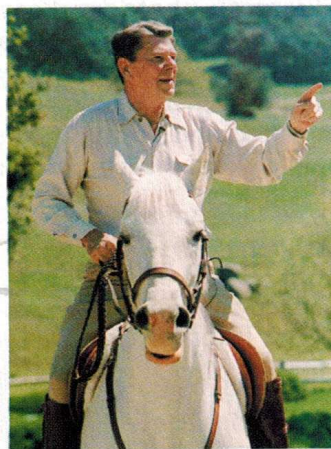


38 Taking a Leading Role

Reagan believed in the magic of individual freedom. He believed that the appeal of free markets and personal freedoms ultimately would prove irresistible to all people everywhere. He believed in spreading the gospel of freedom. He believed in the attainability of world peace and in the eventual abolition of nuclear weapons. He believed in himself. “Over time, he converted much of the country to his own views and values,” wrote David Gergen, who had served as communications director in the Reagan White House and cautioned against measuring the Reagan legacy merely by statistics. “His more important legacy is how much he changed our minds.”

—LOU CANNON, *PRESIDENT REAGAN: THE ROLE OF A LIFETIME*



Ronald Reagan was an actor who became president. That training helped make him a brilliant and persuasive speaker.

The next president was a great communicator—in fact, that was what people started calling him. His name was Ronald Reagan, and he was in his 70s during most of his presidential years.

Although he was old enough to be a grandfather, few people thought of Ronald Reagan as an old man. He was boyish, easygoing, likable, and friendly. He had a great sense of humor. And he knew how to use television as no president had before him.

After the turmoil of the '60s and '70s, and the unsettled presidencies of Ford and Carter, many Americans thought Ronald Reagan just right for the times. He called himself “Mr. Normal,” and he didn't seem to take himself too seriously. As for ready wit, hardly anyone could touch him. But he didn't joke when it came to ideas. He knew exactly what he believed, and he explained those beliefs clearly and simply. In a complex world that was harder and harder to understand, he seemed reassuring and honest and old-fashioned.

It was 1981, and Reagan was about to bring about a radical change of direction in American politics—and be very popular doing it. Few presidents have been as effective.

This, in brief, is what happened. Many of the ideas of an era—begun 50 years earlier with the New Deal—were overturned. “Welfare state” was the term used to describe pro-

grams designed to help the poor and needy. Although well intentioned, many welfare programs had become bureaucratic dead ends. Reagan not only attacked those New Deal/Great Society anti-poverty programs, he rejected the liberal philosophy that conceived them.

That liberal idea was this: government has a responsibility to help those at the bottom of the ladder. It can use tax money to direct that effort. It can tax the rich at a higher rate than the poor. Helping those who need help is in the interest of all.

This is a hot issue—perhaps the central issue of government in our time. So, consider it. Here it is in a different form:

Liberals think government can actively solve social problems and make our society more fair.

Conservatives believe that doesn't work, and that unrestricted capitalism leads to opportunity and prosperity, and that helps everyone.

Moderates are in between.

Calvin Coolidge was a conservative hero to Ronald Reagan. (Jefferson's picture came down from a wall in the White House when Reagan arrived; Coolidge's went up.) Coolidge economics was called "trickle-down" economics by its critics. It was based on the idea that economic freedom helps create wealth that naturally trickles down to all levels of society. If the rich get richer, everyone benefits. Reagan's economics had a similar goal. It was called "supply-side" economics.

He created a "Reagan revolution." Much of what the nation became at the century's end could be traced to that revolution. Did it make the nation stronger and healthier and more fair?

Well, there's disagreement on that, too. But one thing is sure: his administration changed things. The changes of the '80s were just as significant as those of the '60s (although a pendulum swing away). Now for a few details on our 40th president.

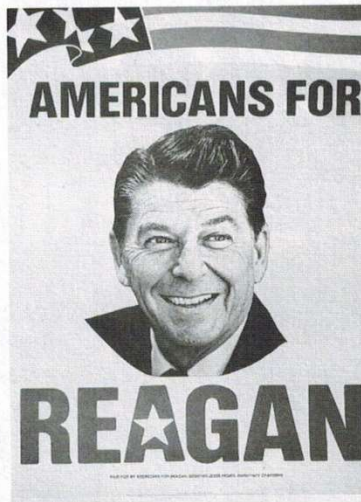
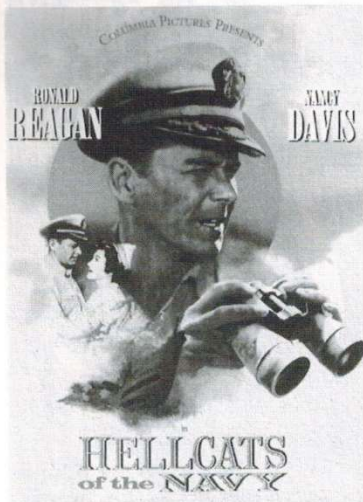
Ronald Reagan started life as a poor boy, the son of a pious mother and an alcoholic father. He didn't seem to have much going for him—except for unflinching optimism, a great memory, and belief



Nancy and Ronald Reagan at one of their inauguration parties, held in Washington's Air and Space Museum. A black-tie, mink, and diamond affair, it was the fanciest, most expensive inauguration in American history, costing five times more than Jimmy Carter's inaugural had.

Ronald Reagan

was born 11 years after the 20th century began, and his two-term presidency ended 11 years before the beginning of the 21st century.



Left: Ronald Reagan and his wife Nancy starred in the 1957 movie *Hellcats of the Navy*. For Reagan, the transition from acting to politics seemed natural. **Right:** A poster from Reagan's 1980 presidential campaign. Reagan's landslide victory won him the greatest role of his career: President of the United States.

Assassination Attempt

Shots were fired, and a Secret Service man pushed President Reagan to the floor of the limousine. "Jerry, get off me. You're hurting my ribs," he said. But a bullet had gone through his lung and was three inches from his heart. That was why his ribs hurt. When he coughed, blood came up, and the limousine sped for the hospital. As the president was being wheeled to an operating room, he saw his wife, Nancy. "Honey, I forgot to duck," he said. When he saw the doctors who were removing the bullet he said, "I hope you fellas are Republicans." Ronald Reagan had spunk (and a sense of humor).

in himself and his country. His family moved a lot when he was a boy, finally settling in Dixon, Illinois, a small town 90 miles from Chicago. After graduating from Eureka College near Peoria (run by the Disciples of Christ), Reagan got a job as a radio sportscaster—that was during the Depression, when hardly anyone could find a job. After that he went to Hollywood and became a movie actor, appearing in family films about cowboys, football, and wartime heroics.

But politics fascinated him, so he began with the politics of moviemaking and became a labor leader in the film-making community, and, eventually, governor of California.

His critics laughed at his background. For heaven's sake, they said, a movie star and the host of a TV series! What kind of training is that for a president? As it happened, it wasn't bad. The corporation that sponsored his TV show (General Electric) sent him around the nation speaking to groups of people—especially business people. That gave Reagan powerful friends, and knowledge of the hopes and worries of a lot of Americans.

Reagan was anti-tax, anti-union, and fiercely anti-communist. He wanted to reduce the size of the government. He wanted to cut spending on welfare programs, eliminate most government regulations on business, take the national government out of the field of education, and balance the budget. He also wanted to build up the armed forces and increase military spending.

How did things turn out? Well, some people think Ronald Reagan was one of our great presidents, and some think he was way down the list. By the end of the '80s, the United States was the world's greatest superpower, and very wealthy. But many inner-city schools, bridges, roads, and buildings were falling apart, much of our population was poorly educated, and access to good health care was not equal to that in many developed nations. Read some other

ALL THE PEOPLE



In his budgets, Reagan embraced defense spending and cut taxes for businesses and people with high incomes. He reduced federal money for welfare programs and aid to big cities.

Before *Brown v. Board of Education*, only .001 percent of black southern children attended integrated schools. In 1988, that figure had zoomed to 43.5 percent. But during the Reagan years, federal officials and the courts relaxed the enforcement of desegregation. By the 1990s, the trend was back toward segregation; 33 percent of Hispanic and African-American students attended schools with 90 percent or more minority enrollment.

books on this era before you form judgments. No question, the '80s were a seminal decade (which means they planted seeds for things to come).

Balancing the budget was one of his key goals: Reagan was strongly critical of the Carter deficits. A *balanced budget* means that your annual spending equals your annual revenues (taxes provide revenues for the government). If you spend more than you earn you have a *deficit* (DEF-uh-sit); if you spend less you have a *surplus*. A deficit means you have to borrow to pay the bills. That puts you in *debt*.

The national debt in 1979 (under Carter) was very high. Reagan said, "You and I, as individuals, can, by borrowing, live beyond our means, but for a limited period of time. Why then should we think that collectively, as a nation, we are not bound by that same limitation?"

Reagan believed that if his administration cut taxes and public welfare programs and eliminated as much government regulation of business as possible—as Calvin Coolidge and John F. Kennedy had done—it would stimulate the economy and tax revenues would increase. He thought that would pay for the huge increase in military spending that he believed necessary.

Congress enacted the largest single tax cut in our history, which did increase tax revenues, and did increase the total taxes paid by those in the higher income range. But it was not like the Coolidge tax reform. According to historian Sheldon M. Stern, "Ninety-eight percent of federal taxes were borne by the wealthiest Americans when Coolidge left office."

In the Reagan years, tax cuts let people earning \$50,000 a year or more keep 35 percent of the revenue lost by the federal government. Of each dollar the government collected in taxes, 13 cents had come from corporations; after Reagan's tax reform, their share was only 8 cents.

Programs directed at the poor and the middle class were reduced by \$41 billion (but the Democratic-controlled Congress refused to cut major welfare programs for mothers and children).

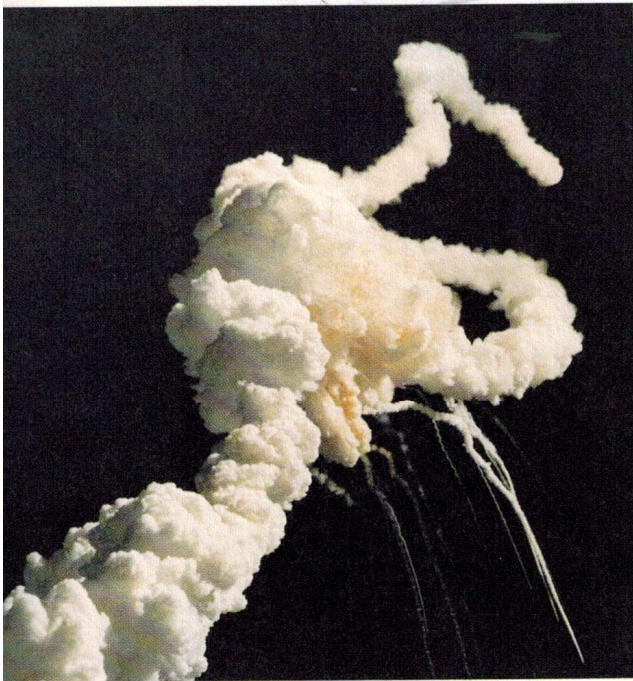
At the same time, Congress embarked on a \$1.6 trillion military expansion. (See page 189 for some words on billions and trillions.) Both parties approved. Jimmy Carter's budget had called for bigger military outlays than Reagan's.

What happened to the national debt? It went from \$383 billion in 1980 to \$2.3 *trillion* in 1988. Reagan's deficits totaled more than the deficits of all the presidents before him combined. That wasn't his intention.

"Government is not the solution to our problem," Reagan said. "Government is the problem." Many agreed. Too often, Americans dealing with their government faced a frustrating, often arrogant, unresponsive bureaucracy. Bureaucracies—in big business, big schools, and big government—seemed to define the 20th century. What could be done about it? Was there a creative answer? How do you conduct public business wisely without oppressive regulations?

The Republican administration decided to cut or cut back the watchdog agencies that oversee business; it weakened already weak union power; where it could, it turned public lands and agencies over to private interests; it lifted restrictions on TV and the public airwaves. The intent was to actively encourage private interests. The theory was that if private interests and competition benefited they would pass some of those benefits on to the public.

But some companies were unprepared for the responsibilities that went with new freedom. Savings-and-loan associations, which were created to lend money to ordinary people to buy homes, began making speculative investments that they didn't understand, knowing that the government would guarantee their customers' deposits. When the value of their investments went down, many of the savings and loans became insolvent. That cost taxpayers an estimated \$481 billion—more than the whole national debt under President Nixon. (In the 1980s we spent less than \$2 billion a year on all



In 1986, the *Challenger* spacecraft exploded 73 seconds after liftoff. All seven crew members were killed, including teacher Christa McAuliffe.



ALL THE PEOPLE

A homeless man sleeps next to the shopping cart full of his belongings in Canton Alley, in Seattle's International District, in 1986. During the Reagan years, poverty and homelessness often went together. Some of the homeless had lived in hospitals for the mentally ill. When federal and state governments slashed funds for such hospitals, many of them closed their doors to patients who were not considered a danger to society. Unable to cope alone, some ended up on the streets.

schoolbooks for all grades. Imagine what \$480 billion would do for our schools.)

"If men were angels, no government would be necessary," said James Madison. "In framing a government...the great difficulty is this: you must first enable the government to control the governed, and in the next place oblige it to control itself. A dependence on the people is, no doubt, the primary control on the government; but experience has taught mankind the necessity of auxiliary precautions."

Auxiliary precautions means government watchdogs. But there were almost none at the Department of Housing and Urban Affairs, where scandals cost the taxpayers billions of dollars. Reporter Haynes Johnson said, "The scandal here was not one of public corruption. It was of public negligence." One hundred and thirty-eight members of the administration were investigated for criminal misconduct (the most ever); many were convicted.

All the money spent on military procurement was just too tempting for those who couldn't resist temptation. (In 1985 alone, military contracts awarded to businesses totaled \$163.7 billion.) Arkansas Senator David Pryor described "an eight-year feeding frenzy at the Department of Defense." A reporter called it "plunder in the name of patriotism." (For some details, find out about the Wedtech affair.)

At the same time, libraries, public radio and television, museums, national parks and other public institutions found themselves with less government aid. Spending on education dropped 15 percent in real dollars. ("Real dollars" is a phrase used when statistics take into account what happens in inflationary times. Dollars don't buy as much.)

With the federal government doing less, city and state government had to spend more. They grew enormously during the Reagan years.

It is often said that the rich became richer during the Reagan years while the poor became poorer, but this is not quite right. The real income of every strata increased during the 1980s after declining during the 1970s. What distinguished Reagan's America was that the very rich became much richer, while the difference between those who prospered and those who didn't...became demonstrably wider.

—LOU CANNON

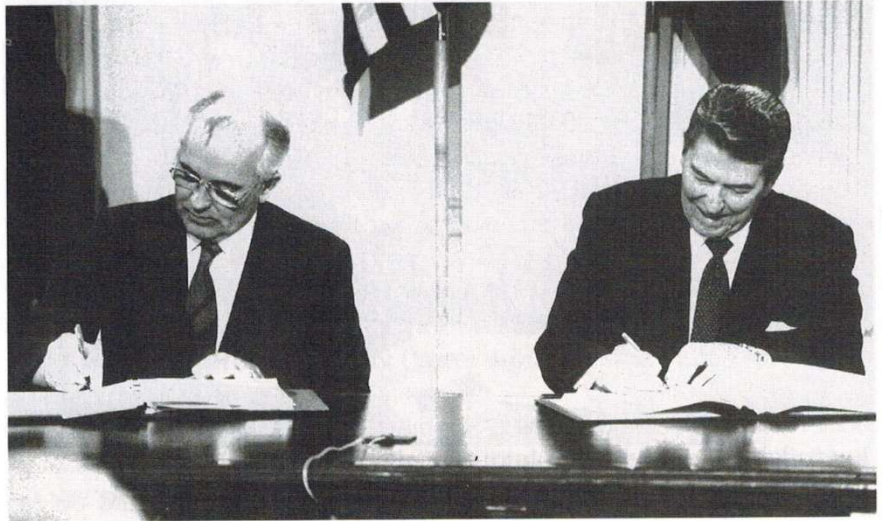
Reagan in Russia

It was May of 1988. In an inspired speech, Ronald Reagan spoke to students at Moscow State University and said:

Your generation is living in one of the most exciting, hopeful times in Soviet history. It is a time when the first breath of freedom stirs the air and the heart beats to the accelerated rhythm of hope, when the accumulated spiritual energies of a long silence yearn to break free.

I am reminded of the famous passage near the end of Gogol's *Dead Souls*. Comparing his nation to a speeding troika [a carriage pulled by three horses], Gogol asks what will be its destination. But he writes, "There was no answer save the bell pouring forth marvelous sound."

We do not know what the conclusion of this journey will be, but we're hopeful that the promise of reform will be fulfilled. In this Moscow spring, this May 1988, we may be allowed that hope—that freedom, like the fresh green sapling planted over Tolstoy's grave, will blossom forth at last in the rich fertile soil of your people and culture. We may be allowed to hope that the marvelous sound of a new openness will keep rising through, ringing through, leading to a new world of reconciliation, friendship, and peace.



President Reagan and General Secretary Gorbachev sign the INF (intermediate-range nuclear forces) treaty at the White House in 1987. The treaty was mainly symbolic. It eliminated only a small number of weapons, mostly in East and West Germany. But it did encourage more substantial arms control agreements, which were still to come.

None of this seemed to affect Reagan's popularity. After Vietnam and some flawed presidencies, his optimism and vitality restored many citizens' confidence in themselves and in their country. Whatever the problems, he believed this nation would solve them.

Again and again, Reagan spoke out on the dangers of Russian communism. He called Russia an "evil empire." At the same time, he preached the virtues of democracy. Speaking in England to both houses of Parliament, he said:

Let us be shy no longer. Let us go to our strength. Let us offer hope. Let us tell the world that a new age is not only possible but probable...For the sake of peace and justice, let us move toward a world in which all people are at last free to determine their own destiny.

And then something astonishing happened. President Ronald Reagan and Russian Premier Mikhail Gorbachev (gor-buh-CHOFF) began talking to each other. They met at Geneva, Switzerland, in 1985, and in Reykjavik, Iceland, in 1986. They talked about the dangers of nuclear war, and about grandchildren (surprising negotiating tools); and that led to historic arms-control agreements.

The following year, the president went to Berlin, Germany. That city was divided into two parts. In West Berlin, people were free to

come and go and practice democracy. In East Berlin, a communist government had walled in its own people. There, a strong, well-guarded wall kept East Germans from visiting friends and neighbors in the West. The Berlin Wall was a bald example of communist repression. It imprisoned a whole people. President Reagan stood before the wall and said, "Mr. Gorbachev, tear down this wall!"

Although few people in the West realized it, forces were at work in the eastern-bloc nations that would cause that wall to tumble. Mikhail Gorbachev, who was a communist but also a pragmatic leader, was aware that Russia needed to change. Ronald Reagan, the Cold Warrior, was now anxious to become a peacemaker.

In 1988, Reagan went to Moscow, this time as a friend of the Russian premier. A beaming Gorbachev took his guest around Red Square, pointing out the sights. Smiles and handshakes replaced the Cold War chill. These two leaders surprised everyone when they realized they had a chance to change history. They could end the insane arms race that had been so costly for both nations and had affected the whole world. They found ways to do it. And history's direction did change. Keep reading. You'll see.

One, Two, Wow!

Senator Everett Dirksen once said, "A billion here, a billion there, and pretty soon you're talking about real money." If you're like me, your eyes glaze over when you hear talk of the national debt. Not many people have a sense of big numbers or of what the difference between a billion and a trillion actually means. Author John Steele Gordon, writing in 1996, said, "Today, the American debt has grown, a dollar at a time, to a point where, at \$5.1 trillion, it is incomprehensible to the average American. (For the record, laid out in silver dollars, it would be about 120 million miles long, wrapping around the equator 5,000 times.)"

What is the difference between a billion and a trillion? Try

this to get a picture in your mind. Go to a blackboard (or imagine one). Write zero on one side, one trillion on the other, and put a line between. Now you have a number line that stretches from zero to a trillion. Where do you think the one billion mark will fall on that number line? Pick a spot.

Did you put it right over near the zero? One billion is just one-thousandth of a trillion. If you make one thousand marks on the board, the first of them will represent one billion. All the rest of the number line is the difference between one billion and one trillion. So when our national debt went from billions to the trillions, it was a big hike. It took a lot of Senator Dirksen's billions to get to the "real money" we spend today.

In democracies, nothing is greater or more brilliant than commerce: it attracts the attention of the public, and fills the imagination of the multitude; all energetic passions are directed toward it.

—ALEXIS DE TOCQUEVILLE,
DEMOCRACY IN AMERICA (1835–1839)

What do we do about violence? Mahatma Gandhi, whose ideas on nonviolence inspired many American thinkers, gave his grandson Arun a list of seven kinds of passive violence. He thought they were blunders that led to active violence. Here is Gandhi's list:

- Wealth without work
- Pleasure without conscience
- Knowledge without character
- Commerce without morality
- Science without humanity
- Worship without sacrifice
- Politics without principles

Arun added an eighth: Rights without responsibilities. Was Gandhi realistic? Are these blunders? What is passive violence?