

31 The Conservative Challenge

1976–1992

On June 12, 1987, speaking in West Berlin, Germany, President Ronald Reagan invited Soviet Premier Mikhail Gorbachev to “tear down” the Berlin Wall, a vestige of cold war conflict.



>> An American Story

THE NEW AMERICAN COMMONS

In the early 1970s San Diego city officials looked out at a downtown that was growing seedier each year as stores and shoppers fled to the suburban malls that ringed the city. Nor was San Diego an exception. Across the nation many once-thriving downtown retail centers became virtual ghost towns at the close of the business day. But San Diego found a way to bounce back. At the core of the redevelopment plan was Horton Plaza, a mall with the look of an Italian hill town. Stores with stucco facades fronted twisting pedestrian thoroughfares where Renaissance arches lured customers to upscale stores like Banana Republic, to jewelers, and to sporting goods shops. Jugglers and clowns wandered the streets, while guitarists serenaded passersby. Horton Plaza soon ranked just behind the zoo and Sea World as San Diego's prime tourist attraction. By 1986 it was drawing more than 12 million shoppers and tourists.

With their soaring atriums, lavish food courts, and splashing fountains, malls became the cathedrals of American material culture. Shopping on Sunday rivaled churchgoing as the weekly family ritual. Whereas American youth culture centered on the high school in the 1950s and on



^ Minnesota's Mall of America, opened in 1992, became the largest mall in the United States and the ultimate cathedral of consumption.

college campuses in the 1960s, in the 1970s and 1980s it gravitated toward mall fast-food stores and video amusement arcades. By 1985, when Horton Plaza opened, the United States boasted more shopping centers (25,000) than it did either school districts or hospitals.

Malls as cathedrals of consumption reflected a society turning away from social protest to private means of fulfillment. Some individuals adopted a consumerist or material path, being the first in the neighborhood to own a microwave, gas grill, or VCR. Evangelical religion offered others redemption in the prospect of being “born again.” Still others extolled the virtues of traditional family values. Through private charity and volunteerism they proposed to replace the support provided by the modern welfare state. Along less orthodox paths, the “human potential movement” taught techniques such

as yoga and Transcendental Meditation as means to inner fulfillment.

Given the twin calamities of Watergate and Vietnam, it was perhaps not surprising that so many Americans expressed discontent and a spiritual hunger. One opinion poll reported that some 70 percent of those surveyed agreed that “over the last 10 years, this country’s leaders have consistently lied to the people.” President Jimmy Carter, the devout former governor from Georgia who succeeded Gerald Ford in the White House, saw the problem as a “crisis of confidence . . . at the very heart and soul and spirit of our national will.” Similarly Carter’s successor, Ronald Reagan, sought in 1981 to reverse that widespread pessimism and restore national confidence. He evoked a vision of the United States as a “city upon a hill” that would inspire the rest of the world through its strong actions and abiding virtues. In doing so Reagan deliberately echoed language Puritan leader John Winthrop used to describe seventeenth-century Massachusetts Bay Colony.

Could the move to a more conservative, more private, less government-oriented approach restore the commonwealth that Reagan’s rhetoric hailed? At times John Winthrop’s austere vision seemed to have

morphed into a city on a hill with climate control, where the piped-in music and cheery fast-food courts served to banish all social problems to a land far beyond the parking lots. Yet issues that remained unresolved in the 1970s could not be ignored in the 1980s. The nation’s environment faced new crises—the pollution from toxic waste dumps, damage from acid rain, and accidents at nuclear power plants—while feminists, gay and lesbian activists, and minority groups all pushed to reduce discrimination and extend their rights. Civil rights activist Jesse Jackson spoke for many who resisted the conservative faith in small government. Instead, he championed diversity and tolerance and urged that government, not the private sector, was the most effective agent for cleaning up the environment, creating jobs, reducing urban violence and solving public health crises such as the newly arisen AIDS epidemic.

In the end neither liberals nor conservatives succeeded in imposing their visions on the American nation. Even so, the move rightward, both politically and culturally, dominated the post-Watergate years. More than any other political figure, Ronald Reagan tapped the public’s feelings of both resentment and hope. He confounded his critics with a capacity to sustain broad support for his image of a born-again America. <<

What’s to Come

658 The Conservative Rebellion

660 The Presidency in Transition: Gerald Ford and Jimmy Carter

666 Prime Time with Ronald Reagan

670 Standing Tall in a Chaotic World

673 An End to the Cold War

THE CONSERVATIVE REBELLION

In California Howard Jarvis, a retired businessman, had for years promoted tax-cutting referenda on the state ballot. While those measures failed to attract widespread support, Jarvis's efforts to reduce property taxes did. In the case of property taxes, the issue was equity, not simply lower taxes. Small homeowners often paid taxes at much higher rates than large property owners and businesses. Hence, the extremely conservative Jarvis began to frame his antigovernment agenda in populist terms: his supporters, he claimed, were the small interests and individuals: teachers, blue-collar workers, and "a great number of Negroes." His group, the United Organizations of Taxpayers (UOT), received no money from oil companies, bankers, land speculators, or insurance companies.

Tax Revolt >> By the late 1970s California was ripe for the Jarvis rebellion. Inflation imposed a crushing burden on middle- and lower-class homeowners. At the same time their taxes rose steadily. An old radical and union organizer described state politicians and bureaucrats as "those leeches who must have more and more taxes." Such mounting anger helped UOT collect 1.25 million signatures to place Proposition 13 on the ballot in 1978. The measure cut property taxes 57 percent and made it difficult for the state and local legislatures to raise taxes in the future. Opponents warned that the loss of revenue would force school closings, job losses, and reduced police and fire protection, but the measure passed with widespread support.

The tax rebellion spread across the nation. Over the next four years 12 states passed similar resolutions, while many legislatures cut public spending and taxes, hoping to avoid the voters' wrath. Even liberal Massachusetts capped local property taxes and prevented future increases of more than 2.5 percent per year. Increasing numbers of Americans no longer embraced the liberal consensus that activist government could solve the nation's problems and promote progress.

The Diverse Evangelical World >> But the conservative rebellion was not merely the child of a faltering economy, stagnating wages, and a resistance to paying taxes. The social ferment of the 1960s had taken its toll on spiritual life. During that decade mainline Protestant churches struggled over how religious beliefs should engage with civil rights, the war in Vietnam, issues of sex and gender, and more liberated lifestyles. As more congregations embraced liberal definitions of faith, many Protestants found themselves

yearning for a more traditional religious experience. These disaffected moved in large numbers from long-established denominations such as Presbyterians and Congregationalists to evangelical churches. By the mid-1980s some 36 percent of Americans described themselves as "born again." Many Catholics and Jews also resisted the liberalization of their faith.

Among evangelicals, sects such as the Southern Baptists and Assemblies of God attracted large national memberships, but their real focus was local, centered in church communities. Such congregations insisted that salvation came through a spiritual rebirth (being "born again") after a person had acknowledged sinfulness and embraced Christ's atonement. Evangelical tradition encouraged proselytizing by the faithful, often in the form of revivals and spiritual awakenings. Finally, most evangelicals anticipated the rapture, when Christ would return to transport true believers into his Father's kingdom. These shared beliefs, when combined with a commitment to piety, put evangelicals squarely at odds with modern society. They imposed a strict personal morality, often insisted on the central role of fathers in the family, and in some churches forbade such "worldly evils" as dancing, cosmetics, movies, gambling, and premarital sex.

Though evangelicals condemned much of modern culture, many preachers advocated a "prosperity theology" that encouraged economic success. They also used the media to spread the word, none more effectively than Pat Robertson, the son of a Virginia politician. Robertson, a magnetic Southern Baptist, used cable and satellite broadcasts to expand the Christian Broadcast Network into a media empire. His *700 Club* reached an audience of millions and inspired his colleague Jim Bakker to launch the even more popular *Praise the Lord Club*—PTL for short. Although the content featured gospel singing, fervent preaching, faith healing, and speaking in tongues, the format mirrored that of major network talk shows, opening with a Christian monologue, conversations with celebrity guests, and musical entertainment.

The Catholic Conscience >> American Catholics faced their own decisions about the lines between religion and politics. In the 1960s a social activist movement had arisen out of the church council known as Vatican II (see page 625). Its reforms also sought to modernize the church, reducing the amount of Latin in the mass and encouraging greater participation by laypeople.

Disturbed by these currents, Catholic conservatives found support when the charismatic John Paul II assumed the papacy in 1979. Vigorous, outgoing, and warm, Pope John Paul nonetheless reined in the modern trends of Vatican II. He ruled against a wider role for women in the church hierarchy and stiffened church

policy against birth control. These rulings put him at odds with many American Catholics. The American church also faced a crisis as fewer young men and women chose celibate lives as priests and nuns.

Though conservative Catholics and Protestant evangelicals could be wary of one another, they shared certain views. Both groups lobbied for the government to provide federal aid to parochial schools and Fundamentalist academies. Even more strongly, they were united by their opposition to abortion. John Paul reaffirmed the church's teaching that all life began at conception and that abortion amounted to murder of the unborn. Evangelicals, long suspicious of the power of secular technology and science, attacked abortion as another instance in which science had upset life's natural moral order.

Moving Religion into Politics >> Since many evangelicals believed that the apocalypse—the end times of the world—were fast approaching, before the 1970s they saw little reason to reform society. Many refused even to vote. Gradually that apolitical stance weakened. A number of Supreme Court decisions, beginning with the ban on school prayer in *Engel v. Vitale* (1962), struck conservatives as an attack on their faith, but none more so than *Roe v. Wade*. If an unborn fetus was fully human, was it not necessarily endowed with both a soul and human rights? Here was a case where government policy seemed to threaten faith and family. So also did the teaching of Darwinian evolution and sex education in the schools.

Once abortion and education issues brought them into politics, evangelicals began to organize. In 1977 the Reverend Jerry Falwell from Lynchburg, Virginia, joined his fellow Baptist preacher, Tim LaHaye of San Diego, to fight for the repeal of a gay rights ordinance in Miami, Florida. LaHaye and his wife Beverly, a writer, had formed the Concerned Women of America (CWA), a “pro-family” organization that by the

1980s claimed more members than the National Organization for Women. The LaHayes were outspoken opponents of homosexuality and pornography. Under their leadership, CWA crusaded against abortion, no-fault divorce laws, and the Equal Rights Amendment.

Their ally, the Reverend Falwell, epitomized the entrepreneurial gifts of many preachers of prosperity theology. His daily radio broadcasts and Sunday television show, the *Old Time Gospel Hour*, reached over a million listeners each day. His home church ran multiple Sunday services to accommodate a congregation of 17,000. And when he and LaHaye defeated the gay rights ordinance in Miami, they went on to form the Moral Majority, a political action organization, which Falwell described as “pro-life, pro-family, pro-morality, and pro-American.” The Moral Majority also shared the conservative opposition to labor unions, environmental reform, and most government-based social welfare programs.

The Media as Battleground >> Both evangelicals and political conservatives believed the mass media corrupted family values. Its permissive, even positive portrayal of unmarried women, premarital sex, drug use, profanity, homosexuality, nudity, and violence offended their moral sensibilities. The conservative determination to censor media content clashed with a liberal commitment to free speech and toleration for diversity.

Hollywood movies had long pushed the boundaries of acceptable content, but by the 1970s television began to introduce more controversial and politicized programming. In 1971 producer Norman Lear introduced *All in the Family*, whose main character, Archie Bunker, embodied the blue-collar backlash against liberal and permissive values. The ultimate male chauvinist, Archie treated his wife Edith like a servant, clashed with his modestly rebellious daughter Gloria, and heaped verbal abuse on his leftist Polish American son-in-law. All things liberal or cosmopolitan—“Hebes,” “Spics,” and “Commie Crapola”—became targets for Archie's coarse insults. Despite its popularity the show was attacked from both the left and the right. Many conservatives who shared Archie's values found the language offensive, while some minority leaders charged that the show legitimized the prejudices it attacked.

<< During the late 1970s and the 1980s, conservatives increasingly spoke out against abortion and in favor of the right to life for an unborn fetus. Adopting the tactics of protest and civil disobedience once common to radicals in the 1960s, they clash here with pro-choice demonstrators outside Faneuil Hall in Boston.



Saturday Night Fever >> If *All in the Family* defined the class anger of blue-collar Americans, the hugely popular disco movie *Saturday Night Fever* revealed their alienation. The film explores the Brooklyn world of Tony Manero, played by John Travolta, who holds a dead-end job as a hardware store clerk during the day, but at night transforms himself into a white-suited disco king. Where his loser friends walk down Brooklyn's mean streets, Tony struts. When asked by his boss to think about his future, Tony snarls back that he couldn't care less what the future brings. To which his boss, recognizing the lost prospects of blue-collar Americans, suggests that Tony will only get what he deserves.

The glitter of disco offers Tony a world in which he can be somebody. In the end, however, he rejects his suffocating family, loser friends, and blue-collar roots for a future across the Brooklyn Bridge in Manhattan, where his girlfriend is bent on a professional career. He embraces the notion that those with talent and dreams can escape the past and reinvent themselves. In the end, *Saturday Night Fever*, the most popular movie of the 1970s, looked to have its cake and eat it. On the one hand, it glamorized the youthful blue-collar culture with its vulgar language, violence, explicit sexuality, and drug use that so offended conservative critics of the media. But at the same time, its escapist ending offered audiences fantasy rather than a political or spiritual path to salvation.



▲ John Travolta, the blue-collar Brooklyn boy with aspirations, dressed to the nines and “Stayin’ Alive,” to the beat of the Bee Gees.

Perhaps inevitably, the wars for the soul of prime-time entertainment spilled into the political arena. Fearful that the Moral Majority's political pressure would lead television producers to censor themselves, the creator of Archie Bunker, Norman Lear, formed People for the American Way. The organization self-consciously opposed the agenda set by LaHaye and Falwell. People for the American Way campaigned for diversity and tolerance. In turn, conservatives, particularly the religious right, advanced their pro-life and pro-family agenda.

✓ REVIEW

Why did evangelical Christians become more politically active in the 1970s, and what tactics did they use?

THE PRESIDENCY IN TRANSITION: GERALD FORD AND JIMMY CARTER

War Powers Resolution >> The crosscurrents in American culture shook the political system as well. In the wake of Watergate and the Vietnam War, Congress was determined to place limits on a presidency which, under Nixon, had seemed to grow too imperial. The War Powers Resolution, passed in 1973 before Gerald Ford took office, required that the president consult Congress before committing troops to the battlefield, report within 2 days of taking action, and withdraw troops after 60 days unless Congress voted to retain them.

Meanwhile, congressional hearings revealed that the CIA had routinely violated its charter forbidding it to spy on Americans at home. Abroad, the agency had attempted to assassinate foreign leaders in Cuba, the Congo, South Vietnam, and the Dominican Republic. The FBI had also used illegal means to infiltrate and disrupt domestic dissidents. FBI director J. Edgar Hoover had authorized an (unsuccessful) operation to drive Martin Luther King Jr. to commit suicide. Determined to rein in the executive branch, the Senate established committees to oversee intelligence operations.

Influence of Kissinger >> Hemmed in by a newly assertive Congress, President Gerald Ford relied on Henry Kissinger's guidance in foreign policy. The

secretary of state saw himself as a realist who offended idealists on both the political left and right. Quoting the German writer Goethe, Kissinger explained, “If I had to choose between justice and disorder, on the one hand, and injustice and order, on the other, I would always choose the latter.”

During the final years of Nixon’s administration, Kissinger had followed that maxim (with the president’s blessing) by ordering the CIA to finance a military coup in Chile in 1973. The coup overthrew the democratically elected socialist leader, Salvador Allende Gossens. Allende was killed in the same year, and a brutal military regime assumed power. Kissinger argued that the United States had the right to limit democratic disorder in Latin America, in order to guard against the evils of communism.

Energy and the Middle East >> Kissinger also looked to manage an energy crisis brought to a head by events in the Middle East. The United States and its allies had long depended on Middle Eastern oil and, so long as the pipelines were full, low oil prices discouraged conservation or the use of alternative energy. Prime among the nation’s foreign suppliers were the 13 nations making up the Organization of Petroleum Exporting Countries (OPEC)—and chief among those were seven Arab states and Iran.

The importance of that supply became clear in the autumn of 1973, when on Yom Kippur, the holiest day of the Jewish year, troops from Egypt and Syria launched a surprise attack on Israel. The seven Arab members of OPEC supported Egypt and Syria by imposing a boycott on oil exports to countries seen as friendly to the Israelis. Lasting six months, the boycott staggered the Western nations and Japan. The price of crude oil had been rising in any case, from under \$2 a barrel in 1972 to over \$12 by 1976. As the price of petroleum soared, so did the cost of carbon-based plastics used in a huge range of products from phonograph records to raincoats to tires. Inflation rose to an annual rate of 14 percent. Meanwhile, with gasoline scarce, motorists found themselves waiting in line for hours at the pump, in hopes of purchasing a few gallons.

The oil crisis pushed many cities toward financial disaster. In October 1975 New York City announced it was near bankruptcy and petitioned the Ford administration for relief. When the president refused, the *New York Daily News* headline blared, “Ford to City: Drop Dead.” The administration eventually extended a loan, but the political damage had been done.

To ease the crisis, Kissinger mediated the conflict between Israel and the Arab states. In negotiating, he flew back and forth so often between Jerusalem in Israel and Cairo in Egypt that observers nicknamed his efforts “shuttle diplomacy.” Eventually the Israelis agreed to withdraw from the west bank of the Suez Canal and

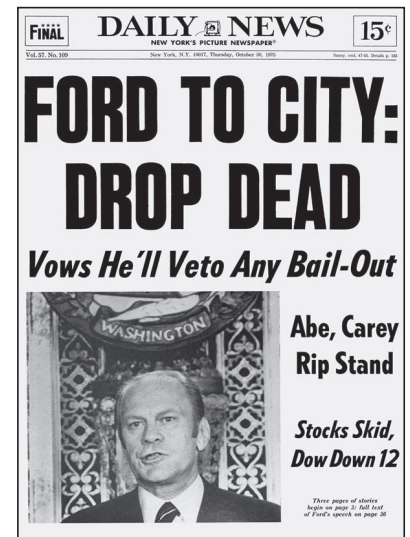
>> As the energy crisis contributed to New York City’s near-bankruptcy, Gerald Ford at first opposed federal assistance. New Yorkers were not amused.

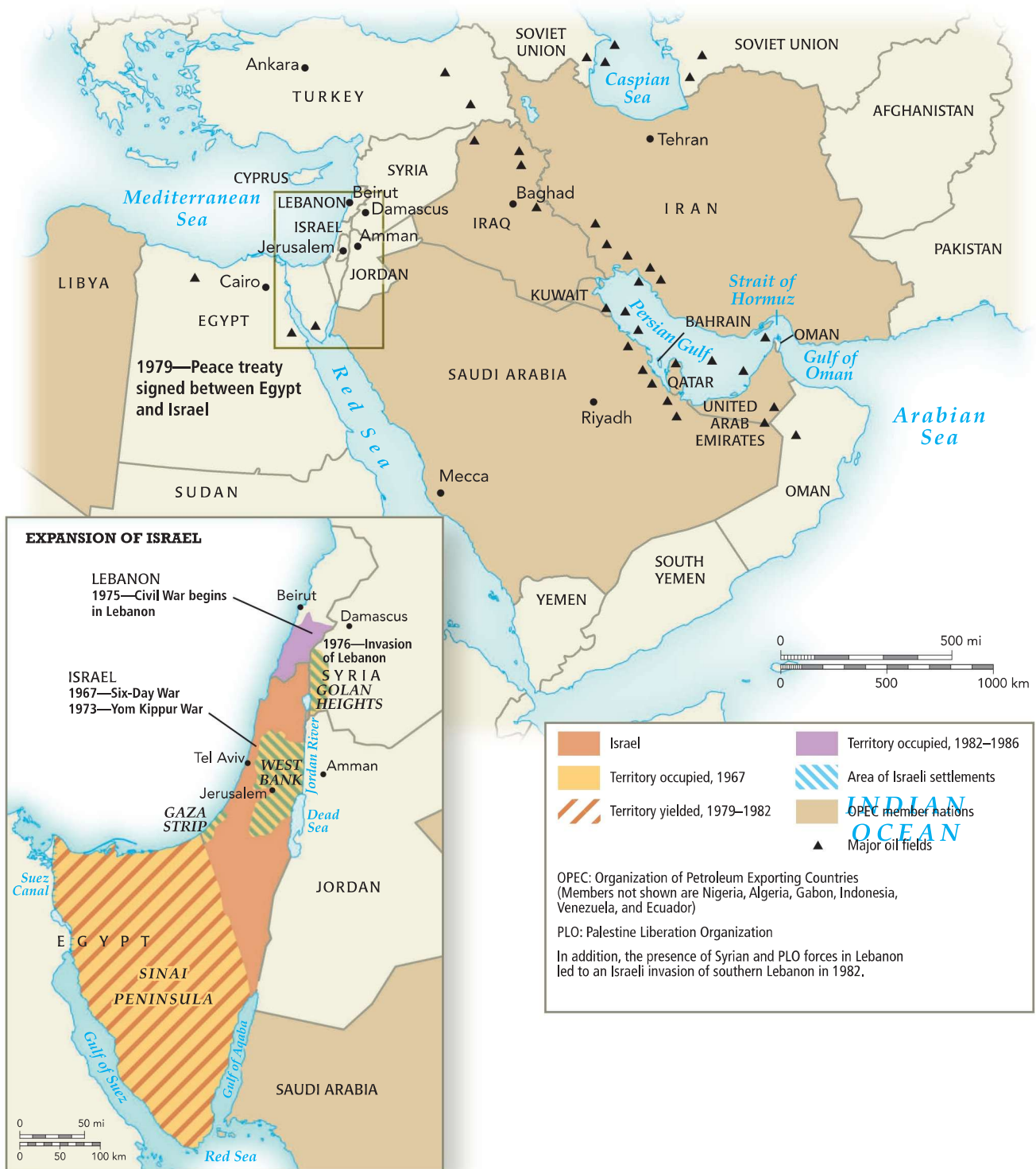
to disengage from Syrian troops along the Golan Heights, which overlooked Israel. As an uncertain peace returned, OPEC lifted its boycott. The following year Congress addressed the energy crisis by ordering electric utilities to switch from expensive oil to more abundant and cheaper (though more polluting) coal. The new legislation also ordered the auto industry to improve the efficiency of its cars.

Limits across the Globe >> The energy crisis was only one factor limiting American ambitions. The United States also faced mounting competition from industries in Europe and in the emerging economies of the Pacific Rim (Japan, South Korea, Taiwan, Hong Kong, Singapore, and the Philippines). Lower wages there convinced many American manufacturers to move high-wage jobs overseas. The AFL-CIO complained that as skilled union jobs disappeared, what remained would be “a nation of hamburger stands, a country stripped of its industrial capacity... a nation of citizens busily buying and selling hamburgers and root beer floats.”

Both Ford and Henry Kissinger looked to ease America’s economic burdens by further détente with the Soviet Union. The Soviet economy, like the American, was mired in stagnation. In two summit meetings, the second held at Helsinki, Finland, in 1975, the two superpowers established the framework for a second Strategic Arms Limitation Treaty (SALT II). Conservative Republicans, led by presidential contender Ronald Reagan, opposed the treaties as unnecessary concessions. Kissinger and Ford, Reagan claimed, were allowing the United States “to become number two in military power in a world where it is dangerous—if not fatal—to be second best.” That claim exaggerated Soviet strength and American weakness.

Jimmy Carter: Restoring the Faith >> In the escalating war between liberal and conservative forces, James Earl “Jimmy” Carter succeeded in his quest for the presidency because he did not fit neatly into either camp. Carter represented a new breed of southern





MAP 31.1: OIL AND CONFLICT IN THE MIDDLE EAST, 1948–1988

After World War II the Middle East became a vital geopolitical region beset by big-power rivalry and complicated by local, tribal, ethnic, and religious divisions. Much of the world's oil reserves lie along the Persian Gulf. Proximity to the former Soviet Union and vital trade routes such as the Suez Canal have defined the region's geographic importance. Revolutions in Iran and Afghanistan, intermittent warfare between Arabs and Jews, the unresolved questions of Israel's borders and a Palestinian homeland, the disintegration of Lebanon, and a long war between Iran and Iraq were among the conflicts that unsettled the region.

What makes the Suez Canal and the Strait of Hormuz strategically important?

governors—they came from the Sun Belt, not the Cotton Belt; they were economic progressives, not segregationists. At the same time, Carter had credentials conservatives could appreciate. He was a former Navy man and nuclear engineer, a peanut farmer from the thoroughly southern town of Plains, Georgia, and had served as Georgia's governor. More unusual still, Carter openly declared his faith as a “born again” Christian, a term largely unused outside evangelical circles.

When he began campaigning only 2 percent of Americans outside his home state had heard of him. Carter turned his outsider's status to advantage by promising to bring honesty and openness to a nation still smarting from Watergate. “I will not lie to you,” he assured voters. President Ford, for his part, had to fight off a challenge from his party's right wing, led by Ronald Reagan, a former California governor, movie actor, and television host. Reagan grew up as a New Deal Democrat, but deeply held concerns with high income taxes and Communism had turned him toward conservative causes. In the election Carter beat Ford by a slim margin.

The Search for Direction >> On Inauguration Day Jimmy Carter redeemed his pledge to bring simplicity and directness to Washington politics. Rather than the usual limousine ride down Pennsylvania Avenue, Carter and his family walked. The imperial presidency, he made clear, was a thing of the past. But Congress was equally determined to rein in the executive branch. To succeed in governing, Carter and his brash Georgia outsiders would have to prove they could swim among the political sharks.

Carter brought to the office disciplined work habits, a mastery of detail, and a wealth of plans to address the energy crisis, economic stagnation, the financial woes of major cities, and a host of foreign policy issues. What he and his advisers had not decided was how to set priorities. Veteran politicians warned not to try too much too soon, but Carter admitted, “it's almost impossible for me to delay something that I see needs to be done.” Almost immediately the president called for the elimination of 19 expensive pork-barrel water projects as financially wasteful and environmentally destructive. The move stunned even Democrats, who liked bringing home funds to their communities. They promptly



▲ Cooling towers at Three Mile Island nuclear reactor.

threatened to bury his other leg—islative proposals unless he backed down, which he was forced to do.

Energy and the Environment >>

Regardless of Carter's political skills, the times demanded that he address two related issues: the environment and skyrocketing energy prices. Those issues were in constant tension, since satisfying energy needs required the use of natural resources, just at the time when the need to protect them had become more evident.

Carter did strengthen the Environmental Protection Agency as well as the clean air and water regulations enforced by the EPA. And he championed legislation to create a Superfund that could spend \$1 billion a year to clean up hazardous waste sites.

Problems arose, however, when environmental and energy policies clashed. The harsh winter of 1977–1978 that greeted the new administration drove the price of heating oil even higher. Carter responded with a comprehensive National Energy Program that outlined measures environmentalists favored to promote conservation, such as “gas guzzler” taxes, new efficiency standards for building materials and appliances, and solar tax credits. And to please the oil and gas industries, the president recommended a complex plan to deregulate gas and oil prices so they would find their “true value.” Carter urged Congress to move quickly, calling his energy bill “the moral equivalent of war.” He had not counted on the determination of special interests to block virtually every provision he proposed. Eighteen months later Congress approved only deregulation, some conservation tax credits, and a new cabinet-level Department of Energy. No comprehensive national policy on energy ever emerged.

But what sort of energy policy made sense? Environmentalists and energy producers clashed over the most beneficial course of action. A 1977 report of the National Academy of Sciences warned that the consumption of fossil fuels—oil, gasoline, natural gas, and coal—might well be causing long-term changes in the earth's climate, leading to a potentially catastrophic global warming. A *New York Times* headline announced, “Scientists Fear Heavy Use of Coal May Bring Adverse Climate Shift.” Neither scientists nor energy companies were yet prepared to recommend

specific policies to regulate and limit the greenhouse gases—carbon dioxide prime among them—produced when fossil fuels were burned.

Some utility companies argued for nuclear power plants, since fission energy emitted no carbon dioxide. That was an option few environmentalists could accept. No solution yet existed to dispose of the radioactive wastes that nuclear plants generated when they produced electricity. Then in March 1979 a plume of radioactive steam spewed from an overheated nuclear reactor at Three Mile Island in Pennsylvania. Local authorities evacuated some 100,000 panicked residents from nearby communities. After the Three Mile Island incident, the prospects for nuclear power dimmed. While existing nuclear plants continued to operate, the accident ensured that no new ones would be built for decades to come.

The Sagging Economy >> Throughout the 1970s wages stagnated, unemployment rose, and so did inflation, spurred by rising energy costs, falling industrial productivity, and foreign competition. Carter at first proposed stimulating the economy with a series of popular tax rebates. And he pleased progressive politicians by finding new funding for federal programs such as food stamps, Social Security, Medicare, and Medicaid.

But these attempts to cushion the blow of hard times were countered by the president's fiscal conservatism. Confronted by the large deficit from the Nixon and Ford years, Carter canceled his proposed tax rebates. "Government cannot solve our problems," he insisted, nor "eliminate poverty, or provide a bountiful economy, or reduce inflation, or save our cities, or cure illiteracy or provide energy." That sentiment, spoken by a Democrat, indicated how successful conservatives had been in promoting their ideas.

Foreign Policy: Principled or Pragmatic? >>

In foreign policy, Jimmy Carter again gravitated between conservative and liberal impulses, between being practical and being idealistic. Like Nixon and Kissinger, Carter recognized that the United States had neither the strength nor the resources to impose its will in a postcolonial world. But unlike his conservative critics, Carter viewed the threat of Soviet strength with greater skepticism. Too often, he believed, a knee-jerk fear of Soviet power led Americans to support right-wing dictators, no matter how brutal or corrupt, simply because they professed to be anti-Communist.

Carter insisted that the United States should assume a moral posture by giving human rights a higher priority. He spoke out publicly on behalf of political prisoners and reduced foreign aid to some dictatorships (though strategic allies such as the Philippines under the autocratic Ferdinand Marcos were largely spared). Argentinian Nobel Peace Prize winner Adolfo Pérez

Esquivel claimed he owed his life to Carter's policies. Hundreds of other journalists and dissidents, who routinely faced imprisonment, torture, and even murder, benefited as well.

Carter also eased decades of distrust toward Yankee imperialism by negotiating a treaty to turn over to Panama control of the Canal Zone, the 10-mile-wide strip that the United States administered under a perpetual lease. For many conservatives, Carter's initiative offered further evidence of declining American power. Presidential hopeful Ronald Reagan condemned the proposed treaty as "appeasement," while Senator S. I. Hayakawa of California quipped: "It's ours; we stole it fair and square." Despite such criticisms the Senate ratified the final agreement in 1978.

For conservatives, however, Carter's real test lay in his relations with the Soviet Union. The president's first impulse was to continue the policy of détente scorned by the right wing. The Soviet Union's economy had long been saddled by inefficient industries and obligations to poor client states such as Cuba, Vietnam, and East Germany. Soviet premier Leonid Brezhnev became even more willing to negotiate after the Carter administration announced it would extend diplomatic recognition to Communist China—playing "the China card" as Kissinger and Nixon once had. In 1979 Carter and Brezhnev agreed on SALT II, finalizing talks on strategic arms limitation set in motion by President Ford. Although neither side agreed to scrap its major weapon systems, conservatives still attacked the treaty as a sell-out and stalled its approval in the Senate.

The Middle East: Hope and Hostages >>

Throughout the cold war, instability in the oil-rich Middle East continually threatened to set off a larger conflict. Secular dictators in Iran, Egypt, Syria, and Iraq vied with autocratic monarchies in Saudi Arabia, Kuwait, Jordan, and the Arab emirates. Tensions simmered between rival Islamic religious sects, the Sunnis and Shi'ites, while at the same time all the Arab nations were united in their hostility toward Israel.

American policy for the region pulled in two directions. On the one hand, the United States wanted to ensure the free flow of Middle Eastern oil to the industrial world; on the other, it was committed to the survival of Israel. The energy crises of the 1970s heightened the tensions within these goals, as did Israel's decision to refuse Palestinian demands for a homeland in the West Bank. The diplomatic impasse eased somewhat when Egyptian president Anwar Sadat traveled to Israel to meet Israeli prime minister Menachem Begin. Sensing an opportunity to promote peace, Carter invited the two leaders to Camp David in September 1978.

For 13 days the two antagonists argued, while Carter kept them at the table. Each feared the consequence of



▲ It was at Camp David, in private talks sponsored by President Jimmy Carter (*center*), that Egyptian president Anwar Sadat (*left*) and Israeli prime minister Menachem Begin (*right*) hammered out a “Framework for Peace in the Middle East” as a first step toward ending decades of war and mistrust.

giving the other side too much. Finally, they struck a limited compromise: Sadat would recognize Israel; Israel would return the Sinai Peninsula to Egypt. On the question of a Palestinian state in the West Bank and Gaza, Begin would not yield. Even so, the discussions had been historic. Begin and Sadat shared the Nobel Peace Prize for their courageous diplomacy, but it could just as well have gone to Carter, who brokered the peace.

Amid the turmoil of the Middle East, the shah of Iran had long seemed a stabilizing force. But in the autumn of 1978, Shi’ite fundamentalists rebelled against his rule. Long dismayed by the increasing Westernization of their society, they found the presence of tens of thousands of non-Muslim American military advisers particularly offensive. When the shah’s regime collapsed in February 1979, the religious leader Ayatollah Ruhollah Khomeini established an Islamic republic. Later that year, after the United States admitted the ailing shah to an American hospital for medical treatment, several hundred Iranian students stormed the U.S. Embassy in Teheran and took 53 Americans hostage. Though this act violated every convention of Western diplomacy, the United States was helpless to respond.

A President Held Hostage >> While American officials debated how to respond to Islamic fundamentalists in Iran, the Soviet Union faced a similar uprising along its own southern borders. In Afghanistan, Islamic rebels had overthrown a government that had

long been friendly to the Soviets, leading Premier Brezhnev to send troops into Afghanistan to restore the old government. President Carter condemned the Soviet invasion, but there was little the United States could do. As a symbolic gesture, Carter announced that the United States would boycott the 1980 Olympics in Moscow.

Once again, the problem of energy dependence interacted with the region’s political instability to create a political crisis. Nightly newscasts aired the spectacle of “America Held Hostage” in Iran. And the turbulence in the Middle East set off another round of OPEC oil price increases. Soaring energy

costs soon drove up inflation to near 14 percent and some interest rates above 20 percent. Chrysler Corporation, the nation’s third leading car manufacturer, teetered on the edge of bankruptcy and was saved only by a federally guaranteed loan.

With polls giving Carter a negative rating of 77 percent, the president once again moved right. He revived the cold war rhetoric of the 1950s and accelerated the development of new classes of nuclear weapons. But whereas the CIA in 1953 had successfully overthrown an Iranian government, an airborne mission launched in April 1980 to rescue the hostages ended in disaster. Eight marines died when two helicopters and a plane collided in Iran’s central desert in the midst of a blinding sandstorm. The United States, as even the president admitted, was mired in “a crisis of confidence.”

The administration’s mistakes had no doubt contributed to it. Yet the obstacles to projecting American power internationally were not simply a result of Carter’s mismanagement. Vietnam had demonstrated the clear limits of what U.S. forces could accomplish in distant lands, while the long lines for expensive gas rose from an energy crisis decades in the making. The problems in the Middle East had proved intractable over many centuries. Finally, Carter could not be blamed for the reluctance of Americans to sacrifice personal comforts for the general good. American culture had long defined wealth as having more, not wanting less. In 1980 the discouraged electorate discovered in Ronald Reagan a political leader who shared that faith.

✓ REVIEW

How did Jimmy Carter's presidency demonstrate that he could be both liberal and conservative in his approach to governing?

PRIME TIME WITH RONALD REAGAN

The recession of the 1970s and the accompanying runaway inflation brought about a major political realignment, only the third since the Civil War. Republicans undermined the Democrats' New Deal coalition and established a conservative majority that would dominate American politics for at least three decades. In the 1980 presidential campaign, Ronald Reagan asked Americans, "Are you better off now than you were four years ago?" Many thought not, as Reagan swept the election with an unexpectedly large majority. The fight against inflation and high taxes would be

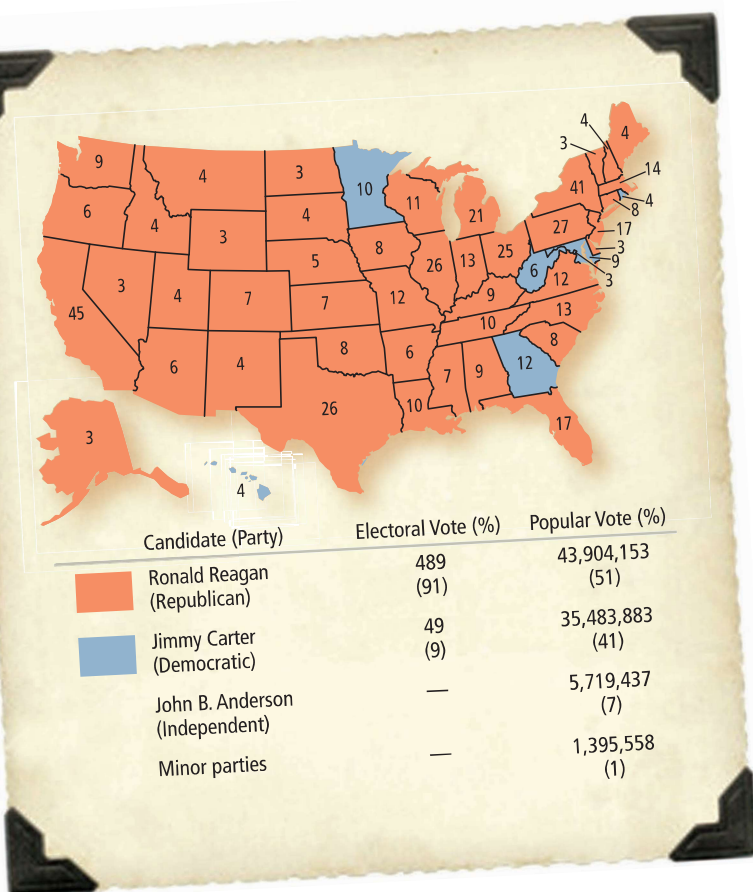
the cornerstone of his administration, a strategy that replaced the liberals' central concern with using federal policy to ease unemployment.

The Great Communicator >> Reagan's message was clear: "It is time to reawaken the industrial giant, to get government back within its means, and to lighten the punitive tax burden." To both liberals and conservatives this signaled the onset of what came to be called "the Reagan revolution." Liberals feared—and conservatives hoped—that the revolution meant a harder line on cold war issues and an assault on a wide range of social programs and regulations at home. What both groups ignored at first were the moderating forces at work. As governor of California, Reagan had showed a willingness to accommodate, at times increasing both spending and taxes. The liberal *Washington Post* commented that the new president was not someone who allowed rigid ideas to block flexible policies. Equally important, noted the *Post*, almost anyone who met him thought he was "a nice guy, a happy secure person who likes himself and most other people."

In other ways Reagan contradicted expectations. With his jaunty wave and jutting jaw, he projected an aura of physical vitality and movie-star good looks. Yet at 69 he was the oldest person to become president, and no one since Calvin Coolidge slept as soundly or as often. Such serenity marked his refusal to become bogged down in the details of his job. Outsiders applauded his "hands-off" style after four years under Jimmy Carter, whose obsession with policy details led critics to say he missed the forest for the trees. Reagan set the direction of his administration, leaving the rest to his advisers. Sometimes that left him in the dark about major programs. Donald Regan, his first Treasury secretary, once noted: "The Presidential mind was not cluttered with facts."

The effectiveness of Reagan's message was no accident. The president had honed his public speaking skills as an actor, as a spokesperson for General Electric, and as a politician. His communications staff planned everything from the president's words to a speech's location and camera angles down to the lighting. But the elaborate preparation also depended on Reagan's discipline as a performer. The president understood as well as his staff how to use a battlefield, a classroom, or the flag to communicate a hopeful message.

Luck played a role as well. Problems that handcuffed Carter seemed to ease on Reagan's watch. The day he took office Iran announced it would release the American hostages after 444 days of captivity. Three aging Russian leaders, beginning with Leonid Brezhnev in 1982, died suddenly, thereby greatly reducing the influence of the Soviet Union. And



MAP 31.2: ELECTION OF 1980

when a disturbed gunman shot Reagan in the chest two months after his inauguration, the wounds were not life threatening. Even Reagan's critics admired his courage in the face of death.

The Reagan Agenda >> In addition to luck, however, Reagan viewed the economic downturn as an excellent reason to push for his revolution in government. That agenda called for massive tax cuts, deregulation of the economy, and a reduction in spending for social programs. Only the military would be spared the budget cutters' ax, because the president planned a forceful foreign policy to contain Soviet power.

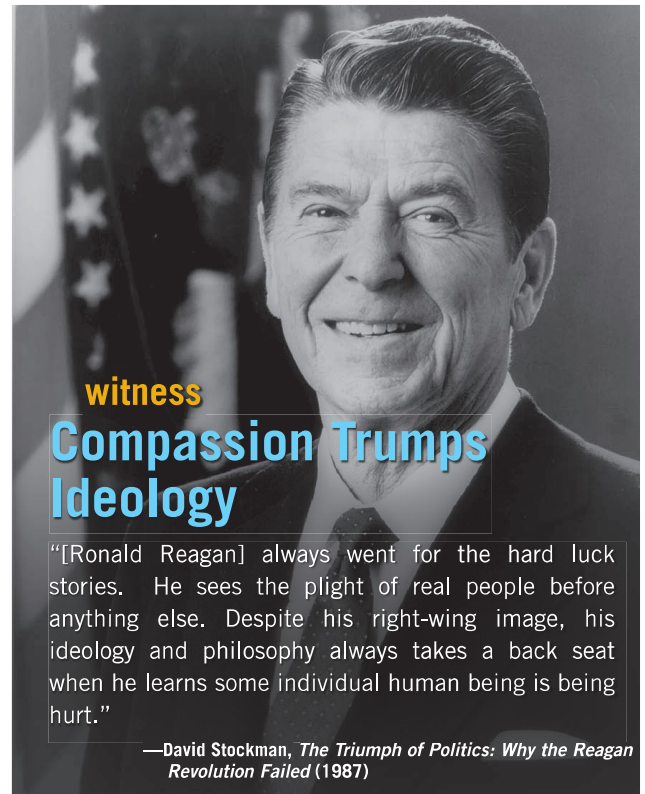
A commitment to **supply-side economic** theory became the cornerstone of the Reagan revolution. Supply-side advocates argued that high taxes and government regulation stifled business. The key to revival lay in a large tax cut—a politically popular proposal, though economically controversial. Lower tax revenues would not increase the massive and growing federal budget deficits, insisted supply-side economist Arthur Laffer. His calculations suggested that lower tax rates would stimulate the economy so greatly, tax revenues would actually grow, thanks to higher profits and a renewed prosperity. These calculations also suggested that broad cuts in social programs would further reduce deficits.

After little more than half a year in office, Congress handed the president most of the cuts he requested. The Economic Recovery Tax Act (ERTA) lowered income tax rates over the next three years by 25 percent, capital gains from the sale of stock by 40 percent, and investment income rates by 28 percent. Taxpayers in the highest brackets were far and away the biggest winners. At the same time, Reagan signed the Omnibus Budget Reconciliation Act, which slashed some \$35 billion spent on government programs. *The Wall Street Journal* hailed the two measures as a "spectacular tax victory," and news commentators suggested that Reagan had ended 50 years of liberal government.

Liberal government relied on the support of big labor. Here, too, Reagan struck a decisive blow. In 1981 members of PATCO, the air traffic controllers union, struck against what they claimed were dangerous and debilitating working conditions. PATCO workers were, however, both highly paid and public service employees. Reagan declared their strike illegal and, without addressing the issues they raised, summarily fired them. Large corporations seized on the antiunion climate to wrest significant concessions on wages and work rules.

Many conservatives dismissed warnings of global warming, viewing environmental policies as essentially

supply-side economics
theory that emphasizes tax cuts and business incentives to encourage economic growth rather than deficit spending to promote demand.



a strategy to regulate business. Under Reagan the National Climate Program Office, created during the Carter years, became "an outpost in enemy territory." Anne Gorsuch, the new head of the Environmental Protection Agency, cut her agency's budget so drastically, the agency almost ceased to function. The EPA filed no new enforcement cases against hazardous waste sites, even though it knew of some 18,000 that qualified for cleanup under the Superfund law passed during Carter's final year in office.

The Occupational Safety and Health Administration was also severely cut back, ending its efforts to set health and safety standards and regulate toxic work environments. Workers were at particular risk in plants that produced polyvinyl chloride (PVC) and related plastics used in a wide array of consumer products. Members of OCAW (the Oil, Chemical, and Atomic Workers union) had documented chemical wastes that the German firm BASF dumped into the Mississippi River at its Louisiana plant. There, they constantly smelled "this chlorine all day, twenty-four hours a day, depending on what job you're working at." When OCAW called a strike to gain improved wages and safer working conditions, the company locked the workers out for five years. OSHA was no longer interested in pursuing such cases.

Before being appointed Reagan's secretary of the Interior, James G. Watt had fought environmentalists and federal regulations. An evangelical Christian

and a self-proclaimed “sagebrush rebel,” Watt had long wanted to force the Department of the Interior

sagebrush rebels group of western cattlemen, loggers, miners, developers, and others who argued that federal ownership of huge tracts of land and natural resources violated the principle of states’ rights.

to open the public grazing lands, forests, and wilderness to private development. His abrasive style (he once denied the Beach Boys a permit to perform because he considered their music immoral) offended so many people, he resigned in

1983. Scandal forced EPA director Gorsuch to resign the same year, but the campaign continued to reduce or eliminate environmental regulation.

A Halfway Revolution >> Soon after the tax cuts went into effect, evidence emerged that supply-side predictions of booming tax revenues were not materializing. Continued recession, rising interest rates, and a mounting federal deficit compounded the problem. So Reagan reversed course and accepted the Tax Equity and Fiscal Responsibility Act of 1982, a measure including \$98 billion in tax increases disguised as “revenue enhancements.” A year later Social Security reform led to further tax increases. In both cases Reagan allowed pragmatism to trump ideology.

After reversing course on tax cuts, the economy began a strong upturn that extended through both of the president’s terms in office. Labor productivity improved, inflation subsided to 4.3 percent, unemployment fell, and the stock markets rose sharply. Falling energy costs played a major role as OPEC members exceeded their production quotas. Having sold for as much as \$30 per barrel, crude oil prices fell to as low as \$10 a barrel.

The benefits of an improved economy were distributed unevenly across economic classes and regions. For the wealthiest Americans the 1980s were the best of times. The top 1 percent commanded a greater share of wealth (37 percent) than at any time since 1929. Their earnings per year were 25 times greater than those of the 40 percent of Americans at the bottom of the economic ladder. Still, good times meant new jobs—more than 14.5 million. Three million of these were concentrated in unskilled, minimum-wage areas such as hotels, fast-food restaurants, and retail stores. High-paying jobs in financial services, real estate, insurance, and law went largely (70 percent) to white males. Only 2 percent went to African Americans.

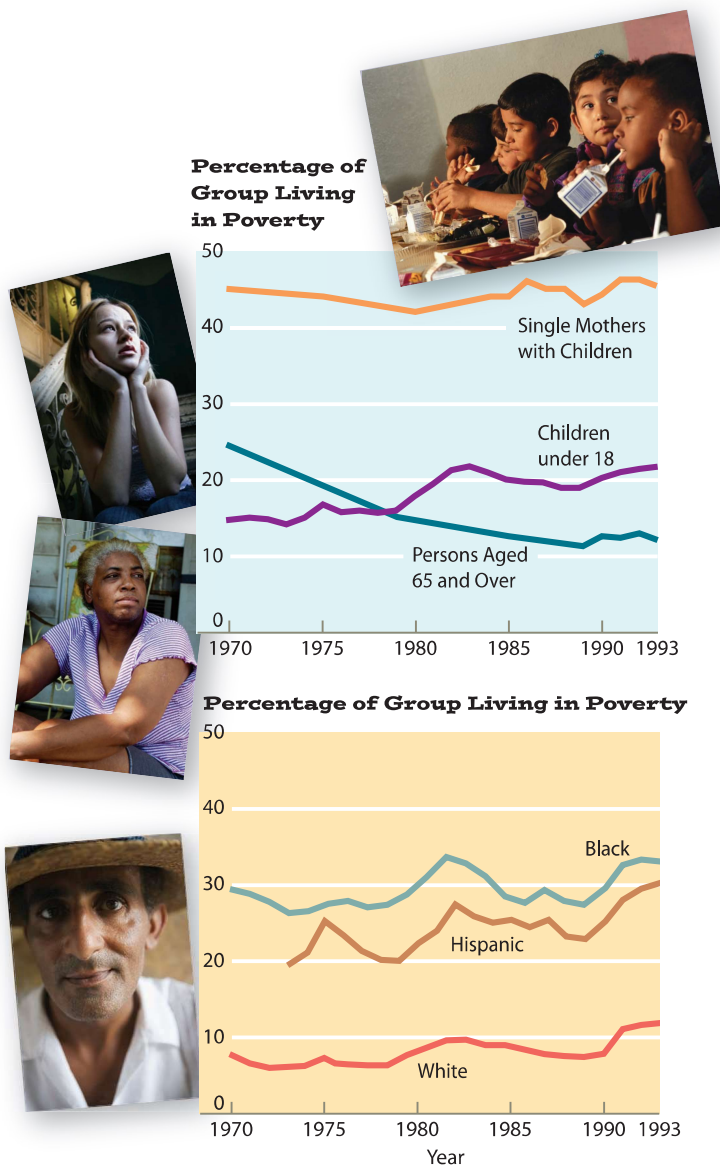
The 1980s also saw an acceleration of the trend toward

outsourcing the contracting of goods or services from outside a company or organization in order to maintain flexibility in the size of the organization’s workforce.

outsourcing, or relocating, high-wage industrial jobs to low-wage areas such as Mexico and Asia. Given its commitment to free markets and free trade, the Reagan

POVERTY IN AMERICA, 1970–1993

Social Security and other income supplements to older Americans reduced their rate of poverty. For all other traditionally impoverished groups the prosperity of the Reagan-Bush years left them slightly worse off than in 1980. The charts also indicate that during the years 1970–1993, poverty was most severe for single mothers and their children and for people of color.



administration resisted pressure to develop a plan to keep jobs at home. Thus, even as the economy grew and inflation dropped below 2 percent, unemployment persisted at over 6 percent, and poverty levels ranged from 11 to 15 percent. Cuts in programs such as food stamps, Medicaid, and school lunches increased the burden on the poor.

Winners and Losers in the Labor Market >>

Several characteristics distinguished workers in the new technology industries from those in older industrial sectors. In general, workers in the new technologies



^ Many high-tech companies build headquarter complexes much like college campuses. Oracle, a business software systems company, erected this gleaming complex in Redwood City, California, near what has come to be known as Silicon Valley.

were much younger and better educated. The media began referring to young, upwardly mobile, urban professionals as Yuppies—part of the younger generation that rejected the antimaterialistic values of their Hippie forebears. To Gen-Xers, those born after 1963 (the end of the baby boom), computers and other electronic devices seemed second nature. Computerization and information technologies streamlined the workplace so that the time it took to develop and bring new products to market fell sharply, along with the cost. Increased productivity also reduced the demand for low-skill workers. By contrast, demand for workers with education and technical skills rose (as did wages) and thereby increased the income gap between those at the top and bottom of the labor market.

In an economy in which brains displaced brawn, educated women were among the big winners. Not only did they find more jobs in high-tech areas and computerized offices, but they also greatly increased their presence in law, medicine, business, and other professional schools. Still, many women continued to flow into lower-paying jobs in health care, education, social services, and government. The net result was that well-educated women gained far more economic independence and a more substantial political voice, while women with fewer skills and less education saw their earnings eroded. Single mothers with children, many who worked in low-wage jobs, were the nation's most impoverished group.

Job displacement in the 1980s had a devastating impact on two other groups, African American men and

organized labor. Beginning in the 1970s, black males lost much of the gains they had made over the previous three decades. The decline in the unionized manufacturing industries such as steel and autos struck hardest at the older industrial cities where blacks had gained a foothold in the economy. Often lacking the education required in the technology sector, black men had difficulty finding new jobs and many simply dropped out of the labor market. Sociologists began to describe an underclass, trapped in poverty, while middle-class blacks escaped devastated urban neighborhoods.

As manufacturing declined so, too, did membership in unions. Labor organized 27 percent of all workers in 1953, 20 percent in 1980, 16 percent in 1990. Only the increase in the number of unionized government workers helped offset the shrinkage in the industrial sector. Deregulation made matters worse. With increased competition in the airlines, trucking, and telecommunications industries (all areas where membership had been strong), unions were forced to make concessions on wages and benefits. A two-tier system emerged in which younger workers received lower pay and hence had less incentive to join unions. A shrinking membership reduced labor's political clout, weakened the Democratic Party, and spurred the conservative revolution.

✓ REVIEW

What were the major goals of the Reagan revolution?

STANDING TALL IN A CHAOTIC WORLD

Ronald Reagan's view of world affairs was primal. "The Soviet Union underlies all the unrest in the world," he stated in his 1980 campaign. Thus he made the defeat of the Communist menace a central mission of his administration. To that end he believed Americans must put Vietnam behind them and once again stand tall in the world. Although he was pleased to see the Soviet threat dissolving by the end of his years in office, the president also discovered that firmness and military force alone were not sufficient to calm regional crises across the world.

The Military Buildup >> Reagan described the Soviet Union as the "evil empire." His plan to defeat that enemy centered on a massive buildup of the American military. Whereas Richard Nixon had thought the United States needed enough force to fight one and one-half wars at any time, Reagan pushed for enough to fight three and one-half around the globe. That required expenditures of over \$1.6 trillion in his first five years (Carter had planned for \$1.2 trillion). The combination of massive defense spending and tax cuts created huge deficits.

The massive military buildup not only created debt, it also expanded the federal government that conservatives were so eager to reduce. Cost overruns and wasteful spending were yet another problem. Exposés of \$600 toilet seats and \$7,000 coffeepots symbolized spending run amok. Worse yet were the multibillion-dollar weapons systems that were unneeded. Air Force planners, for example, persuaded Congress to fund the B-2 bomber, a plane costing \$2 billion each and designed to penetrate Soviet air defenses. Only later did investigators determine that those Soviet air defenses did not exist. In general, advocates of the defense buildup exaggerated Soviet capabilities in order to pressure Congress to appropriate money.

Controversy arose, too, when Reagan's tough-talking defense planners spoke out about winning any nuclear exchange with the Soviet Union. In *Fate of the Earth* author Jonathan Schell warned that no one would win a nuclear war, in which debris in the atmosphere would create conditions fatal to all life on earth. Such warnings revived the antinuclear movement across East Asia, Europe, and America. Bishops of the American Catholic Church felt moved to announce their opposition to nuclear war.

Disaster in the Middle East >> The Middle East continued to be a flashpoint of U.S.–Soviet

tensions when in 1982 Israel invaded neighboring Lebanon to destroy missiles supplied by Syria, a Soviet client state. Israeli general Ariel Sharon also used the invasion to strike a decisive blow against forces of the Palestine Liberation Organization (PLO) that were camped in Lebanon. As the Israeli offensive bogged down, however, international outrage over the killing of Palestinians in Israeli-controlled camps forced Sharon to withdraw his troops.

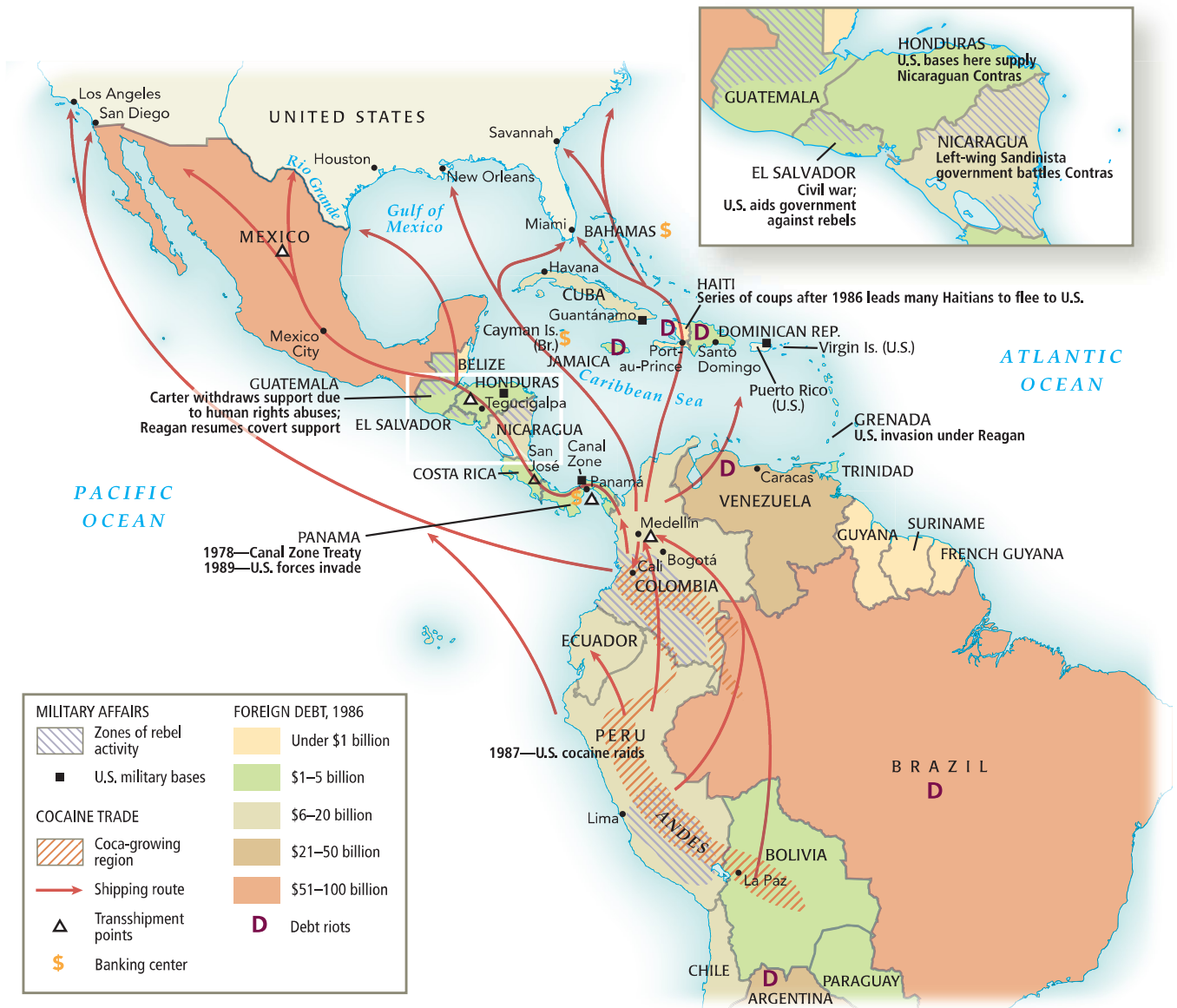
Reagan then decided to send American troops to Beirut, Lebanon's capital, to protect the Palestinians and keep the peace between warring Christian and Muslim factions. Unfamiliar with the terrain or the politics, the Americans were drawn into supporting Christian militias. Muslim radicals responded by bombing the American Embassy and then, in October 1983, a U.S. marine barracks. Some 239 troops died. Confronting a chorus of criticism, including some from his own Defense Department, Reagan withdrew American troops from Lebanon.

The president also groped for a response to terrorist attacks and hostage-taking by Islamic fundamentalists. In response to repeated hijackings and other provocations, the president was forceful and uncompromising: "Let terrorists beware: . . . our policy will be one of swift and effective retribution." But against who should the United States seek retribution? Intelligence agencies had only sketchy profiles of the many terrorist factions and their political allies. In 1986 the president launched an attack against Libya, which sponsored terrorism. But so, too, did Syria and Iran, against whom the administration did nothing.

Frustrations in Central America >> At first, Reagan found he could stand tall closer to home. On the pretext of protecting American medical students studying on the Caribbean island of Grenada, American troops crushed a band of pro-Cuban rebels and evacuated the students, who were hardly at risk. But the action in Grenada was largely symbolic.

More challenging was a campaign to overthrow the left-wing Sandinista government in Nicaragua. The president justified arming the anti-Sandinista "Contras," as aid to "freedom fighters" who battled in the spirit of America's Founding Fathers. True, the Contras included a few democrats and disillusioned Sandinistas, but most had served in the brutal and corrupt dictatorship of Anastasio Somoza, which the Sandinistas overthrew in 1979.

Reagan had no desire to broker a settlement between the opposing forces. Instead, he allowed the CIA to help the Contras mine Nicaragua's harbor, in hopes of destabilizing the Sandinistas. When the mines damaged foreign ships—a violation of international law—Congress adopted the Boland Amendment, which explicitly forbade the CIA or "any other agency



MAP 31.3: CENTRAL AMERICAN CONFLICTS, 1974–1990

President Reagan's attempts to overthrow the Sandinista government in Nicaragua focused American attention on Latin America. So, too, did the staggering debts Latin countries owed to American banks. A sharp rise in the drug trade also destabilized the region, as the Medellín drug cartel in Colombia shipped drugs through havens in Panama and the Bahamas into the United States. In December 1989 President Bush invaded Panama and brought the nation's leader, Manuel Noriega, to the United States to trial for drug trafficking charges.

or entity involved in intelligence activities" to spend money to support the Contras "directly or indirectly." Bowing to criticism, Reagan reluctantly signed the measure, though he remained determined to overthrow the Sandinistas.

Though Reagan's reelection had been expected, the campaign did bring two surprises. In the Democratic primaries Jesse Jackson mounted the most successful effort to that date by an African American presidential candidate. But his call for a "Rainbow Coalition" uniting the poor and working class with ethnic minorities, family farmers, and gay and lesbians failed to attract

enough mainstream support, even among Democrats. Equally unexpected, Mondale chose Geraldine Ferraro, a New York congresswoman, as his vice presidential running mate. Ferraro was the first woman nominated for vice president by either major party.

The victorious Reagan and his advisers looked forward in his second term to tackling stubborn foreign policy problems, including terrorism and the continuing nuclear arms race.

The Iran-Contra Connection >> By mid-1985 Reagan policy makers felt two major frustrations.



^ In 1984 civil rights activist Jesse Jackson became the second African American to run a national campaign for the presidency.

First, Congress had forbidden any support of the Contras in Central America, and second, Iranian-backed terrorists continued to hold hostages in Lebanon. In the summer of 1985 a course of events was set in motion that eventually linked these two issues.

The president made it increasingly clear that he wanted to find a way to free the remaining hostages. National Security Advisor Robert McFarlane suggested opening a channel to “moderate factions” in the Iranian government. If the United States sold Iran a few weapons, the grateful moderates might use their influence in Lebanon to free the hostages. But an agreement to exchange arms for hostages would violate the president’s vow never to pay ransom to terrorists. Still, over the following year, four secret arms shipments were made to Iran. One hostage was set free.

Reagan’s secretaries of state and defense both had strongly opposed the notion of trading arms for hostages. “This is almost too absurd to comment on,” Defense Secretary Weinberger remarked. McFarlane’s successor as national security advisor, Admiral John Poindexter, had the president sign a secret intelligence “finding” that allowed him and his associates to pursue their mission without informing anyone in Congress or even the secretaries of defense and state. Because the president ignored the details of foreign policy, McFarlane, Poindexter, and their aides had assumed the power to act on their own.

The man most often pulling the strings was Lieutenant Colonel Oliver “Ollie” North, an aide to McFarlane and later Poindexter. A Vietnam veteran with a flair for the dramatic, North was impatient with bureaucratic procedures. In January 1986 he hit on the idea that the profits made

selling arms to Iran could be secretly siphoned off to buy weapons for the Contras. The Iranian arms dealer who brokered the deal thought it a great idea. “I think this is now, Ollie, the best chance, because... we never get such good money out of this,” he laughed, as he was recorded on a tape North himself made. “We do everything. We do hostages free of charge; we do all terrorists free of charge; Central America free of charge.”

Cover Blown >> Through the fall of 1986 both operations remained hidden from view until a Lebanese newspaper exposed the Iranian arms deal. Astonished reporters besieged the administration, demanding to know how secret arms sales to a terrorist regime benefited the president’s antiterrorist campaign. As the inquiry continued, the link between the arms sales and the Contras was discovered.

The press nicknamed the scandal “Irangate,” comparing it to Richard Nixon’s Watergate affair. But Irangate raised more-troubling issues. During Watergate Nixon had led the coverup to save his own political skin. But during the Iran-Contra congressional hearings, Admiral Poindexter testified that he had kept Reagan in ignorance “so that I could insulate him from the decision and provide some future deniability for the president if it ever leaked out.” In that way, Iran-Contra revealed a presidency out of control. An unelected segment within the government had taken upon itself the power to pursue its own policies beyond legal channels.

From Cold War to Glasnost >> Because few members of Congress wanted to impeach a genial president, the hearings came to a sputtering end. Reagan’s popularity returned, in part because of substantial



^ Lieutenant Colonel Oliver North successfully took the offensive in his testimony before the congressional committee investigating the Iran-Contra scandals. Here North delivers a pro-Contra lecture to the committee.

improvement in Soviet–American relations. By the 1980s the Soviet Union was far weaker than American experts, including the CIA, had ever recognized. The Soviet economy stagnated; the Communist Party was mired in corruption. The war in Afghanistan had become a Soviet Vietnam. By accelerating the arms race, Reagan placed additional pressure on the U.S.S.R.

In 1985 a fresh spirit entered the Kremlin. Unlike the aged leaders who preceded him, Mikhail Gorbachev was young and saw the need for reform within the Soviet Union. Gorbachev’s fundamental restructuring, or *perestroika*, set about improving relations with the United States. He reduced military commitments and adopted a policy of openness (*glasnost*) about problems in the Soviet Union. In October the two leaders held their second summit in Reykjavík, Iceland. Gorbachev dangled the possibility of abolishing all nuclear weapons. Reagan was receptive to the idea, but in the end did not accept so radical a proposal. Even so, a summit in Moscow two years later eliminated an entire class of nuclear missiles with ranges of 600 to 3,400 miles. Both sides agreed to allow on-site inspections of missile bases and the facilities where missiles would be destroyed.

Thus, as the election of 1988 approached, the president could claim credit for improved relations with the Soviet Union. Loyalty to Ronald Reagan made Vice President George H. W. Bush the Republican heir apparent. The Democratic challenger, Governor Michael Dukakis of Massachusetts, pointed out how much the poor and even many middle-class Americans had lost during the 1980s. But Bush put the lackluster Dukakis on the defensive. With the economy reasonably robust, Bush won by a comfortable margin. The Reagan agenda remained on track.



▲ In October 1986 President Reagan and General Secretary Mikhail Gorbachev met for arms talks at Reykjavík, Iceland. At their second summit meeting Gorbachev proposed that the two superpowers agree to “the liquidation of nuclear weapons.” Reagan liked that ambitious goal (considerably more than his skeptical advisers), but he was unable to agree because he wanted to continue development of an antiballistic missile system.

✓ REVIEW

How did Reagan’s foreign policy try to overcome the legacy of Vietnam?



Which was the greater threat to constitutional principles, Watergate or Irangate?

AN END TO THE COLD WAR

President George Herbert Walker Bush was born to both privilege and politics. The son of a Connecticut senator, he attended an exclusive boarding school and Yale University. His background made him part of the East Coast establishment often scorned by populist Republicans. Yet once the oil business lured Bush to Texas, he became a Goldwater Republican and ran unsuccessfully for the Senate in 1964. Foreign policy interested him far more than domestic politics, though

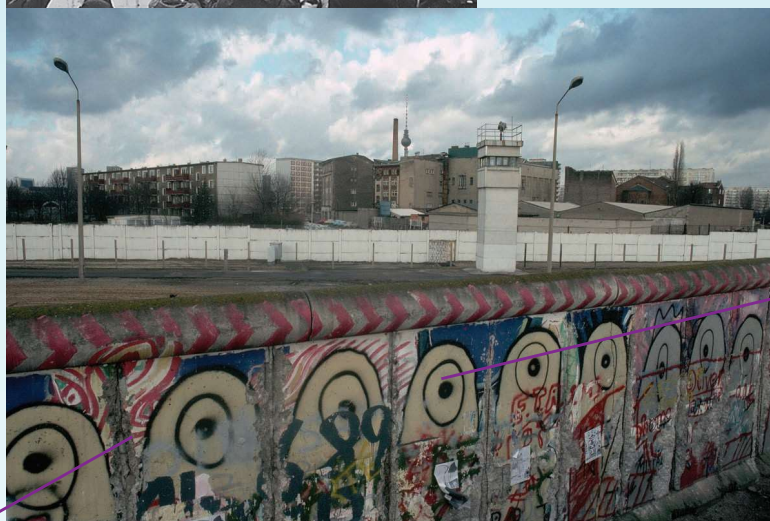


Historian's TOOLBOX

The Berlin Wall



This platform was erected in 1969 when President Richard Nixon visited the Berlin Wall.



In what way do these paintings suggest a difference between the public cultures of East and West Berlin?

Which side of the wall is East and which is West? How can you tell?

No place in the world reflected cold war tensions more than the city of Berlin. And East Germany's erection of a wall there in August 1961—launched in great secrecy in the dead of night—struck many Americans as an escalation of the cold war. Suddenly, the outpouring of educated and skilled East Germans escaping to West Germany ceased. For some 28 years the Wall stood as a stark symbol of a divided Germany, and historians can use the Wall to help track the ups and downs of the long conflict between East and West.

Attempted escapes, the addition of barbed wire and guard posts, espionage novels such as *The Spy Who Came in from the Cold*, the periodic scaffolding erected so that American presidents could project their messages to captive citizens. . . . By 1987 tensions had begun to ease. President Ronald Reagan, while in the city commemorating Berlin's 750th anniversary, challenged Soviet Premier Mikhail Gorbachev to "tear down this wall." Two years later the Wall came down.

THINKING CRITICALLY

What geographic difficulties prompted East Germany to build the Wall? (See Map 27.1.) What symbolic meanings does a wall suggest? Why did so many East Germans want to move to the West? Can you think of ways in which building a wall might have been a good thing?

in the end, inattention to domestic issues proved his undoing as the economy slid into recession.

A Post-Cold War Foreign Policy >> To the astonishment of most Western observers, Mikhail Gorbachev's reform policies led not only to the collapse

of the Soviet Empire but also to the breakup of the Soviet Union itself. In December 1988 Gorbachev spoke in the United Nations of a "new world order." To that end he began liquidating the Soviet cold war legacy, as the last Russian troops began leaving Afghanistan and then Eastern Europe.

Throughout 1989 Eastern Europeans began to test their newfound freedom. In Poland, Hungary, Bulgaria, Czechoslovakia, and, most violently, Romania, Communist dictators fell from power. Nothing more inspired the world than the stream of celebrating East Germans pouring through the Berlin Wall in November 1989. Within a year the wall, a symbol of Communist oppression, had been torn down and Germany reunified. Although Gorbachev struggled to keep together the 15 republics that made up the Union of Soviet Socialist Republics, the forces of nationalism and reform pulled it apart. The Baltic republics—Lithuania, Latvia, and Estonia—declared their independence in 1991. Then, in December, the Slavic republics of Ukraine, Belarus, and Russia formed a new Commonwealth of Independent States. By the end of December eight more of the former Soviet republics had joined the loose federation. Boris Yeltsin, the charismatic president of Russia, became the Commonwealth's dominant figure. With no Soviet Union left to preside over, Gorbachev resigned as president.

Although President Bush increasingly supported Gorbachev's reforms, he did so with caution. Even if he had wished to aid Eastern Europe and the new Commonwealth states, soaring deficits at home limited his options. The administration seemed to accept the status quo in Communist China, too. When in June 1989 China's aging leadership crushed students rallying for democratic reform in Beijing's Tiananmen Square, Bush muted American protests.

The fall of the Soviet Union signaled the end of a cold war that, over the span of half a century, had threatened a nuclear end to human history. At a series of summits with Russian leaders, the United States and its former rival agreed to sharp reductions in their stockpiles of nuclear weapons. The Strategic Arms Reduction Treaty (or START, concluded in July 1991) far surpassed the limits negotiated in earlier SALT talks. By June 1992 Bush and Yeltsin had agreed to even sharper cuts.

The Gulf War >> With two superpowers no longer facing off against each other, what would the “new world order” look like? If anything, regional crises loomed larger. Instability in the Middle East produced the greatest foreign policy challenge. From 1980 to 1988 Iran and Iraq had battered each other in a debilitating war. During those years the Reagan administration assisted Iraq with weapons and intelligence, until at last it won a narrow victory over Iran's fundamentalists. But Iraq's ruthless dictator, Saddam Hussein, had run up enormous debts. To ease his financial crisis, Hussein cast a covetous eye on his neighbor, the small oil-rich sheikdom of Kuwait. In August 1990, 120,000 Iraqi troops invaded and occupied Kuwait, catching the Bush administration off guard. Would Hussein stop there?

“We committed a boner with regard to Iraq and our close friendship with Iraq,” admitted Ronald Reagan. Embarrassed by having supported the pro-Iraqi policy, Bush was determined to thwart Hussein's invasion of Kuwait. He likened the Iraqi leader to Hitler and coordinated a United Nations-backed economic boycott. Increasing the pressure further, he deployed half a million American troops in Saudi Arabia and the Persian Gulf. By November Bush had won a resolution from the UN Security Council permitting the use of military force if Hussein did not withdraw.

On January 17, 1991, planes from France, Italy, Britain, Saudi Arabia, and the United States began bombing Baghdad and Iraqi bases. Operation Desert Storm had begun. After weeks of merciless pounding from the air, ground operations shattered Hussein's vaunted Republican Guards in less than 100 hours. In an act of spite, Hussein resorted to ecoterrorism. His forces set Kuwait's oil fields ablaze and dumped huge quantities of crude oil into the rich Persian Gulf ecosystem. It did him no good: by the end of February Kuwait was liberated, and nothing stood between Allied forces and Iraq's capital, Baghdad. Bush was unwilling to advance that far—and most other nations in the coalition agreed. If Hussein were toppled, it was not clear who in Iraq would fill the vacuum of power.

Domestic Doldrums >> Victory in the Gulf War boosted the president's popularity so high that aides brushed aside the need for any bold domestic program. “Frankly, this president doesn't need another single piece of legislation, unless it's absolutely right,” asserted John Sununu, his cocky chief of staff. “In fact, if Congress wants to come together, adjourn, and leave, it's all right with us.” That attitude suggested a lack of direction that proved fatal to Bush's reelection hopes.

At first Bush envisioned a domestic program that would soften the harsher edges of the Reagan revolution. He promised to create a “kinder, gentler” nation. Yet pressures from conservative Republicans kept the new president from straying too far in the direction of reform. When delegates from 178 nations met at an “Earth Summit” in Rio de Janeiro in 1992, the president opposed efforts to draft stricter rules to lessen the threat of global warming. Bush did sign into law the sweeping Clean Air Act passed by Congress in 1990. But soon after, Vice President Dan Quayle established a “Council on Competitiveness” to rewrite regulations that corporations found burdensome.

Similarly, the president called for reform of an educational system whose quality had declined through the 1980s. But, while he convened a well-publicized “Education Summit” in 1989, the delegates issued a modest set of goals only after the president was urged to do so by his co-chair at the summit, Governor Bill Clinton of Arkansas.



MAP 31.4: WAR WITH IRAQ: OPERATION DESERT STORM

When Saddam Hussein invaded oil-rich Kuwait on August 2, 1990, the United States formed a coalition to force out the Iraqis. (Although Turkey was not a formal member, it allowed its airfields to be used. Israel remained uninvolved to avoid antagonizing Arab coalition members.) The coalition launched Operation Desert Storm in January 1991; land forces invaded on February 24, routing Iraqi troops, who left Kuwait in ruin and its oil fields aflame.

What geographic reason would Iraq have for wanting to invade Kuwait?

The Conservative Court >> Although Presidents Reagan and Bush both spoke out against abortion, affirmative action, the banning of prayer in public schools, as well as other conservative social issues, neither made action a legislative priority. Even so, both presidents shaped social policy through their appointments to the Supreme Court. Reagan placed three members on the bench, including in 1981 Sandra Day O'Connor, the first woman to sit on the high court. Bush nominated two justices. As more liberal members of the Court retired (including William Brennan and Thurgood Marshall), the decisions handed down became distinctly more conservative. The appointment of Antonin Scalia in 1986 gave the Court its most outspoken conservative.

In 1991 the Senate hotly debated President Bush's nomination of Clarence Thomas, an outspoken black conservative and former member of the Reagan administration. The confirmation hearings became even more contentious when Anita Hill, a woman who had worked for Thomas, testified that he had sexually harassed her. Women's groups blasted the all-male Judiciary Committee for keeping Hill's allegations private until

reporters uncovered the story. Thomas and his defenders accused his opponents of using a disgruntled woman to help conduct a latter-day lynching. In the end the Senate narrowly voted to confirm, and Thomas joined Scalia as one of the Court's most conservative members.

Evidence of the Court's changing stance came most clearly in its attitude toward affirmative action—those laws that gave preferred treatment to minority groups in order to remedy past discrimination. State and federal courts and legislatures had used techniques such as busing and the setting of quotas—minimum proportional shares of minorities or women as part of an institution's makeup—to overturn past injustices. As early as 1978, however, the Court began to set limits on affirmative action. In *Bakke v. Regents of the University of California* (1978), the majority ruled that college admissions staffs could not set fixed quotas, although they could still use race as a guiding factor in trying to create a more diverse student body. Increasingly, the Court made it easier for white citizens to challenge affirmative action programs. At the same time, it set higher standards for those who wished to

put forward a claim of discrimination. “An amorphous claim that there has been past discrimination in a particular industry cannot justify the use of an unyielding racial quota,” wrote Justice O’Connor in 1989.

Disillusionment and Anger >> Ronald Reagan had given a sunny face to conservatism. He had assured voters that if taxes were cut, the economy would revive and deficits would fall. He promised that if “big government” could be scaled back, there would be a new “morning in America.” Yet a decade of hands-off conservative leadership left the deficit ballooning and state and local governments larger than ever with fewer resources to address the nation’s needs. A growing number of Americans felt that the institutions of government had come seriously off track. Indeed, such cynicism was fueled by the attacks on big government by Reagan and Bush.



^ As the AIDS epidemic spread in the 1980s, quilts such as these expressed sorrow for lost friends and loved ones. The quilts also served to raise public awareness of the need for a more effective policy to aid people living with AIDS and fight the disease.

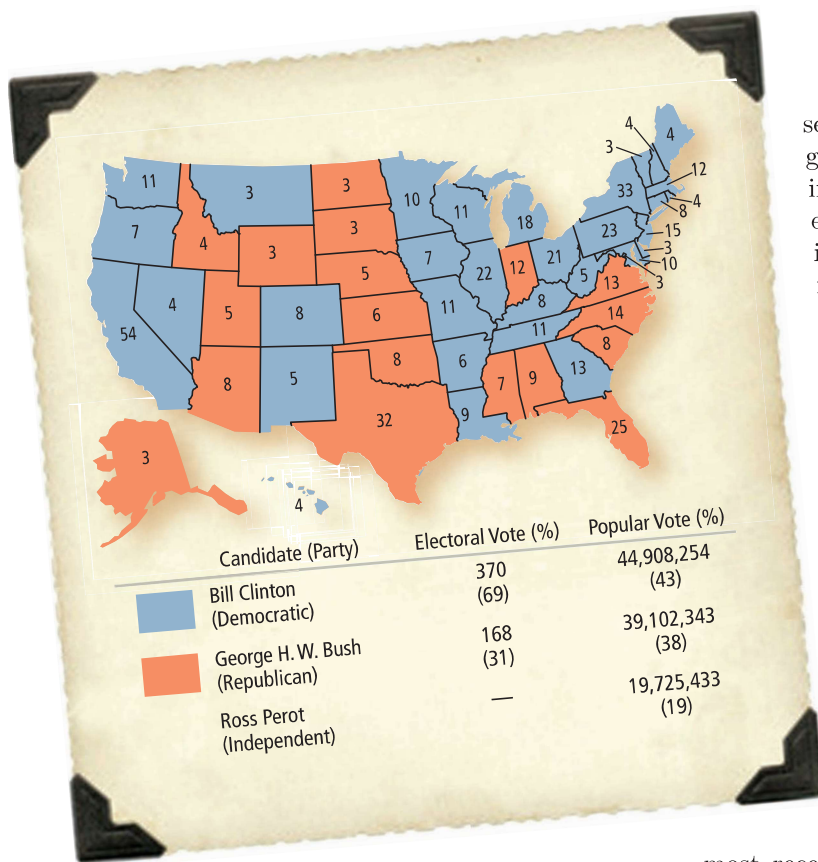
A series of longer-term crises contributed to this sense of disillusionment. One of the most threatening centered on the nation’s savings and loan institutions. By the end of the decade these thrifts were failing at the highest rate since the Great Depression. Reagan’s advisers as well as members of Congress ignored the warnings that fraud and mismanagement were increasing sharply. Only during the Bush administration did it become clear that the cost of rebuilding the savings banks and paying off huge debts might run into hundreds of billions of dollars.

The late 1980s also brought a public health crisis. Americans were spending a higher percentage of their resources on medical care than were citizens in other nations, yet they were no healthier. As medical costs soared, more than 30 million Americans had no health insurance. The crisis was worsened by a fatal disorder that physicians began diagnosing in the early 1980s: acquired immunodeficiency syndrome, or AIDS. With no cure available, the disease threatened to take on epidemic proportions not only in the United States but also around the globe. Yet because the illness at first struck hardest at the male homosexual community and intravenous drug users, many groups in American society were reluctant to address the problem.

Bank failures, skyrocketing health costs, anger over poverty and discrimination—none of these problems by itself had the power to derail the conservative revolution. Still, the various crises demonstrated how pivotal government had become in providing social services and limiting the abuses of powerful private interests in a highly industrialized society.

The Election of 1992 >> In the end, George Bush’s inability to rein in soaring government deficits proved most damaging to his reelection prospects. “Read my lips! No new taxes,” he pledged to campaign audiences in 1988. But the president and Congress remained at loggerheads over how to reach the holy grail of so many conservatives: a balanced budget. In 1985 Congress had passed the Gramm–Rudman Act, establishing a set of steadily increasing limits on federal spending. By 1990 the law’s automatic spending limits were threatening popular programs such as Medicare. To preserve them, Bush agreed to a package of new taxes along with budget cuts. Conservatives felt betrayed, and in the end, the deficit grew larger all the same.

As the election of 1992 approached, unemployment stood at more than 8 percent, penetrating to areas of the economy not affected by most recessions. Statistics showed that wages for middle-class families had not increased since the early 1970s and had actually declined during Bush’s presidency. Many Reagan Democrats seemed ready to return to the party of Franklin Roosevelt, who had mobilized an activist government in a time of economic crisis.



MAP 31.5: ELECTION OF 1992

The Democrats nominated Governor Bill Clinton of Arkansas to challenge Bush in the presidential election. Clinton arose out of the ranks of the baby boomers born after World War II. Like many of his generation he had opposed the war in Vietnam and experimented with marijuana (but “did not inhale,” he assured a skeptical reporter). In the campaign he accused Bush of failing to combat the recession. “It’s the economy, stupid!” read the sign tacked up at his election headquarters. Clinton painted himself as a new kind of Democrat: centrist, independent of liberal interest groups, and willing to work with business.

At the voting booth, middle-of-the-road voters turned to Clinton and, in smaller numbers, to third-party challenger H. Ross Perot. Clinton captured 43 percent of the popular vote (to Bush’s 38 and Perot’s 19) in the largest turnout—55 percent—in 20 years. The election of four women to the Senate, including the first African American woman, Carol Moseley Braun, indicated that gender had become an electoral factor.

✓ REVIEW

What steps did Reagan, Gorbachev, and Bush take to stop the arms race and end the cold war?

The 1992 election left the fate of the conservative revolution unresolved. Under Reagan and Bush the economy had grown and inflation had subsided. Yet prosperity benefited mostly those at the upper end of the income tax scale. Most Americans saw their financial situation stagnate or grow worse. Reagan and Bush had both supported a conservative social agenda that sought to restrict abortion rights, return prayer to the schools, and end affirmative action, but neither had done much to advance those goals. Both presidents weakened the capacity of the federal government to implement social programs.

In foreign affairs Reagan and Bush presided over the end of the cold war. Despite a growing isolationist sentiment among Democrats and Republicans, both presidents had shown a willingness to assert American power—in Libya, Lebanon, Nicaragua, and the Persian Gulf. Domestically the economy had grown and inflation had subsided, despite the most recent recession. Yet this prosperity had benefited mostly those at the upper end of the income scale. In pursuing the conservative creed, both presidents significantly weakened the capacity of the federal government to implement social programs. No longer did Americans expect Washington to solve all the issues of the day.

How, then, would the nation meet the needs of an increasing number of poor, minority, elderly, and immigrant Americans? And what role would the United States play in the post-cold war era, when it stood as the lone superpower in the world arena? Those were questions for president-elect Bill Clinton as he sought to lead the United States into the post-cold war world.

CHAPTER SUMMARY

During the years of the Carter, Reagan, and Bush administrations, the nation’s political and social agenda was increasingly determined by a conservative movement, including newly politicized evangelical Christians, that sought to restore traditional religious and family values, patriotism, and a more limited role for government.

- An energy crisis brought on by Arab-Israeli conflict and an oil boycott by the OPEC nations worsened an already ailing American economy.
- Secretary of State Henry Kissinger used shuttle diplomacy to bring an uneasy peace to the Middle East. He

and President Ford sought to ease diplomatic tensions by pursuing détente with the Soviet Union.

- The fall of Vietnam after three decades of debilitating war left liberal ideals in disarray, though Nixon's overreaching in the White House temporarily forestalled a resurgence of conservatism.
- Jimmy Carter, unable to end the recession at home, pursued success abroad with a human rights policy and the negotiation of the Camp David Accords between Israel and Egypt—only to have the Soviet invasion of Afghanistan and the Iranian hostage crisis undermine his foreign policy.
- Ronald Reagan led the conservative tide with a program to limit the power of labor unions, reduce government regulation, lower taxes, and sharply increase spending on the military.
- Despite a revived economy, Reaganomics had two undesirable outcomes: huge government budget deficits and a growing gap in income between the rich and the poor.
- Conservative appointments to the federal judiciary and the Supreme Court led to decisions increasing limits on government intervention in the areas of civil rights, affirmative action, abortion rights, and the separation of church and state.
- Reagan's efforts to "stand tall" in foreign policy led to the Iran–Contra scandal, which revealed a broad pattern of illegal arms shipments to right-wing rebels in Nicaragua and the trading of arms to Iran in an unsuccessful attempt to win the release of hostages in Lebanon—actions for which the president was sharply criticized but not impeached.
- Both Reagan and George Bush welcomed reforms set in motion by Mikhail Gorbachev that led by 1991 to the breakup of the Soviet Union, reductions in nuclear arms, and an end to the cold war.
- In the post-cold war era, regional conflicts proved more troublesome as Iraq's invasion of Kuwait led Bush to form a UN coalition that routed the forces of Saddam Hussein in Operation Desert Storm.
- For George Bush a continuing recession, high budget deficits, and high unemployment undermined his bid for reelection.

Additional Reading

Bruce Shulman, *The Seventies* (2002), follows the transition from the 1960s to the Reagan era. An intriguing new look at the same subject is Philip Jenkins, *Decade of Nightmares: The End of the Sixties and the Making of Eighties America* (2006). An evenhanded treatment of Jimmy Carter is Robert A. Strong, *Working in the World: Jimmy Carter and the Making of American Foreign Policy* (2000). Two books that do justice to Ronald Reagan and the politics of the right are John Ehrman, *The Eighties: America in the Age of Reagan* (2006); and Gil Troy, *Morning in America: How Ronald Reagan Invented the 1980s* (2005). Considering the transformation into the digital world is Fred Turner, *From Counterculture to Cyberculture: Stewart Brand, the Whole Earth Network, and the Rise of Digital Utopianism* (2006).

Randall Balmer, *Mine Eyes Have Seen the Glory: A Journey into the Evangelical Subculture in America* (2006), offers the perspectives of someone raised in the evangelical tradition. The issue of income inequality is well explained in Jefferson Cowie, *Stayin' Alive: The 1970s and the Last Days of the Working Class* (2010). Racial currents of the era are powerfully conveyed in Nicholas Lemann, *The Promised Land* (1995). The reasonably friendly treatment of George H. W. Bush by Ryan Barilleaux and Mark Rozell, *Power and Prudence: The Presidency of George H. W. Bush* (2004), can moderate the often insightful Kevin Phillips, *American Dynasty: Aristocracy, Fortune, and the Politics of Deceit* (2004). On the first Gulf War see Alberto Bin, Richard Hill, and Archer Jones, *Desert Storm: A Forgotten War* (1998).

Significant Events

