

Ronald Reagan secured the presidency by appealing to the growing conservatism of much of the country. Here, Ronald Reagan and his wife, Nancy Reagan, wave from a limousine during the inaugural parade in Washington, D.C., in 1981. Wikimedia.

did so during their only debate by appearing calm and amiable. “Are you better off than you were four years ago?” he asked the American people at the conclusion of the debate.²⁷ The American people answered no. Reagan won the election with 51 percent of the popular vote to Carter’s 41 percent. (Independent John Anderson captured 7 percent.)²⁸ Despite capturing only a slim majority, Reagan scored a decisive 489–49 victory in the Electoral College.²⁹ Republicans gained control of the Senate for the first time since 1955 by winning twelve seats. Liberal Democrats George McGovern, Frank Church, and Birch Bayh went down in defeat, as did liberal Republican Jacob Javits. The GOP picked up thirty-three House seats, narrowing the Democratic advantage in the lower chamber.³⁰ The New Right had arrived in Washington, D.C.

V. The New Right in Power

In his first inaugural address Reagan proclaimed that “government is not the solution to the problem, government is the problem.”³¹ In reality, Reagan focused less on eliminating government than on redirecting gov-



ernment to serve new ends. In line with that goal, his administration embraced supply-side economic theories that had recently gained popularity among the New Right. While the postwar gospel of Keynesian economics had focused on stimulating consumer demand, supply-side economics held that lower personal and corporate tax rates would encourage greater private investment and production. Supply-side advocates promised that the resulting wealth would reach—or “trickle down” to, in the words of critics—lower-income groups through job creation and higher wages. Conservative economist Arthur Laffer predicted that lower tax rates would generate so much economic activity that federal tax revenues would actually increase. The administration touted the so-called Laffer Curve as justification for the tax cut plan that served as the cornerstone of Reagan’s first year in office. Republican congressman Jack Kemp, an early supply-side advocate and co-sponsor of Reagan’s tax bill, promised that it would unleash the “creative genius that has always invigorated America.”³²

The tax cut faced early skepticism from Democrats and even some Republicans. Vice president George H. W. Bush had belittled supply-side



The Iranian hostage crisis ended literally during President Reagan’s inauguration speech. The Reagan administration received credit for bringing the hostages home. This group photograph shows the former hostages in the hospital in 1981 before being released back to the United States. Wikimedia.

theory as “voodoo economics” during the 1980 Republican primaries.³³ But a combination of skill and serendipity pushed the bill over the top. Reagan aggressively and effectively lobbied individual members of Congress for support on the measure. Then on March 30, 1981, Reagan survived an assassination attempt by a mentally unstable young man named John Hinckley. Public support swelled for the hospitalized president. Congress ultimately approved a \$675 billion tax cut in July 1981 with significant Democratic support. The bill reduced overall federal taxes by more than one quarter and lowered the top marginal rate from 70 percent to 50 percent, with the bottom rate dropping from 14 percent to 11 percent. It also slashed the rate on capital gains from 28 percent to 20 percent.³⁴ The next month, Reagan scored another political triumph in response to a strike called by the Professional Air Traffic Controllers Organization (PATCO). During the 1980 campaign, Reagan had wooed organized labor, describing himself as “an old union man” (he had led the Screen Actors Guild from 1947 to 1952) who still held Franklin Roosevelt in high regard.³⁵ PATCO had been one of the few labor unions to endorse Reagan. Nevertheless, the president ordered the union’s striking air traffic controllers back to work and fired more than eleven thousand who refused. Reagan’s actions crippled PATCO and left the American labor movement reeling. For the rest of the 1980s the economic terrain of the United States—already unfavorable to union organizing—shifted decisively in favor of employers. The unionized portion of the private-sector workforce fell from 20 percent in 1980 to 12 percent in 1990.³⁶ Reagan’s tax bill and the defeat of PATCO not only enhanced the economic power of corporations and high-income households, they confirmed that a new conservative age had dawned in American life.

The new administration appeared to be flying high in the fall of 1981, but developments challenged the rosy economic forecasts emanating from the White House. As Reagan ratcheted up tension with the Soviet Union, Congress approved his request for \$1.2 trillion in new military spending.³⁷ The combination of lower taxes and higher defense budgets caused the national debt to balloon. By the end of Reagan’s first term it equaled 53 percent of GDP, as opposed to 33 percent in 1981.³⁸ The increase was staggering, especially for an administration that had promised to curb spending. Meanwhile, Federal Reserve chairman Paul Volcker continued his policy from the Carter years of combating inflation by maintaining high interest rates, which surpassed 20 percent in June 1981.³⁹ The Fed’s action increased the cost of borrowing money and stifled economic activity.



As a result, the United States experienced a severe economic recession in 1981 and 1982. Unemployment rose to nearly 11 percent, the highest figure since the Great Depression.⁴⁰ Reductions in social welfare spending heightened the impact of the recession on ordinary people. Congress had followed Reagan's lead by reducing funding for food stamps and Aid to Families with Dependent Children and removed a half million people from the Supplemental Social Security program for the physically disabled.⁴¹ The cuts exacted an especially harsh toll on low-income communities of color. The head of the NAACP declared that the administration's budget cuts had rekindled "war, pestilence, famine, and death."⁴² Reagan also received bipartisan rebuke in 1981 after proposing cuts to social security benefits for early retirees. The Senate voted unanimously to condemn the plan, and Democrats framed it as a heartless attack on the elderly. Confronted with recession and harsh public criticism, a chastened White House worked with Democratic House Speaker Tip O'Neill in 1982 on a bill that restored \$98 billion of the previous year's tax cuts.⁴³ Despite compromising with the administration on taxes, Democrats railed against the so-called Reagan Recession, arguing that the president's economic policies favored the most fortunate Americans. This appeal, which Democrats termed the "fairness issue," helped them win twenty-six House seats in the autumn congressional races.⁴⁴ The New Right appeared to be in trouble.

VI. Morning in America

Reagan nimbly adjusted to the political setbacks of 1982. Following the rejection of his social security proposals, Reagan appointed a bipartisan panel to consider changes to the program. In early 1983, the commission recommended a onetime delay in cost-of-living increases, a new requirement that government employees pay into the system, and a gradual increase in the retirement age from sixty-five to sixty-seven. The commission also proposed raising state and federal payroll taxes, with the new revenue poured into a trust fund that would transform social security from a pay-as-you-go system to one with significant reserves.⁴⁵ Congress quickly passed the recommendations into law, allowing Reagan to take credit for strengthening a program cherished by most Americans. The president also benefited from an economic rebound. Real disposable income rose 2.5 percent in 1983 and 5.8 percent the following year.⁴⁶ Unemployment dropped to 7.5 percent in 1984.⁴⁷ Meanwhile, the "harsh medicine" of high interest rates helped reduce inflation to 3.5 percent.⁴⁸





President Ronald Reagan, a master of the photo op, appears here with a row of American flags at his back at a 1982 rally for Senator David Durenberger in Minneapolis, Minnesota. National Archives.

While campaigning for reelection in 1984, Reagan pointed to the improving economy as evidence that it was “morning again in America.”⁴⁹ His personal popularity soared. Most conservatives ignored the debt increase and tax hikes of the previous two years and rallied around the president.

The Democratic Party, on other hand, stood at an ideological crossroads in 1984. The favorite to win the party’s nomination was Walter Mondale, a staunch ally of organized labor and the civil rights movement as a senator during the 1960s and 1970s. He later served as Jimmy Carter’s vice president. Mondale’s chief rivals were civil rights activist Jesse Jackson and Colorado senator Gary Hart, one of the young Democrats elected to Congress in 1974 following Nixon’s downfall. Hart and other “Watergate babies” still identified themselves as liberals but rejected their party’s faith in activist government and embraced market-based approaches to policy issues. In so doing, they conceded significant political ground to supply-siders and conservative opponents of the welfare state. Many Democrats, however, were not prepared to abandon their New Deal heritage, and so the ideological tension within the party played out in the 1984 primary campaign. Jackson offered a largely progressive program but won only two states. Hart’s platform—economically moderate but socially liberal—inverted the political formula of Mondale’s New Deal-style liberalism. Throughout the primaries, Hart contrasted his “new ideas” with Mondale’s “old-fashioned” politics. Mondale even-

tually secured his party's nomination but suffered a crushing defeat in the general election. Reagan captured forty-nine of fifty states, winning 58.8 percent of the popular vote.⁵⁰

Mondale's loss seemed to confirm that the new breed of moderate Democrats better understood the mood of the American people. The future of the party belonged to post-New Deal liberals like Hart and to the constituency that supported him in the primaries: upwardly mobile, white professionals and suburbanites. In February 1985, a group of centrists formed the Democratic Leadership Council (DLC) as a vehicle for distancing the party from organized labor and Keynesian economics while cultivating the business community. Jesse Jackson dismissed the DLC as "Democrats for the Leisure Class," but the organization included many of the party's future leaders, including Arkansas governor Bill Clinton.⁵¹ The formation of the DLC illustrated the degree to which the New Right had transformed American politics: New Democrats looked a lot like old Republicans.

Reagan entered his second term with a much stronger mandate than in 1981, but the Grand Old Party (GOP) makeover of Washington, D.C., stalled. The Democrats regained control of the Senate in 1986, and Democratic opposition prevented Reagan from eliminating means-tested social welfare programs, although Congress failed to increase benefit levels for welfare programs or raise the minimum wage, decreasing the real value of those benefits. Democrats and Republicans occasionally fashioned legislative compromises, as with the Tax Reform Act of 1986. The bill lowered the top corporate tax rate from 46 percent to 34 percent and reduced the highest marginal income tax rate from 50 percent to 28 percent, while also simplifying the tax code and eliminating numerous loopholes.⁵² The steep cuts to the corporate and individual rates certainly benefited wealthy individuals, but the legislation made virtually no net change to federal revenues. In 1986, Reagan also signed into law the Immigration Reform and Control Act. American policy makers hoped to do two things: deal with the millions of undocumented immigrants already in the United States while simultaneously choking off future unsanctioned migration. The former goal was achieved (nearly three million undocumented workers received legal status) but the latter proved elusive.

One of Reagan's most far-reaching victories occurred through judicial appointments. He named 368 district and federal appeals court judges during his two terms.⁵³ Observers noted that almost all of the



appointees were white men. (Seven were African American, fifteen were Latino, and two were Asian American.) Reagan also appointed three Supreme Court justices: Sandra Day O'Connor, who to the dismay of the religious right turned out to be a moderate; Anthony Kennedy, a solidly conservative Catholic who occasionally sided with the court's liberal wing; and archconservative Antonin Scalia. The New Right's transformation of the judiciary had limits. In 1987, Reagan nominated Robert Bork to fill a vacancy on the Supreme Court. Bork, a federal judge and former Yale University law professor, was a staunch conservative. He had opposed the 1964 Civil Rights Act, affirmative action, and the *Roe v. Wade* decision. After acrimonious confirmation hearings, the Senate rejected Bork's nomination by a vote of 58–42.⁵⁴

VII. African American Life in Reagan's America

African Americans read Bork's nomination as another signal of the conservative movement's hostility to their social, economic, and political aspirations. Indeed, Ronald Reagan's America presented African Americans with a series of contradictions. Black Americans achieved significant

Jesse Jackson, pictured here in 1983, was only the second African American to mount a national campaign for the presidency. His work as a civil rights activist garnered him a significant following in the African American community but never enough to secure the Democratic nomination. Library of Congress.



advances in politics, culture, and socioeconomic status. A trend from the late 1960s and 1970s continued and black politicians gained control of major municipal governments across the country during the 1980s. In 1983, voters in Philadelphia and Chicago elected Wilson Goode and Harold Washington, respectively, as their cities' first black mayors. At the national level, civil rights leader Jesse Jackson became the first African American man to run for president when he campaigned for the Democratic Party's nomination in 1984 and 1988. Propelled by chants of "Run, Jesse, run," Jackson achieved notable success in 1988, winning nine state primaries and finishing second with 29 percent of the vote.⁵⁵

The excitement created by Jackson's campaign mirrored the acclaim received by a few prominent African Americans in media and entertainment. Comedian Eddie Murphy rose to stardom on television's *Saturday Night Live* and achieved box office success with movies like *48 Hours* and *Beverly Hills Cop*. In 1982, pop singer Michael Jackson released *Thriller*, the best-selling album of all time. Oprah Winfrey began her phenomenally successful nationally syndicated talk show in 1985. Comedian Bill Cosby's sitcom about an African American doctor and lawyer raising their four children drew the highest ratings on television for most of the decade. The popularity of *The Cosby Show* revealed how class informed perceptions of race in the 1980s. Cosby's fictional TV family represented a growing number of black middle-class professionals in the United States. Indeed, income for the top fifth of African American households increased faster than that of white households for most of the decade. Middle-class African Americans found new doors open to them in the 1980s, but the poor and working-class faced continued challenges. During Reagan's last year in office the African American poverty rate stood at 31.6 percent, as opposed to 10.1 percent for whites.⁵⁶ Black unemployment remained double that of whites throughout the decade.⁵⁷ By 1990, the median income for black families was \$21,423, or 42 percent below the median income for white households.⁵⁸ The Reagan administration failed to address such disparities and in many ways intensified them.

New Right values threatened the legal principles and federal policies of the Great Society and the "rights revolution." Reagan's appointment of conservatives to agencies such as the Justice Department and the Equal Employment Opportunity Commission took aim at key policy achievements of the civil rights movement. When the 1965 Voting Rights Act came up for renewal during Reagan's first term, the Justice Department pushed the president to oppose any extension. Only the intervention of more moderate congressional Republicans saved the law.



The administration also initiated a plan to rescind federal affirmative action rules. In 1986, a broad coalition of groups—including the NAACP, the Urban League, the AFL-CIO, and even the National Association of Manufacturers—compelled the administration to abandon the effort. Despite the conservative tenor of the country, diversity programs were firmly entrenched in the corporate world by the end of the decade.

Americans increasingly embraced racial diversity as a positive value but most often approached the issue through an individualistic—not a systemic—framework. Certain federal policies disproportionately affected racial minorities. Spending cuts enacted by Reagan and congressional Republicans shrank Aid to Families with Dependent Children, Medicaid, food stamps, school lunch programs, and job training programs that provided crucial support to African American households. In 1982, the National Urban League's annual "State of Black America" report concluded that "never [since the first report in 1976] . . . has the state of Black America been more vulnerable. Never in that time have black economic rights been under such powerful attack."⁵⁹ African American communities, especially in urban areas, also bore the stigma of violence and criminality. Homicide was the leading cause of death for black males between ages fifteen and twenty-four, occurring at a rate six times that of other groups.⁶⁰ Although African Americans were most often the victims of violent crime, sensationalist media reports incited fears about black-on-white crime in big cities. Ironically, such fear could by itself spark violence. In December 1984 a thirty-seven-year-old white engineer, Bernard Goetz, shot and seriously wounded four black teenagers on a New York City subway car. The so-called Subway Vigilante suspected that the young men—armed with screwdrivers—planned to rob him. Pollsters found that 90 percent of white New Yorkers sympathized with Goetz.⁶¹ Echoing the law-and-order rhetoric (and policies) of the 1960s and 1970s, politicians—both Democratic and Republican—and law enforcement agencies implemented more aggressive policing of minority communities and mandated longer prison sentences for those arrested. The explosive growth of mass incarceration exacted a heavy toll on African American communities long into the twenty-first century.

VIII. Bad Times and Good Times

Working- and middle-class Americans, especially those of color, struggled to maintain economic equilibrium during the Reagan years. The



growing national debt generated fresh economic pain. The federal government borrowed money to finance the debt, raising interest rates to heighten the appeal of government bonds. Foreign money poured into the United States, raising the value of the dollar and attracting an influx of goods from overseas. The imbalance between American imports and exports grew from \$36 billion in 1980 to \$170 billion in 1987.⁶² Foreign competition battered the already anemic manufacturing sector. The appeal of government bonds likewise drew investment away from American industry.

Continuing an ongoing trend, many steel and automobile factories in the industrial Northeast and Midwest closed or moved overseas during the 1980s. Bruce Springsteen, the self-appointed bard of blue-collar America, offered eulogies to Rust Belt cities in songs like “Youngstown” and “My Hometown,” in which the narrator laments that his “foreman says these jobs are going, boys / and they ain’t coming back.”⁶³ Competition from Japanese carmakers spurred a “Buy American” campaign. Meanwhile, a “farm crisis” gripped the rural United States. Expanded world production meant new competition for American farmers, while soaring interest rates caused the already sizable debt held by family farms to mushroom. Farm foreclosures skyrocketed during Reagan’s tenure. In September 1985, prominent musicians including Neil Young and Willie Nelson organized Farm Aid, a benefit concert at the University of Illinois’s football stadium designed to raise money for struggling farmers.

At the other end of the economic spectrum, wealthy Americans thrived under the policies of the New Right. The financial industry found new ways to earn staggering profits during the Reagan years. Wall Street brokers like junk bond king Michael Milken reaped fortunes selling high-risk, high-yield securities. Reckless speculation helped drive the stock market steadily upward until the crash of October 19, 1987. On Black Friday, the market plunged eight hundred points, erasing 13 percent of its value. Investors lost more than \$500 billion.⁶⁴ An additional financial crisis loomed in the savings and loan (S&L) industry, and Reagan’s deregulatory policies bore significant responsibility. In 1982 Reagan signed a bill increasing the amount of federal insurance available to savings and loan depositors, making those financial institutions more popular with consumers. The bill also allowed S&Ls to engage in high-risk loans and investments for the first time. Many such deals failed catastrophically, while some S&L managers brazenly stole from their institutions. In the late 1980s, S&Ls failed with regularity, and ordinary Americans lost

