

Section 2

The Reagan Years

Guide to Reading

Big Ideas

Trade, War, and Migration During the Cold War, President Reagan reinforced the idea that the United States had to take strong action to resist the spread of Communist influence abroad.

Content Vocabulary

- supply-side economics (p. 748)
- budget deficit (p. 749)
- "mutual assured destruction" (p. 753)

Academic Vocabulary

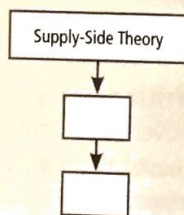
- confirmation (p. 750)
- visible (p. 751)

People and Events to Identify

- Reaganomics (p. 748)
- Iran-Contra scandal (p. 752)
- Mikhail Gorbachev (p. 753)

Reading Strategy

Organizing Complete a graphic organizer similar to the one below by filling in the major points of the supply-side theory of economics.



In 1980 Americans elected Ronald Reagan president. Reagan cut taxes, deregulated several industries, and appointed conservative justices. He began a massive military buildup that greatly increased the deficit and sent aid to insurgent groups fighting communism.

The Road to the White House

MAIN Idea President Reagan's experiences in Hollywood and as governor of California led to his successful campaign for the presidency.

HISTORY AND YOU How could a previous career as a movie star help someone get elected to public office? Read on to learn more about the way that President Reagan's background helped to make him an attractive presidential candidate.

In 1926, at age fifteen, Ronald Reagan earned \$15 a week working as a lifeguard on the Rock River in Illinois. Being a lifeguard, Reagan later wrote, taught him quite a bit about human nature:

PRIMARY SOURCE

"Lifeguarding provides one of the best vantage points in the world to learn about people. During my career at the park, I saved seventy-seven people. I guarantee you they needed saving—no lifeguard gets wet without good reason. . . . Not many thanked me, much less gave me a reward, and being a little money-hungry, I'd done a little daydreaming about this. They felt insulted. . . . I got to recognize that people hate to be saved. . . ."

—from *Where's the Rest of Me?*

The belief that people do not want to be saved by someone else was one of the ideas that Ronald Reagan took with him to the White House. It reflected his philosophy of self-reliance and independence.

Becoming a Conservative

Reagan grew up in Dixon, Illinois, the son of an Irish American shoe salesman. After graduating from Eureka College in 1932, Reagan worked as a sports broadcaster at an Iowa radio station. In 1937 he took a Hollywood screen test and won a contract from a movie studio. During the next 25 years he made more than 50 movies. As a broadcaster and an actor, Reagan learned how to speak publicly and how to project a strong, attractive image—skills that proved invaluable when he entered politics.

In 1947 Reagan became president of the Screen Actors Guild—the actors' union. Soon afterward, he testified about communism in

The Election of 1980



▼ By 1980, Carter was so unpopular that other Democrats did not want his help in their own campaigns. Reagan soundly defeated Carter in the Election of 1980.

Baldy

▲ When Ronald Reagan ran for the Republican presidential nomination, he was still best known to most Americans as an actor. Critics said that while he was scripted and polished, he lacked any real substance.

Analyzing VISUALS

- 1. Making Inferences** In the cartoon above, what does the artist infer about Reagan's campaign?
- 2. Interpreting** What is the artist in the cartoon to the right saying about Carter's place in the Democratic Party?



Baldy

' I PLEDGE TO COME OUT CAMPAIGNING VIGOROUSLY FOR ALL DEMOCRATS! ...'

R Hollywood before the House Un-American Activities Committee. Reagan had been a staunch Democrat and a supporter of the New Deal, but dealing with Communists in the union shifted him toward conservative ideas.

In 1954 Reagan became the host of the television show "General Electric Theater" and agreed to be a motivational speaker for General Electric. As he traveled the country speaking to people, he became increasingly conservative. Over and over again, he said later, he heard average Americans describe how high taxes and government regulations made it impossible for them to get ahead.

By 1964 Reagan had become such a popular national speaker that Barry Goldwater asked him to make a televised speech on behalf of Goldwater's campaign. The speech impressed several wealthy entrepreneurs in California. They convinced Reagan to run for governor of California in 1966 and helped finance his campaign. Reagan won the election and was

reelected in 1970. Ten years later he won the Republican presidential nomination.

The Election of 1980

Reagan's campaign appealed to Americans who were frustrated with the economy and worried that the United States had become weak internationally. Reagan promised to cut taxes and increase defense spending. He won the support of social conservatives by calling for a constitutional amendment banning abortion. During one debate with President Carter, Reagan asked voters, "Are you better off than you were four years ago?" On Election Day, the voters answered "No." Reagan won nearly 51 percent of the popular vote and 489 electoral votes, easily defeating Carter in the Electoral College. For the first time since 1954, Republicans also gained control of the Senate.

✓ Reading Check **Describing** What event jump-started Ronald Reagan's political career as a conservative leader?

Domestic Policies

MAIN Idea Believing that government was part of the problem, President Reagan cut social service programs, sponsored tax cuts, and deregulated industry.

HISTORY AND YOU Do you think that cutting social programs is a good way to help the economy? Read on to learn more about Reagan's economic policies.

Ronald Reagan believed that the key to restoring the economy and overcoming problems in society was to get Americans to believe in themselves again. He expressed this idea in his Inaugural Address:

PRIMARY SOURCE

"We have every right to dream heroic dreams. . . . You can see heroes every day going in and out of factory gates. Others, a handful in number, produce enough food to feed all of us. . . . You meet heroes across a counter. . . . There are entrepreneurs with faith in themselves and faith in an idea who create new jobs, new wealth and opportunity. . . . Their patriotism is quiet but deep. Their values sustain our national life."

—from Reagan's First Inaugural Address

Reagan also told Americans that they should not expect government to help: "In this present crisis, government is not the solution to our problem. Government is the problem."

Reaganomics

Reagan's first priority was the economy, which was suffering from stagflation—a combination of high unemployment and high inflation. According to most economists, the way to fight unemployment was to increase government spending. Increasing spending, however, made inflation worse. Conservative economists offered two competing ideas for fixing the economy. One group, known as monetarists, argued that inflation was caused by too much money in circulation. They believed the best solution was to raise interest rates. Another group supported **supply-side economics**. They argued that the economy was weak because taxes were too high.

Supply-side economists believed that high taxes took too much money away from investors. If taxes were cut, businesses and investors

could use their extra capital to make new investments. Businesses would expand and create new jobs, and the result would be a larger supply of goods for consumers, who would now have more money to spend because of the tax cuts.

Reagan combined monetarism and supply-side economics. He encouraged the Federal Reserve to keep interest rates high, and asked Congress to pass a massive tax cut. Critics called his approach **Reaganomics** or "trickle-down economics." They believed Reagan's policy would help corporations and wealthy Americans, but little wealth would "trickle down" to middle-class or poor Americans.

Reagan made deals with conservative Democrats in the House and moderate Republicans in the Senate. Eventually Congress passed a 25 percent tax cut.

Debates IN HISTORY

Are Tax Cuts Good for the Economy?

Ronald Reagan believed that government regulation of the economy was harmful and that taxes should be as low as possible to promote private spending and investment. During the 1984 presidential campaign, Reagan ran against Jimmy Carter's vice president, Walter Mondale. In these excerpts from the first debate between the two candidates, Reagan and Mondale discuss their fundamentally different approaches to government. Mondale advocated for tax increases and that is often cited as a main reason why he lost the election.

History ONLINE
Student Web Activity Visit glencoe.com and complete the activity on the 1980s.

Cutting Programs Cutting tax rates meant that the government would receive less money, at least until the economy started to grow. This would increase the **budget deficit**—the amount by which expenditures exceed income. To keep the deficit under control, Reagan proposed cuts to social programs. Welfare benefits, including the food-stamp program and the school-lunch program, were cut back. Medicare payments, unemployment compensation, student loans, and housing subsidies were also reduced.

After a struggle, Congress passed most of these cuts. The fight convinced Reagan that he would never get Congress to cut spending enough to balance the budget. He decided that cutting taxes and building up the military were more important than balancing the budget. He accepted a rapidly rising deficit as the price of getting his other programs passed.

Deregulation Reagan believed that excessive government regulation was another cause of the economy's problems. His first act as president was to sign an executive order to end price controls on oil and gasoline. Critics said that ending controls would drive prices up, but in fact they fell. Falling energy prices freed up money for businesses and consumers to spend elsewhere, helping the economy to recover.

Other deregulation soon followed. The Federal Communications Commission stopped trying to regulate the cable television industry. The National Highway Traffic and Safety Administration reduced requirements for air bags and higher fuel efficiency for cars. Carter had already begun deregulating the airline industry, and Reagan encouraged the process, which led to price wars, cheaper fares, and the founding of new airlines.

YES

Ronald Reagan

President



PRIMARY SOURCE

"...[T]he plan that we have had and that we are following is a plan that is based on growth in the economy. . . . Our tax cut, we think, was very instrumental in bringing about this economic recovery.

. . . So, we believe that as we continue to reduce the level of government spending. . . and, at the same time, as the growth in the economy increases the revenues the government gets, without raising taxes, those two lines will meet. . . . The deficit is the result of excessive government spending. . . . I don't believe that Mr. Mondale has a plan for balancing the budget; he has a plan for raising taxes. . . . And for the 5 years previous to our taking office, taxes doubled in the United States, and the budgets increased \$318 billion. So, there is no ratio between taxing and balancing a budget."

—from the first presidential debate, Oct. 7, 1984

NO

Walter Mondale

Presidential candidate



PRIMARY SOURCE

"...[E]ven with historically high levels of economic growth, we will suffer a \$263 billion deficit. . . . Real interest rates—the real cost of interest—will remain very, very high, and many economists are predicting that we're moving into a period of very slow growth. . . . I proposed over a hundred billion dollars in cuts in federal spending over 4 years, but I am not going to cut it out of Social Security and Medicare and student assistance and things . . . that people need. . . . The rate of defense spending increase can be slowed. . . . And there are other ways of squeezing this budget without constantly picking on our senior citizens and the most vulnerable in American life."

—from the first presidential debate, Oct. 7, 1984

DBQ

Document-Based Questions

- 1. Specifying** What does Reagan say his administration has done to improve economic growth?
- 2. Explaining** How does Reagan propose to balance the federal budget?
- 3. Summarizing** How does Mondale respond to Reagan's plan? What effects does he foresee from that course?
- 4. Evaluating** Which approach do you feel will be the most effective? Why? Explain your answer.

Sandra Day O'Connor 1930–

When a Supreme Court vacancy opened up in 1981, President Reagan chose Sandra Day O'Connor, an Arizona appeals court judge. Unlike many Supreme Court justices, O'Connor had broad political experience. Appointed to a state senatorial vacancy in 1969, she successfully ran for the seat and became the state senate's first woman majority leader in 1972. O'Connor won election as a superior court judge in 1974 and was later appointed to the court of appeals.

O'Connor's nomination was opposed by the Moral Majority because she had supported the Equal Rights Amendment (ERA), and had refused to back an anti-abortion amendment, or criticize the decision in *Roe v. Wade*. Others, however, praised her legal judgment and conservative approach to the law. As a moderate conservative, she quickly became an important swing vote on the Court, between more liberal and more conservative justices.

Why do you think that O'Connor supported the Equal Rights Amendment?



▲ (Above photo) From left, front row are Thurgood Marshall; William Brennan, Jr.; William Rehnquist; Byron White; and Harry Blackmun. Back row from left are Antonin Scalia; John Paul Stevens; Sandra Day O'Connor; and Anthony M. Kennedy. (Right photo) Robert Bork failed to be confirmed.



Reagan's secretary of the interior, James Watt, increased the public land that companies could use for oil drilling, mining, and logging. Watt's actions angered environmentalists, as did the EPA's decision to ease regulations on pollution-control equipment and to reduce safety checks on chemicals and pesticides.

In 1983 the economy began to recover. By 1984, the United States had begun the biggest economic expansion in its history up to that time. The median income of families climbed steadily, rising 15 percent by 1989. Five million new businesses and 20 million new jobs were created. By 1988, unemployment had fallen to 5.5 percent, the lowest in 14 years.

Reagan Wins Reelection By 1984, the economic recovery had made Reagan very popular. Democrats nominated Jimmy Carter's vice president, Walter Mondale. He chose as his running mate Representative Geraldine Ferraro, the first woman nominated to run for vice president for a major party. Instead of arguing issues with his opponent, Reagan emphasized the good economy. In an overwhelming landslide, he won about 59 percent of the popular vote and all the electoral votes

except those from Mondale's home state of Minnesota and the District of Columbia.

Shifting the Judicial Balance

Reagan did not apply his conservative ideas only to the economy. He also tried to bring a strict constructionist outlook to the federal judiciary. Reagan wanted judges who followed the original intent of the Constitution. He also changed the Supreme Court by nominating Sandra Day O'Connor, the first woman on the Supreme Court.

In 1986 Chief Justice Warren Burger retired. Reagan chose the most conservative associate justice, William Rehnquist, to succeed him. He then named Antonin Scalia, a conservative, to fill Rehnquist's vacancy. In 1987 his attempt to put Robert Bork on the Court led to a bitter fight in the Senate. Democrats saw Bork as too conservative and blocked his **confirmation**. Reagan then nominated Anthony Kennedy, a moderate, to become the new associate justice.

Reading Check Explaining What is supply-side economics?

Reagan Oversees a Military Buildup

MAIN Idea President Reagan began a massive military buildup to weaken the Soviet economy and deter Soviet aggression.

HISTORY AND YOU Do you remember President Eisenhower's warning about the military as he left office? Read to learn how President Reagan sought to use military power to defeat the Soviets.

Reagan did not limit his reforms to the domestic scene. He adopted a new foreign policy that rejected both containment and détente. Reagan called the Soviet Union "the focus of evil in the modern world" and "an evil empire." In his view, the United States should not negotiate with or try to contain evil. It should try to defeat it.

"Peace Through Strength"

In Reagan's opinion, the only option open to the United States in dealing with the Soviet Union was "peace through strength"—a phrase he used during his campaign. The military buildup Reagan launched was the largest peacetime buildup in American history. It cost about \$1.5 trillion over five years.

Reagan believed that, if the Soviets tried to match the American buildup, it might put so much pressure on their economy that they would be forced to reform their system or it would collapse. In 1982 Reagan told students at Eureka College that Soviet defense spending would eventually cause the Communist system to fall apart:

PRIMARY SOURCE

"The Soviet empire is faltering because rigid centralized control has destroyed incentives for innovation, efficiency, and individual achievement. . . . But in the midst of social and economic problems, the Soviet dictatorship has forged the largest armed force in the world. It has done so by preempting the human needs of its people and in the end, this course will undermine the foundations of the Soviet system."

—from *A Time for Choosing*

The United States also tried to stop nations from supporting terrorism. After Libya backed a

terrorist bombing in Berlin, the United States launched an air attack on Libya on April 14, 1986. The raids killed 37 and injured about 200.

Reagan's military buildup created new jobs in defense industries. Supply-side economists had predicted that, despite the spending, lower taxes combined with cuts in government programs would generate enough growth to increase tax revenues and balance the budget. Tax revenues did rise, but other programs were too popular for Reagan to cut significantly. As a result, the annual budget deficit went from \$80 billion to over \$200 billion.

The Reagan Doctrine

Building up the military was only part of Reagan's military strategy. He also believed that the United States should support guerrilla groups who were fighting to overthrow Communist or pro-Soviet governments. This policy became known as the Reagan Doctrine.

Aid to the Afghan Rebels Perhaps the most **visible** example of the Reagan Doctrine was in Afghanistan. In late December 1979 the Soviet Union invaded Afghanistan to support a Soviet-backed government. The Soviets soon found themselves fighting Afghan guerrillas known as the mujahadeen.

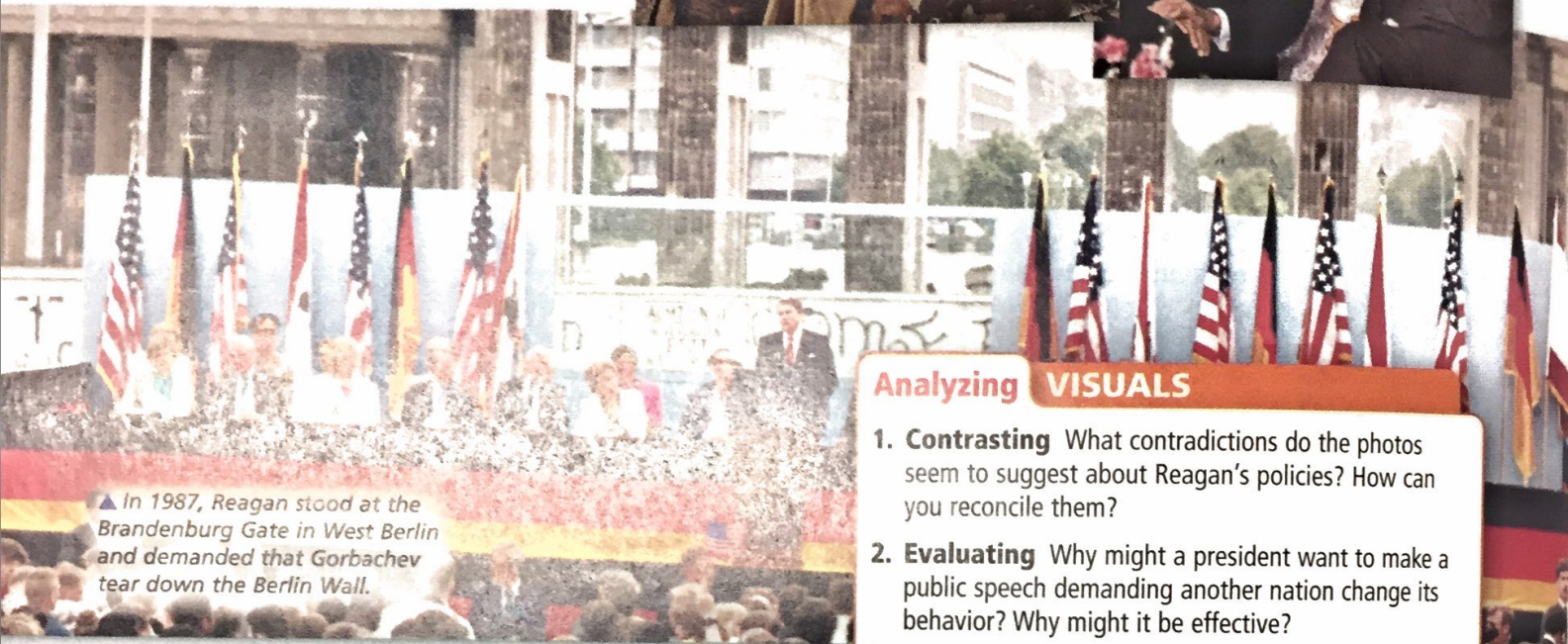
President Carter sent about \$30 million in military aid to the Afghan guerrillas, but Reagan sent \$570 million more. The Soviets were soon trapped in a situation similar to the American experience in Vietnam. They could not defeat the Afghan guerrillas. As casualties mounted, the war strained the Soviet economy and in 1988 the Soviets decided to withdraw.

Nicaragua and Grenada Reagan was also concerned about Soviet influence in Nicaragua. Rebels known as the Sandinistas had overthrown a pro-American dictator in Nicaragua in 1979. The Sandinistas set up a socialist government and accepted Cuban and Soviet aid. They then began aiding rebels in nearby El Salvador.

In response, the Reagan administration began secretly arming an anti-Sandinista guerrilla force known as the *contras*, from the Spanish word for "counterrevolutionary." When Congress learned of this policy, it banned further aid to the *contras*.

Reagan's Foreign Policy

President Reagan launched a massive weapons buildup, believing it would weaken the Soviet Union. He also provided aid to Afghan rebels fighting Soviet forces and engaged in a series of meetings with the Soviet leader that produced a nuclear arms treaty (at right).



▲ In 1987, Reagan stood at the Brandenburg Gate in West Berlin and demanded that Gorbachev tear down the Berlin Wall.

Analyzing VISUALS

- 1. Contrasting** What contradictions do the photos seem to suggest about Reagan's policies? How can you reconcile them?
- 2. Evaluating** Why might a president want to make a public speech demanding another nation change its behavior? Why might it be effective?

Aiding the contras was not Reagan's only action in Latin America. In 1983 radical Marxists overthrew the left-wing government on the tiny Caribbean island of Grenada. In October, Reagan sent in American troops. The Cuban and Grenadian soldiers were quickly defeated and a new anti-Communist government was put in place.

The Iran-Contra Scandal Although Congress had prohibited aid to the Nicaraguan contras, individuals in Reagan's administration continued to illegally support the rebels. They secretly sold weapons to Iran, considered an enemy and sponsor of terrorism, in exchange for the release of American hostages being held in the Middle East. Profits from these sales were then sent to the contras.

News of the illegal operations broke in November 1986. One of the chief figures in the **Iran-Contra scandal** was Marine Colonel Oliver North, an aide to the National Security

Council (NSC). He and other senior NSC and CIA officials testified before Congress and admitted to covering up their actions.

President Reagan had approved the sale of arms to Iran, but the congressional investigation concluded that he had had no direct knowledge about the diversion of the money to the contras. To the end, Reagan insisted he had done nothing wrong, but the scandal tainted his second term in office.

Arms Control

As part of the military buildup, Reagan decided to place nuclear missiles in Western Europe to counter Soviet missiles in Eastern Europe. This decision triggered a new peace movement. Tens of thousands of protesters pushed for a "nuclear freeze"—a halt to the deployment of new nuclear missiles.

Reagan offered to cancel the deployment of the new missiles if the Soviets removed their

missiles from Eastern Europe. He also proposed Strategic Arms Reduction Talks (START) to cut the number of missiles on both sides in half. The Soviets refused and walked out of the arms control talks.

“Star Wars” Despite his decision to deploy missiles in Europe, Reagan generally disagreed with the military strategy known as nuclear deterrence, sometimes called **“mutual assured destruction.”** This strategy assumed that, as long as the United States and Soviet Union could destroy each other with nuclear weapons, they would be afraid to use them.

Reagan believed that mutual assured destruction was immoral because it depended on the threat to kill massive numbers of people. He also knew that if nuclear war did begin, there would be no way to defend the United States. In March 1983 Reagan proposed the Strategic Defense Initiative (SDI). This plan, nicknamed “Star Wars,” called for the development of weapons that could intercept and destroy incoming missiles.

A New Soviet Leader In 1985 **Mikhail Gorbachev** became the leader of the Soviet Union and agreed to resume arms-control talks. Gorbachev believed that the Soviet Union had to reform its economic system or it would soon collapse. It could not afford a new arms race with the United States.

Reagan and Gorbachev met in a series of summits. The first of these was frustrating for both, as they disagreed on many issues. Gorbachev promised to cut back Soviet nuclear forces if Reagan would agree to give up SDI, but Reagan refused.

Reagan then challenged Gorbachev to make reforms. In West Berlin, Reagan stood at the Brandenburg Gate of the Berlin Wall, the symbol of divided Europe, and declared: “General Secretary Gorbachev, if you seek peace, if you seek prosperity for the Soviet Union and Eastern Europe . . . tear down this wall!”

Relations Improve By 1987, Reagan was convinced that Gorbachev did want to reform the Soviet Union and end the arms race. While some politicians distrusted the Soviets, most people welcomed the Cold War thaw and the reduction in the danger of nuclear war. In December 1987 the two leaders signed the Intermediate Range Nuclear Forces (INF) Treaty. It was the first treaty to call for the destruction of nuclear weapons.

No one realized it at the time, but the treaty marked the beginning of the end of the Cold War. With an arms control deal in place, Gorbachev felt confident that Soviet military spending could be reduced. He pushed ahead with economic and political reforms that eventually led to the collapse of communism in Eastern Europe and in the Soviet Union.

With the economy booming, the American military strong, and relations with the Soviet Union rapidly improving, Ronald Reagan’s second term came to an end. As he prepared to leave office, Reagan assessed his presidency: “They called it the Reagan revolution. Well, I’ll accept that, but for me it always seemed more like the great rediscovery, a rediscovery of our values and our common sense.”

Reading Check Identifying What was the Reagan Doctrine?

Section 2 REVIEW

Vocabulary

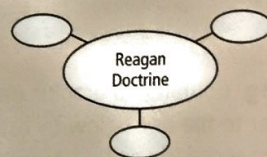
1. **Explain** the significance of: supply-side economics, Reaganomics, budget deficit, Iran-Contra scandal, “mutual assured destruction,” Mikhail Gorbachev.

Main Ideas

2. **Specifying** What political office did Ronald Reagan hold before he was elected president?
3. **Explaining** How did Reagan aim to change the Supreme Court?
4. **Summarizing** What was the goal of the U.S. military buildup under President Reagan?

Critical Thinking

5. **Big Ideas** What was President Reagan’s approach to foreign policy?
6. **Organizing** Use a graphic organizer similar to the one below to list the ways in which the Reagan Doctrine was implemented.



7. **Analyzing Visuals** Study the political cartoons on page 747. How do the cartoons portray Reagan and Carter?

Writing About History

8. **Expository Writing** Take on the role of a newspaper editor during the Reagan administration. Write an editorial in which you present your opinion of Reagan’s plans for a military buildup.

History ONLINE

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