a conservative or a liberal?
- Why did Reagan feel he had unusually strong support from the American people for his conservative policies?

The Economy Economic revival was Reagan’s first priority. To stimulate the economy, his administration used a conservative approach called *supply-side economics*. This new theory argued that massive tax cuts—especially for wealthy individuals and corporations—would encourage personal savings and investment, which would then lead to business growth and the creation of more jobs. The result would be a larger supply of goods for consumers, who would have more money to spend, and thus stimulate the economy. Reagan applied the supply-side theory to his 1981 federal budget. Since he was committed to cutting taxes and increasing military spending, his budget also called for the reduction of spending on social programs. As a result, in his first budget, welfare benefits, Medicare benefits, and children’s lunch programs were slashed, and one million recipients of food stamps lost their allocations.

The results of eight years of Reagan’s supply-side approach to economics, dubbed *Reaganomics*, were mixed. After a recession in the early 1980s, interest rates leveled off, investment began to rise, and, while unemployment remained high at 9 percent, productivity rose and new jobs were created. Inflation was finally subdued and remained low through the rest of the decade. Once the economy was on the road to recovery, the Reagan approach won newfound praise. Ultimately, though, the wealth generated by the supply-side approach did not “trickle down” to most Americans as the theory claimed. Rather, tax cuts mostly benefited the rich, and cuts in social spending drove the poor deeper into poverty. The number of children living in poverty, one in five, had grown by 24 percent during the 1980s.

By 1989, the wealthiest two fifths of American families received 67.8 percent of the national income, while the bottom two fifths earned a mere 15.4 percent. This represented the largest gap between the “haves” and “have nots” in America since 1945. Reagan critics charged that his policies had led to the deep rift.

One glaring failure of Reaganomics—cited by both Reagan supporters and detractors—was its inability to balance the federal budget, which led to an unprecedented federal deficit, and a soaring national debt of \$4 trillion by 1988. Reagan cut taxes and dramatically increased defense spending, but—despite some success at reducing domestic spending—was unable and unwilling to push Congress to slash the largest of the social programs, Medicare and Social Security. Prior to the 1980s, the biggest single-year government debt had been \$66 billion; by 1986, it had skyrocketed to \$221 billion, and continued to grow each year thereafter. In the 1990s, some political analysts proposed that the Reagan deficits effectively put pressure on Congress to reduce domestic spending and slow the growth of government. Others added that the Reagan budget deficit was a good investment, asserting that his military buildup ultimately helped bring down the Soviet Union and thus reduced the threat of nuclear war.

Stop Here
& Discuss



- **What is supply-side economics?**
- **What were Reagan’s most glaring economic successes?**
- **What were Reagan’s most glaring economic shortcomings?**

Social Issues During his first term, Reagan captured the support of many Americans by taking a conservative stand on social issues. Reagan opposed policies such as court-ordered busing of students to integrate schools, gun control, the Equal Rights Amendment, and the right of women to have legal abortions. These views drew together a large, diverse coalition of supporters that swept him to a landslide reelection victory in 1984. At the same time, the president lost favor with many women who had previously supported him because he paid little attention to women’s issues. Despite his stated opinions on controversial social issues, the president had little influence regarding most of them.

One way he was able to influence social issues was through judicial appointments to the Supreme Court. Reagan firmly opposed two historic Supreme Court decisions: that prayer in public schools is unconstitutional and that women have a constitutional right to abortion. Reagan’s appointments to the Supreme Court—including the 1981 appointment of Sandra Day O’Connor, the court’s first-ever woman justice—led to a more conservative court. As a result, ultimately some of the liberal decisions of the 1960s and 1970s were reversed. For example, one decision limited affirmative action hiring programs that had benefited minorities. By the end of Reagan’s second term, however, the original school prayer and abortion decisions remained intact.

Deregulation To fulfill his promise to “get the government off of people’s backs,” Reagan worked to deregulate business. He believed that businesses were hindered by bureaucratic “red tape” and needed fewer restrictions so they could operate more freely. In the drive to cancel many of the rules governing businesses, fuel-efficiency standards for cars became more lenient, growth in the cable television industry was almost unlimited, and airline fares and routes were far less regulated.

While many praised the freedom that business owners and industry leaders felt after deregulation, some opposed the process. Environmentalists, for example, felt that it undermined their hard-won gains to create restrictions preventing companies from polluting the air or water or dumping hazardous wastes. The Reagan administration asserted that some damage to the environment was a price Americans might have to pay to have strong economy. A 1985 poll, however, revealed that two thirds of the public did not accept Reagan’s approach to the environment, and would have been willing to make some financial sacrifices in exchange for less pollution.



- **What was Reagan’s stand on abortion and prayer in schools?**
- **Why did Reagan lose support among some women?**
- **How did Reagan influence the Supreme Court?**

The Military To restore the nation’s power and prestige around the world, Reagan believed the United States needed to play a more active role in the struggle against communism. Relations with the Soviet Union grew increasingly tense as Reagan used more extreme language—such as the “evil empire”—to describe the United States’ Cold War adversary. Believing that the military had been badly underfunded during the Carter years, Reagan launched an unprecedented peacetime arms buildup designed to strengthen U.S. defenses in case of a war with the Soviet Union. The result was a spending increase of more than 50 percent over his two terms. Despite a growing antinuclear movement in Europe and the United States, Reagan resisted most efforts aimed at arms control. He also proposed the Strategic Defense Initiative (SDI), a new laser-beam-operated defense shield—popularly known as “Star Wars”—that could protect the United States from nuclear attack by destroying enemy missiles in space. Scientists disagreed as to whether such a system could be perfected. Nonetheless, billions of dollars went into its development.

Anticommunism Reagan also renewed American efforts to support—covertly (secretly) as well as overtly—opponents of communism around the world. The policy, called the Reagan Doctrine, was designed to stamp out communism. The policy led to successes such as the Soviet Union’s withdrawal from Afghanistan. It was in Latin America, though, that the policy had its most significant impact. The administration sent massive amounts of aid to El Salvador, a small country in the midst of a civil war between the right-wing government and left-wing rebels. While the White House pointed out that the rebels were receiving aid from the Soviet Union, some Americans criticized U.S. support of the Salvadoran government, which was one of the world’s most murderous and oppressive regimes.

In Nicaragua, the Reagan administration provided aid, arms, and training to the contras, rebels who wanted to overthrow the Marxist Sandinista government. The president believed that the contras were freedom fighters who needed U.S. support. When Congress—unconvinced that Nicaragua posed a serious threat to Central America’s political stability—refused to give any more aid to the contras, the administration decided to fund them secretly. The White House made a secret deal to sell arms to Iran and then diverted some of the profits to the contras. When this covert scheme was revealed in 1986, the public was outraged. Not only had the administration negotiated with leaders in Iran, one of the country’s foremost enemies, but it had also defied Congress’ ruling on aid to the contras, which was illegal. In the end—though no one could directly tie the president to any illegal actions—the scandal convinced many Americans that the White House had deceived Congress and the public, and that Reagan was too distant from his administration’s policies.

Global Politics In the final years of Reagan’s presidency, world politics began to change dramatically. Soviet military strength waned, the economy of Eastern Europe unraveled, and the leadership of Mikhail Gorbachev brought dramatic political and economic changes to the Soviet Union. This ultimately paved the way for the fall of the Soviet Empire in 1990 and, thereafter, the end of the Cold War. Many credited the Reagan Doctrine with weakening the U.S.S.R. to the point where change—and even its collapse—was inevitable. Others believed that the changes were the natural evolution of a system that did not work and the result of Gorbachev’s dramatically different approach.



- **What did Reagan do to ensure that the United States took a more active role in struggling against communism?**
- **Why did Reagan increase the military budget 50 percent?**
- **Why did some criticize Reagan’s anticommunist policies in El Salvador and Nicaragua?**

Conclusion For much of his eight years as president, many considered Reagan a brilliant success. Seeing him as a vigorous, outdoorsy, grandfather figure, most Americans believed he was a strong and active leader. Even though many who worked with him described Reagan as a passive and detached leader, his public image and popularity rarely waned. Even when things went wrong, few people criticized the president himself; typically his aides, the Congress, and others caught the blame. When he left office, Reagan believed he had done much to improve the political and economic shape of the nation. At a farewell party at the White House in January 1989, he commented on his successes by reciting some data showing how much the country and the world had changed for the better during his presidency. Then, with his typically self-deprecating humor, Reagan concluded, “All in all, I must say, not bad for a fellow who couldn’t get his facts straight and worked four hours a day.”