The press is trying to paint me as now trying to undo the New Deal. I remind them I voted for FDR four times. I'm trying to undo the "Great Society."

—RONALD REAGAN

4

Ronald Reagan

One Big Year

RONALD REAGAN (served 1981–1989) swept into the White House more committed to changing domestic policy than any president since Lyndon Johnson. The actor-turned-politician was a high-opportunity president with a clear agenda, but the debates continue about how much change he actually accomplished and what kind of leadership style his presidency really embodied. Granted, the landmark economic legislation passed in 1981 was a tribute to Reagan's effective "going public" and fast-start strategies. And many aspects of his media strategies have drawn praise. Even the "Teflon factor"—Reagan's ability to sustain personal support even in the face of adverse developments—has generated considerable interest. But just how much did this high-opportunity president achieve?

Personal Characteristics

Ronald Wilson Reagan (1911–) is the only president since 1932 to have changed his party identification (in his case, from Democrat to Republican). He also is the nation' s oldest president. Eisenhower was seventy when he left the presidency; Reagan celebrated his seventieth birthday during his first weeks in office. And Reagan is the nation's only divorced president.

"Dutch," as he was sometimes known, grew up in small towns in northern Illinois. His father, who suffered from bouts of alcoholism, persistently changed sales jobs. Jack Reagan, an avid Democrat, was pleased at one point to acquire a minor job with one of Roosevelt's New Deal agencies. Ronald attended Eureka College, a nearby small, church-related school. He enjoyed drama, football, and his involvement with student government while completing his economics major with the aid of a "quick study" approach to examinations.

Career Path

Reagan followed an unusual career path to the presidency. After graduating from college in 1932, he went into broadcasting in Des Moines, Iowa, where he reported "live" (working from a teletype delay) baseball games being played three hundred miles away in Chicago. During one game, his rhetorical skills were tested when the teletype of the play-by-play from Chicago was interrupted and he had to fill in the empty time. In 1937 Reagan accompanied the Chicago Cubs on a spring training trip to Los Angeles. There, a studio screen test sparked the beginning of an acting career. On the payroll of Warner Brothers Studio, Reagan often played the "all American boy." In 1940 he also found time to marry Jane Wyman, a well-known actress. Two years later he entered the U.S. Army Air Corps and was assigned to making training films in nearby Culver City, California.[1]

Reagan entered the political arena, in a manner of speaking, after World War II. From 1947 to 1952 he served as president of the Screen Actors Guild, a labor union representing actors. In that turbulent era "Red-baiters" were charging that communists had infiltrated the movie industry, and aggressive hearings by the House Committee on Un-American Activities produced heated controversies among Guild members. He also participated in several Democratic Party electoral campaigns, including that of staunch liberal Helen Gahagan Douglas, who lost the 1950 California Senate race to Richard Nixon. With his acting career on the wane, Reagan divorced in 1948 and four years later married another actress, Nancy Davis. In 1957 the Reagans starred together in their last movie, and he then accepted an offer from General Electric to lecture its employees and host a weekly TV program. In writing his own speeches, and at points in listening to his new arch conservative father-in-law, Reagan began to change his political philosophy. In 1962 he formally switched to the Republican Party, and in 1964 the newfound darling of the conservatives delivered a national televised speech in support of Republican presidential nominee Barry Goldwater. The speech was so well received that Reagan began to realize he might have a career in politics.

In 1966 Reagan used a strong campaign, the advantage of running against an unpopular incumbent seeking a third term, and a growing Republican tide to win election as governor of California. His eight years in office saw the emergence of a distinct leadership style.[2] He encouraged his staff to prepare brief "mini-memos," and he delegated responsibility extensively. He also used public addresses effectively to support his favorite causes and on occasion to gain leverage with the legislature. Despite his rhetoric of limited government, he actually presided over a period of considerable expansion in state government. The conditions surrounding this development were a strong economy, an activist public mood in areas such as the environment, and an assertive state legislature to which Reagan sometimes paid limited attention. And how did Reagan get around his own rhetoric about limited government? He possessed a shrewd ability to go along with various new or larger programs while maintaining the public's perception that he opposed government expansion. Often, people seemed to conclude that he was at least trying to constrain government operations.

After leaving the governor's office, Reagan made an unsuccessful bid for the Republican presidential nomination in 1976. He gave the incumbent president, Republican Gerald Ford, a real scare in the primaries, as he did well especially in the South and with conservatives. In the 1980 race for the Republican presidential nomination Reagan was the best-known conservative in a field that included former House member and Central Intelligence Agency director George Bush, Senators Robert Dole (Kans.) and Howard Baker (Tenn.), and Rep. John Anderson (Ill.). After a strong Bush showing in Iowa, Reagan used a win in New Hampshire to help gain momentum for his nomination victory.

The fall election between Reagan and incumbent Jimmy Carter was closer than Reagan's ten-point margin would suggest. The lead changed hands several times, with the decisive shift occurring in the last days before the election and in the wake of a televised debate in which Reagan seemed able to shake the image some held of a candidate whose extreme views would be dangerous. He was aided as well by the ongoing hostage crisis in Iran, a weak U.S. economy suffering from high levels of both inflation and unemployment, and Carter's lack of popularity.

What Manner of Man?

Ronald Reagan was known for his confidence and optimism for himself and the nation. An avid storyteller, he was very fond of happy endings.

And there was no doubt in his mind that America's story could continue to be one of unbounded success. His optimism was especially evident during the economic difficulties of 1982. Staff aide Peggy Noonan found this trait part of a long-standing desire to cheer people up, possibly stemming from his early experiences in a family with an alcoholic father.[3]

Reagan also possessed a good sense of humor—and an ability to use it effectively. During a 1984 presidential debate with his Democratic challenger, Walter Mondale, he helped diffuse the age issue by commenting that he would not raise the question of Mondale's youth and inexperience. Self-deprecation often came to his rescue as well. In the wake of newspaper stories suggesting that he occasionally dozed off at meetings, he commented, "perhaps we should put a chair in the cabinet room with a sign saying, 'Ronald Reagan Slept Here.'" Reagan's humor often helped to deflect personal criticism and to convey the image of a president who was not overly impressed with himself.

In fact, it was perhaps that modesty that led his colleagues to find him an easy person to like. Secretary of Education Terrel Bell put it quite simply, "It is hard not to like Ronald Reagan."[4] Nevertheless, he had few close relationships. He spoke often and eloquently of "family values" and was devoted to Nancy, but spent little time with his adult children from either of his marriages. As for staff members, a variety of "kiss and tell" (or, for some, "kick and tell") memoirs frequently pointed to a president who was friendly—but only up to a point. Peggy Noonan, for example, found Reagan a very friendly man who had few close friends.[5] And official biographer Edmund Morris found his subject so unfathomable that he felt compelled to resort to creating a fictitious character to explain Reagan in his 1999 book *Dutch: A Memoir of Ronald Reagan.*[6]

While often somewhat distant, Reagan was rarely vindictive. In selecting a chief of staff, for example, he was willing to hire on Texan James Baker even though he had led Bush campaigns against Reagan in both 1976 and in 1980. He also sought to avoid petty or vindictive actions in his relations with legislators.

Reagan's cheerfulness and modesty, however, masked greater ambition than many realized; he had discussed the possibility of running for Congress as early as the 1940s. Journalist and veteran Reagan watcher Lou Cannon concluded that many observers underestimated him because they failed to see beyond a genial demeanor to a hard, self-protective core that contained both a gyroscope for maintaining balance and a compass pointing toward success.[7] According to Cannon, Reagan's political opponents often made this mistake, thereby leaving themselves unsure why they ended up losing.

During his political career Reagan sought and used information in unusual ways. He liked to glean information and insights in person rather than in writing. He also possessed an ability to read audiences, an advantage developed through his long experience as an actor and public speaker. As early as his 1966 race for governor, he seemed to be ahead of the polls in determining which ideas could be promoted most effectively.

Despite his strong emphasis on the uniqueness and goodness of America, Reagan apparently engaged in no sustained study of American history. A former devotee of science fiction, he and Nancy put sufficient credence in astrological interpretations to warrant changes in the president's schedule if the signs were not right. Stories from *Reader's Digest* and the conservative journal *Human Events* would at points shape his thinking more than analytical materials.

Reagan often used the information he had gathered in the stories he enjoyed telling—even if they were not true. For example, he repeatedly referred to a "welfare mother" in Chicago who was ripping off the system even though his secretary of health and human services had declared the case bogus three times. On environmental policy he asserted that there were as many trees in the country as at the time of the American Revolution. (The U.S. Park Service, however, stated that the correct figure was approximately 30 percent.) He also sometimes ignored seemingly obvious conclusions. For example, when his administration called for tax increases on businesses to the sum of almost $100 billion over three years, he persisted in talking about the new policy as a tax reform rather than a tax increase.

Policy Goals

According to Fred Greenstein, "Reagan . . . was startlingly uninformed about and inattentive to the specific content of policy—a president who appears to have been more dependent on his aides for detailing direction than any president since Harding."[8] Major policy plans would be handed to him and often simply accepted without question. But for those issues important to him, such as the best ways to present his economic policy ideas, he was interested in at least a moderate degree of detail.

In fact, tax cuts were a cornerstone of Reagan's policy views.[9] During the course of the 1980 campaign, he advocated "supply-side" economics (later called "Reaganomics") which envisioned tax reduction as a spur to economic growth and ultimately greater tax revenue even though rates were lower. Lower tax rates also were viewed as a strong incentive for people to work more.

Fewer government regulations were a prime Reagan objective as well. His concerns often reflected his opposition to the social regulations of the Great Society more than the industry-specific regulatory policies that characterized the New Deal. With an eye in part toward regulatory issues he wrote in his diary, "The press is trying to paint me as now trying to undo the New Deal. I remind them I voted for FDR four times. I'm trying to undo the 'Great Society.'"[10] Many members of the nation's business community loudly criticized the expansion of government regulation into areas such as environmental and consumer protection, and Reagan was highly sympathetic to that view. In his assessment, fewer regulations would be a major step toward increasing the productivity of the American economy.

Cuts in domestic spending were another Reagan goal, but virtually no specific targets were suggested. Instead, he spoke generally of eliminating "waste, fraud, and abuse," often accompanied by anecdotes from his California experiences. He also spoke on occasion of greater roles for the states rather than the federal government in determining policy. He even mused about the possibility of changing Social Security into a voluntary system, but he realized this was not a feasible policy goal.

Yet another policy goal was increased spending on defense. The president felt strongly that America's military posture had been allowed to deteriorate under Jimmy Carter's leadership. Thus when "deficit hawks" such as Office of Management and Budget Director David Stockman looked for ways to reduce the deficit, Reagan would often point out that funding for the military was a separate category and was "off limits."

Surprisingly, the oft-touted goal of balancing the budget came last on Reagan's policy list. At first, he promised a balanced budget by 1983, but the deficits mounted nevertheless. Even as the administration sought choices among policy goals, Reagan insisted that defense building and tax reductions take priority.

Reagan's ideas were thus a mix. On social issues he opposed abortion and generally endorsed a conservative agenda but with far less emphasis than he reserved for his economic goals. Even so, he advocated tax cuts and spending cuts with less fervor than Republican leaders such as Newt Gingrich would express a decade later. Some conservatives, then, were uncertain about the real level of commitment held by the fun-loving president. While Reagan often was perceived as an ideologue, some observers saw even at the outset of his administration signs of his pragmatism and aspects of a "consensus politician."[11] With that mix, Reagan was determined to set the nation back on the right course to the "American Dream."

Challenges and Opportunities

The economic challenge Reagan faced was formidable. Since 1973 the U.S. economy had been characterized by high levels of unemployment, lower productivity which was contributing to stagnant incomes, and high inflation. With inflation levels over 10 percent in both 1979 and 1980 coupled with another increase in unemployment, Americans sensed that something new had to be tried.

Momentum was the key to Reagan's opportunities at the outset of his administration. According to Joseph White and Aaron Wildavsky, the election did not create a mandate but it did create an opportunity.[12] In a three-way race with low turnout, Reagan had actually received the support of little more than a quarter of the eligible electorate. Nevertheless, his final election surge to a ten percentage point win, along with Republican success in capturing control of the Senate and gains of thirty-four seats in the House, shocked the denizens of Capitol Hill. Democrats were in disarray, and Speaker Thomas "Tip" O'Neill, D-Mass., anxiously proclaimed that he would not use procedural steps to stand in Reagan's way. The president's initial popularity ratings were not especially high, but they were boosted in April in a most unusual way: the March 31 near-fatal attempt on Reagan's life raised his public support by over 10 percent and that high 50 percent figure held for the coming months. Sensing new opportunities, Republican leaders in Congress were anxious to cooperate.

Among the promising issues, tax cut measures were popular with the public and in Congress, and a proposal similar to Reagan's three-year tax cut (described later in this chapter) had made considerable progress in 1978. The Democrats also were interested in some degree of tax reduction. To members of Congress on both sides of the aisle, Reagan made a strong case for his "supply-side" approach to boosting the economy, even though few prominent economists favored the idea. But at least the sense of economic disarray had created a strong desire to give a new approach a chance.

Public support for other Reagan measures varied and tended to drop off after his first year. Both voters and members of Congress were fairly skeptical about the merits of deregulatory policies—after all, environmental regulations often were quite popular. At first, the public also supported an increase in defense spending, but that support declined markedly after 1983. Domestic spending cuts were popular in the abstract, but not for popular programs like Social Security. Unfortunately for Reagan, there were no easy spending reduction targets that could generate the savings he hoped to achieve.

Reagan's second-term opportunities were not especially large. The victory over his Democratic challenger, Walter Mondale, was aided more by a strong economy and Reagan's far greater skill as a campaigner in the age of television than by support for a new agenda. One of Reagan's few strong issues was his advocacy of tax reform. The impact of the Iran-contra controversy on Reagan's popularity (his administration, contrary to stated policies, had carried out a policy of selling arms to Iran and using the profits to aid the contras fighting the oppressive Sandinista government in Nicaragua) and the public's increasing perception of a presidency in disarray further reduced interest in new Reagan policy initiatives. The president did regain some public standing, however, during his last year in office as he moved from a hardened stance toward the Soviet Union, calling it an "evil empire," to a more flexible policy after Soviet reformer Mikhail Gorbachev sought improved relations with the United States.

Leadership Style

Reagan's orientation to presidential leadership was somewhat unusual. Despite abandoning his earlier commitments to most of FDR's domestic policies, he admired Roosevelt's rhetorical skills and, like FDR, placed great emphasis on the importance of reassuring the electorate. At the same time, in his cabinet room he prominently (and symbolically) displayed a portrait of "silent" Calvin Coolidge. In Reagan's view, a president's proper role was that of "preacher"; he was skeptical of a more activist role for the nation's leader.

Much of Reagan's leadership orientation had developed over the course of his career, especially during his years as governor of California. Both Reagan and his advisers also were motivated, however, by a very simple rule: find out what Jimmy Carter did and then do the opposite. Thus the president and his staff cultivated the media at the outset, recruited seasoned Washington figures for several key staff positions, and established a limited, focused first-year agenda.

The Advisory Process and Approach to Decision Making

Reagan's cabinet, which he selected quickly and with limited personal involvement, tilted toward elderly businessmen with establishment ties. It included one woman, Jeane Kirkpatrick, ambassador to the United Nations, and one African American, Samuel Pierce, secretary of housing and urban development. Donald Regan, secretary of the Treasury, brought to his office a background in the securities industry. James Watt, secretary of the interior, was noted for his harsh criticism of many environmental regulations. Two Californians also had prominent positions—Caspar Weinberger served as secretary of defense and William French Smith as attorney general.

The configuration of the top staff positions had a major impact on Reagan's accomplishments. He decided on a "troika"—in which James Baker served as chief of staff, Edwin Meese as special counselor to the president, and Michael Deaver as special assistant to the president for special events. This decision, which came as a surprise to Meese who had served as Reagan's chief of staff during his governorship, was made with the encouragement of longtime Reagan adviser Stuart Spencer and pollster Richard Wirthlin. Meese loved organizational matters, but some Reaganites questioned his ability to actually get things done and worried about the impact of his strong conservative views. Reagan thus asked James Baker to be chief of staff but to share power with Meese and Deaver. Top staff aides in areas such as legislative liaison and press relations reported to Baker; Meese chaired a series of cabinet councils. Through the Office of Planning and Evaluation (OPE) Reagan also instituted an effort to coordinate policy with poll results in order to better link policy efforts to public opinion.

The centrality of Baker's role was much in evidence in 1981 as Reagan's fast start with Congress emerged. Michael Deaver, a longtime Californian who was close to both Reagan and the first lady, was responsible for planning all special events and had a major media role. Interestingly, the public only became aware of the extent to which the Reagan White House was functioning as a troika when the press reported who was coming and going from Reagan's side in the spring of 1981 as he recovered from his bullet wound at George Washington Hospital.[13]

The cabinet process that emerged took on a fair degree of importance. Meese coordinated a group of what was at first seven cabinet councils (later two) composed of four to six department heads who had overlapping policy areas. At their meetings the councils reviewed policy and developed options. During Reagan's first term, more than five hundred such meetings were held, more than half devoted to economic affairs. Adding to their prestige, Reagan often attended.[14] The gatherings produced some important ideas, and cabinet officers were given a sense of involvement, but at points these councils engaged in a rather routine shuffling of proposals. Their importance also was limited by the tendency for final decisions to be made at the staff level. Nevertheless, until abandoned in the second term, they did enhance the contributions of cabinet members to the administration—much more so, in fact, than in most other presidencies.[15]

At the beginning of Reagan's second term he sent James Baker to head the Treasury Department and its former secretary, Donald Regan, replaced Baker as chief of staff. Regan's autocratic leadership style quickly drew wide criticism, and many Washington observers were relieved when Regan was fired after the Iran-contra scandal and replaced by veteran legislator Howard Baker, a Tennessee Republican. Nancy Reagan was a driving force in that shift, as she openly despised Regan and felt he was not doing enough to protect the president's reputation.[16]

Among the domestic advisers, David Stockman, director of the Office of Management and Budget, played an extremely important role in the Reagan administration. Only thirty-four at the time of his recruitment, Stockman had served as a staff aide to Rep. John Anderson, R-Ill., and two terms as a member of Congress from Michigan. (In one of those strange coincidences, while at Harvard Stockman had worked as a babysitter for Daniel Patrick Moynihan, who later, as a Democratic senator from New York, would be an outspoken critic of Reagan's economic ideas.) To the left politically in the 1960s, Stockman had changed his views dramatically by the late 1970s. While a member of Congress, he zealously sought budget cuts. Elsewhere in the administration, Martin Anderson, who early on helped to shape Reagan's economic policy position papers, headed the Office of Policy Development. Another player in Reagan economic policy was Murray Weidenbaum, an economics professor from Washington University with a specialty in regulation and its impact on business. He served as chairman of the president's Council of Economic Advisers for two years. Beginning in 1983, however, the top positions began to change as Anderson and Weidenbaum left, feeling that few new ideas were being pushed. Other domestic positions also began to experience rapid turnover.

Reagan's role in the decision-making process appeared limited. He often presided passively at the larger meetings and then made decisions as

he interacted with a few advisers and responded to formal recommendations. On occasion, he made decisions without thoroughly reviewing his options. In early 1981, for example, he quickly endorsed a proposal for reducing Social Security benefits for those retiring before age sixty-five.

As his presidency progressed, Reagan sought to establish basic decision-making guidelines but seldom displayed curiosity about policy issues and possible new approaches. In 1981 the Reagan administration made a concerted effort to maintain a short agenda by focusing on taxes and spending. Other issues, such as social policy and deregulation, were kept off the front burner, at least in the beginning. After Reagan's troubles with Social Security in 1981, James Baker strove to avoid any policy moves that would jeopardize political support on that issue. He accomplished this feat by checking the political feasibility of an action often and paying considerable attention to Richard Wirthlin's polling. One result of those assessments was that few proposals were introduced by the administration for statutory changes in regulatory policies; Reagan and his advisers had concluded that success in Congress was unlikely. Especially after the first year, Reagan also displayed a willingness to compromise. As a result, the "Reaganauts" such as Edwin Meese complained frequently that the "pragmatists" such as James Baker were exercising too much influence. Yet an interest in quiet compromise, perhaps even while denying a retreat, had long been part of Reagan's decision-making style.

In the long run the president's decision-making approach had both its strengths and its limitations. Colin Campbell concluded in 1986 that the troika arrangement in the first term successfully brought a range of policy options to the president and seemed to meet his needs quite well.[17] During the momentum of the first year he was able to energize his administration to produce some 223 proposals—a performance rivaling that of the generally more action-oriented first-year Democratic administrations.[18] The level of promotion declined markedly, however, after the first year. While a measure of decline was inevitable, Reagan's staff processes also reflected a chief executive with limited interest in the more subtle ways in which public policy might be guided to shape a more conservative agenda.

Administrative Strategies

The significance of Reagan's administrative strategies was dramatically demonstrated in August 1981 as he reacted to a strike by the nation's

11,500 air traffic controllers. The Professional Air Traffic Controllers Organization (PATCO) had supported Reagan in the 1980 election and did not anticipate that their strike would lead to drastic action. The president, however, summarily dismissed the controllers who did not immediately return to work, replaced them with controllers from the military, and established a program that would train additional replacements rapidly. His action appeared to demonstrate the merits of a hard line on labor-management disputes. That attitude permeated decisions by the National Labor Relations Board during the Reagan years and encouraged management to take a hard line on strikes as well.

The Reagan administration pursued a variety of administrative strategies in its attempts to control the federal bureaucracy and achieve its policy goals. In the civil rights area the biggest, most systematic push was against affirmative action.[19] In particular, the president's appointments to the Civil Rights Division of the Justice Department reflected a skepticism with existing policies and a strong desire to curtail non-colorblind policies such as affirmative action. In assessing the actual results, however, Robert Detlefsen concluded that a combination of administration uncertainty as to what policies it wanted to pursue and strong resistance from civil rights supporters prevented fundamental change.[20] On some social policy issues of interest to the Christian right as well as civil rights, the administration strongly emphasized the selection of judicial nominees. Reagan underscored the importance of that strategy in 1986 when he stated, "In many areas—abortion, crime, pornography, and others—progress will take place when the federal judiciary is made up of judges who believe in law and order and a strict interpretation of the Constitution."[21] In fact, judicial appointments (the unsuccessful Supreme Court nominations of Robert Bork and Douglas Ginsburg notwithstanding) became one of Reagan's most important, if least recognized, legacies, beginning with the 1981 nomination of the first woman to the Supreme Court, Sandra Day O'Connor. Because he found relatively young, ideologically committed conservatives to fill court openings, even after he left office his followers would be shaping the law.

Another Reagan strategy consisted of using personnel selection to accomplish desired policy objectives. From the beginning, appointments at the subcabinet and agency levels were controlled more extensively than those for several earlier administrations. Reagan hoped to shape lower-level action by establishing clear goals.[22] The recruitment of upper-level staff, especially in the regulatory policy area, was geared toward seeking candidates with demonstrated conservative credentials. Thus regulatory

appointments included selection of a former Indiana legislator who had opposed the passage of federal legislation regulating strip mining operations to oversee the new program and Ann Burford, an attorney who had sought to soften environmental regulations and wanted to reduce the role of the Environmental Protection Agency, to head that office. James Miller III, who became chairman of the Federal Trade Commission, had been one of its critics and had helped to design Reagan's program for regulatory relief.

Other strategies were pursued to varying degrees. While the practice of central review of regulatory actions had gained some popularity, Reagan went far beyond the actions of any of his predecessors.[23] Vice President George Bush headed a Presidential Task Force on Regulatory Relief which operated until 1983. Reagan was quite reluctant, however, to push for statutory change in the face of perceived reluctance in Congress and in the face of public support for policies that targeted environmental goals such as clean air.

Given the difficulties Reagan encountered, it is not surprising that most assessments of his administration have judged its accomplishments modest. Economist Peter J. Boettke concluded, "The Reagan presidency surely promised more than it delivered in terms of regulatory relief. Despite the rhetoric, the Reagan administration did little to turn back the role of the state in economic activity. For those who believe in the efficacy of the free market and the ideals of limited government, the Reagan years represent merely frustration and missed opportunities—the embodiment of the triumph of politics over principle."[24] In short, little evidence exists that Reagan was able to successfully "jump-start" the economy through changes in regulatory policy.

His regulatory strategies did have some impacts, however, reducing burdensome regulations in some cases and easing necessary, protective restrictions in others. The air controllers' strike sent an important signal to the unions, and Reagan appointees delivered up decisions in some areas, especially the environment, that differed from those of the 1970s. All this added up to a significant Reagan imprint on the regulatory process even while falling short of the broad proclamations of a regulatory policy revolution.

Public Leadership

President Reagan was at home before the television cameras. According to Mary Stuckey, "His rhetoric was short, sharp, and thematic. His delivery was designed specifically for television and was full of word pictures designed to complement the visuals of television. His style is best characterized as conversational, even chatty. In keeping with the apparent intimacy of the television medium, Reagan spoke to the electorate in a friendly, informal fashion, reducing the formal distance between himself and his audience."[25]

Good results did not occur by chance: various strategies were used carefully. During his earliest days in the White House, Reagan tried to cultivate members of the Washington press corps. Staff members were encouraged, however, to limit their own availability to the press, especially on issues of political strategies and where difficult questions might be involved.[26] Press conferences were used infrequently, and a variety of techniques such as gestures to whirling helicopter blades or to his partially deaf ear were used when Reagan did not want to answer a difficult question. Under the guiding influence of Michael Deaver, the White House developed a "theme for the day" in media coverage. Deaver emphasized not the technical aspects of stories but the "visuals" and paid careful attention to such detail as where the president might best stand in different situations. Communications Director David Gergen (whose expertise was later used for a time by Bill Clinton) also brought considerable skill to his role. In fact, the president was supported in his public leadership role by a staff of over one hundred people who helped him to "write, talk, and listen to the American public."[27]

The administration's emphasis on domestic policy during its first two years at the expense of attention to some key foreign policy issues was unique. This focus was especially vexing, however, to Secretary of State Alexander Haig, who repeatedly lobbied Reagan to devote himself to foreign policy issues. Reagan gave no fewer than five major speeches dealing with the economy in 1981 and another three in 1982. Speeches on domestic matters then virtually disappeared; none were made during the final two years of the first term and only three during the entire second term.

Unquestionably, the president's most effective addresses were on economic issues in 1981. He made no other major addresses immediately prior to major votes on other issues, however, and the effort to promote a federalism initiative in 1982 proved to be a failure.

The Reagan White House referred frequently to the bully pulpit as the president sought, through his messages, to expand on his general views of America and what actions might be appropriate for its citizens. He sought to promote three broad themes: (1) a free society that rests not on competition between individuals but on the development of voluntary associations and the art of teaming up; (2) the imperfect quality of human nature; and (3) personal responsibility.[28] Reagan talked more extensively about these and other issues in religious terms than did Carter despite his less-apparent religious commitment. While he did not use moralistic themes more than other presidents, his economic policies were discussed in moralistic terms to an unusual degree.[29] William Muir believes Reagan's use of the bully pulpit had a very significant impact: "To the American public he restored a common sense view of human nature, human goodness, and human society. He renewed public confidence in America's private and public institutions, not the least the American presidency. Furthermore, virtually everywhere on earth he inspired popular appreciation of the free market and liberal democracy."[30]

In fact, of all the presidents Reagan was one of the most skilled in sustaining his personal popularity. Part of the explanation is that his persona combined qualities many citizens found likeable—in other words, it was not the persona of a typical "politician." He also owed his success to the so-called Teflon factor, allowing him to dodge the impact of negative developments in his administration, and his use of the lightning rod strategy in which he would claim convincingly, in a variety of areas, that he was not aware of the specific actions of others in his administration. Richard Ellis has argued, however, that this strategy, which was applied in a limited way, did not isolate him from the unpopularity associated with Secretary of the Interior James Watt. After the first year, criticism of Watt became increasingly coupled with criticism of the president.[31]

Yet another aspect of Reagan's ability to sustain his popularity was his capacity to maintain the public perception that he was a person of strong convictions while actually engaging in a surprising number of compromises and retreats. On tax policy, for example, he was able to maintain his reputation as a tax cutter despite the fact that no fewer than fourteen of the eighteen tax bills he signed actually increased taxes. The manner in which he quietly handled his compromises without being branded as "just another politician" may well have been quite central to his popularity with the public.

Congressional Leadership

In organizing his legislative liaison operations, Reagan recruited an experienced and able group of aides.[32] They included veteran lobbyist Max Friedersdorf and Kenneth Duberstein, who was responsible for the difficult task of mobilizing support for Reagan's 1981 economic package in the House. Chief of Staff James Baker, as head of a Legislative Strategy Group (LSG), also had an extremely important role in congressional relations, especially in 1981. The LSG met almost daily and was responsible for many strategic decisions as well as coordinating both legislative and public support-building efforts.

Reagan was at points quite willing to lobby members of Congress. In 1981 he met no fewer than sixty-nine times with various groups of members. He had considerable confidence in his own persuasive abilities and undertook a direct lobbying role with enthusiasm. That enthusiasm did not cover a wide range of issues, however, and his legislative liaison aides preferred to focus closely on the president's personal agenda. As a result, after 1981 the task of promoting policies in Congress fell increasingly to his legislative liaison staff.

Legislative Enactments

Ronald Reagan began his presidency with a fairly clear and fixed view of his priorities. He was determined to focus attention on economic issues and push for enactment of a select few big-ticket items. This strategy helped him achieve some significant early victories.

1981: The Big Year

Reagan's first year in office produced two important measures. The Economic Recovery Tax Act (ERTA) provided multiple changes in the nation's tax policies, including reduced tax rates on individuals and corporations of 5 percent the first year and 10 percent each of the next two years. In addition, the bill indexed taxes to correct "bracket creep" (when inflation forces taxpayers into higher tax brackets)—in retrospect, an extremely significant development. Other key changes included: a reduction, from 70 percent to 50 percent on investment earnings, in the marginal, or "last dollar earned," tax bracket; tax advantages for business, including more rapid depletion allowances and a "safe harbor" arrangement for leasing tax advantages to other industries; and a reduction in the federal inheritance tax to allow estates of up to $600,000 to be inherited tax-free. On the spending side, the Omnibus Budget Reconciliation Act of 1981 (OBRA 81) reduced existing spending levels by approximately $37 billion and projected future (partly unspecified) cuts for a three-year total of $130.6 billion. In the first year, cuts focused primarily on programs providing assistance for the working poor and on federal grants to the states.

Reagan contributed to his year of success with multiple strategies and considerable energy.[33] At several key points he successfully went public to place pressure on reluctant members of Congress. His first foray occurred when he addressed a joint session of Congress a month after the assassination attempt. He was welcomed warmly with hand waving and many outbursts of applause. He then attacked the Democratic proposals as the "old way." The president closed with an effective appeal to the public to support his plans and a pledge: "loyalty to only one special interest—the People."

A second dramatic effort occurred two days before the House vote on Reagan's tax cut bill because the administration still lacked the votes needed to pass it. After a persuasive appeal, the president urged Americans to contact their senators and representatives and tell them this was "an unequaled opportunity to help return America to prosperity and make government again the servant of the people." Speaker O'Neill described the speech as "devastating." In view of the swift and overwhelming public response, Democrats became reluctant to oppose the legislation and resistance crumbled.[34]

As noted, Reagan's big year began with his key decision to focus on a limited agenda. Unlike Carter who had put forth a large agenda in 1977, Reagan would avoid potentially divisive social issues during his first months in office. To buy time, however, he used a major address in March to stress his commitment to conservative values while also emphasizing the importance of judicial appointments. He would change regulatory policies, he hinted, through administrative strategies rather than efforts to pass new legislation. To an unusual degree Reagan was successful in 1981 in focusing legislative attention on his preferred economic issues.

Once in office, Reagan adopted a fast-start strategy and began immediately to create his proposals. David Stockman worked around the clock seeking budget cuts, and some cabinet members were barely able to locate their desks before being lobbied to accept the cuts Stockman was proposing. Many reductions were quickly approved in an elaborate committee process. Nevertheless, Stockman faced immense problems as he contemplated the need for future spending cuts. To help achieve speed and to reduce likely congressional resistance, he decided to simply earmark some $75 billion for "unspecified" future cuts.

Developing the tax cut proposal was a difficult process in part because of the uncertainty about economic assumptions. The fundamental problem was that Reagan was proposing to simultaneously wring inflation out of the economy and provide the framework for strong economic growth. Unfortunately, for anyone setting monetary policy these goals are contradictory; fighting inflation and promoting growth require, respectively, restrictive and expansionary money supply policies. The pressure on policy makers to agree on some kind of economic projection was intense. In the compromise that ensued, a "rosy scenario" was adopted to reduce the pressure for difficult decisions. This step postponed a resolution of positions on monetary policy while also imposing relatively little "pain" for Congress and the public to absorb.

In dealing with Congress, Reagan strategists correctly reasoned that they would have a stronger chance of achieving their tax cut if that body first enacted spending cuts to demonstrate its discipline. The White House and Congress also took advantage of the "reconciliation" process for establishing budgetary guidelines. Democrats as well as Republicans had promoted use of this process, first established in the Budget and Impoundment Act of 1974, as a step toward producing a more rational allocation of spending priorities. Reagan himself had used the process earlier in the year and to his considerable advantage as members of Congress were asked, before committee hearings were held, to support his overall budget outline, with general spending targets in various program areas.

In seeking votes, Reagan dealt with individual members extensively and persuasively. In the House he especially targeted the Boll Weevil Democrats, a group of southern Democrats who were sympathetic to many of his objectives. The president, in most instances, adopted a soft sell. After all, he was in a relatively strong position because both he and his plan were highly popular in most of the Boll Weevils' districts. In other instances, the White House undertook classic deal making for votes.

Reagan strategists had intended passage of the Omnibus Budget Reconciliation Act of 1981 and its spending cuts to justify the tax cut portion of the president's package. Some policy makers, however, were skeptical of the scope and nature of the spending cuts, which avoided controversial and large growth areas such as Social Security and Medicare. Even some Republicans privately raised their eyebrows, and some voices of the business community such as the *Wall Street Journal* expressed their concern as well.

In the face of such skepticism, the tax cuts proved to be as difficult to pass as the spending cuts. The legislation itself was plagued by several major, legislatively spawned changes and intense bidding wars for supporters, lured by modifications of tax reductions to aid specific interests. The Republican efforts to gain support proved difficult not just because of Democratic resistance but also because many Republicans worried that passage of the bill might lead to fulfillment of a long-standing fear—increasingly large federal deficits.

In the Senate, Reagan sought and received help from several legislative leaders for passage of his tax reduction package. He had met with Senate majority leader Howard Baker several times before inauguration day, and Baker continued to work with both Reagan and his Legislative Strategy Group in the days leading up to the votes on the tax cut legislation. Privately, Baker had misgivings about the economic package and publicly referred to the plan as a "river boat gamble," but generally he worked quite effectively in garnering Republican support. The chairmen of two Senate committees also had influential roles. Pete Domenici, R-N.M., the new chairman of the Budget Committee, played a key role in his willingness to go along with the popular new president. Even more important, Sen. Robert Dole, R-Kans., new chairman of the Senate Finance Committee, helped to broker the extensive changes that were being proposed by lobbyists and their legislative advocates.

The tax bill that finally emerged from the Senate was considerably different from the one Reagan had proposed. The president and his aides clearly supported two of the changes, which they had been reluctant to propose because of likely political attacks. The first, the introduction of tax indexing (as of 1985), was successfully promoted by Sen. Lester Armstrong, R-Colo. This change, passed easily, contributed significantly to the large deficits in Reagan's second term. The second change, introduced by Senator Dole and again privately applauded by Reagan, was the reduction, from 70 percent to 50 percent, in the tax on investment income in the top marginal tax brackets.

The changes viewed with greater concern were the tax advantages inserted for businesses. David Stockman quickly labeled the amended legislation a "Christmas Tree" bill. Lobbyists had seen a grand opportunity for inserting some of their favorites into the larger bill and had pushed with considerable skill. The costs of these measures alarmed Stockman, who told journalist William Greider that he and others "did not really know what all those numbers added up to."[35]

By July David Stockman had become so alarmed that he and Baker aide Dick Darman privately debated the merits of quietly maneuvering to get the tax measure in the Senate defeated by refusing to make some of the necessary last-minute deals. They decided, however, to avoid sabotage and hope that the problems in the president's taxing and spending policies would be corrected at a later date. As the bargaining continued, enough votes were gathered for passage of the bill by the Republican-controlled Senate.

The tax cut legislation also met obstacles in the House. The Democrats, recognizing that some form of tax cut would pass in 1981, tried to craft an alternative to Reagan's proposals. They sought to reduce taxes less, especially in the top income brackets. At the same time, however, they were quite willing to engage in a variety of bargaining efforts that gave advantages to various business groups. The focal point for this effort was the House Ways and Means Committee, newly chaired by Daniel Rostenkowski, D-Ill.

Adopting the same strategy he had used for passage of the spending cuts, Reagan pried enough southern Democrats away from their party to gain passage of his proposal. His "inside" efforts included a weekend stay at Camp David for fifteen wavering Democratic members of Congress. In the wake of the orchestrated "stroking" with direct presidential attention, twelve of the fifteen ultimately voted for Reagan's tax cuts. Then, in a more dramatic "outside" gesture, he went public two days before the vote in a highly effective manner.

Reagan dominated Congress in achieving passage of his economic policies. His triumphant signing of the new legislation in August 1981, however, constituted the high-water mark in terms of both influence and support for his economic policies. During his August vacation, a sharp drop in the stock market was attributed to investors' nervousness about deficits and the likelihood of inflation. In response, Reagan strategists devised a modest plan for further spending reductions and some tax changes. The president was sufficiently concerned to undertake another address to the nation. In this instance, however, members of Congress had little enthusiasm for reentering difficult policy areas and approved only $4 billion of the $13 billion in reductions Reagan had requested.

Policy Responses: 1982–1989

After a successful first year when Reagan "hit the ground running" and achieved several key legislative victories, relations between the president and Congress began to sour. Power began to shift to Congress as Senate Republicans and, on occasion, Reagan critics grabbed control of the

agenda. Reagan's second term was marked by passage of a landmark tax bill and continuing budgetary conflicts with a headstrong legislature. At points, the president's large requests for defense increases were labeled "DOA"—dead on arrival—when his budgets were delivered to Congress.

Responses to the Recession. In the economic downturn that began to overtake the country in late 1981 through 1982, unemployment surged close to almost 10 percent. The government was clearly taming inflation, but economic uncertainty was widespread. In this context several important measures emerged from Congress. One key enactment was the Joint Training Partnership Act (JTPA); another was a bill calling for new transportation spending, largely to provide jobs. Passage of JTPA came only after considerable lobbying by the Reagan administration. The president had been highly critical of the Comprehensive Employment Training Act (CETA) passed during the Carter administration because of its cost and partial use of public sector jobs. He was anxious, then, to end CETA and establish a new program. The proposed JTPA relied more heavily on the private sector. On Capitol Hill successful compromises emerged with the efforts of an unlikely pair of senators—Republican Dan Quayle of Indiana and Democrat Edward Kennedy of Massachusetts.

Reforming the Federal Tax System. The debate surrounding the passage of tax cuts in 1981 was only the first of many tax policy debates held during the Reagan years. In 1982 Congress, worried about the mounting deficits, passed the Tax Equity and Fiscal Responsibility Act (TEFRA). The combination of Reagan's cuts and loss of tax revenue as the nation slid into a recession produced unprecedented peacetime projections of red ink. The 1982 deficit was projected to be over $100 billion and future figures far larger. Senate Finance Committee chairman Robert Dole, who was caustically critical of Reagan's supply-side approach to the economy, provided the primary leadership. Some provisions of the act addressed what were widely perceived to be the excessive favors granted to businesses in the 1981 legislation. The heart of the measure, however, was a tax increase—$98 billion over three years. The bill reduced the 1981 tax cut by about a quarter; most of the restored revenue was to come out of corporate taxes. In his January 1981 State of the Union address Reagan had loudly condemned the view that budgets could be brought into balance by increasing taxes. Thus key aides, knowing that he would not accept a tax increase, sold the new legislation to Reagan by stressing its tax reform nature, not its tax-raising elements.

A second deficit-reduction package containing tax increases was passed in 1984. It called for some $13 billion in spending cuts and another $50 billion in new taxes. Sometimes described as a hodge-podge, the bill had no central goal other than to find politically feasible ways of reducing the deficit. Once again, Reagan quietly added his signature to a tax increase.

Two years later, after much debate, the Tax Reform Act of 1986 emerged from Congress.[36] This bill was based on a simple principle: achieve lower tax rates across the board by eliminating many of the loopholes or special deductions being used by taxpayers. The measure was intended to be "revenue neutral" rather than a tax increase or decrease. Moreover, fewer deductions for marginal economic activities such as "hobby farms" and unnecessary real estate projects might lead to more efficient allocation of economic resources.

The Reagan administration and members of Congress contributed extensively to the emergence of this legislation. Reagan, who liked the emphasis on simplicity, asked Treasury Secretary Donald Regan to develop the initial proposal. And early on, several members of Congress, including Sen. Bill Bradley, D-N.J., strongly advocated passage of such a scheme. Regan's proposal, however, did not garner strong support when it was made public in the fall of 1984. President Reagan then contributed to his own problems when he stated (incorrectly) prior to even an initial briefing that no individual or corporation would suffer a tax increase. The Treasury Department, by now led by James Baker, was asked to develop a new proposal.

Reagan unveiled his new tax reform proposal in May 1985 amid considerable fanfare. He began with a presidential address and then went on the road, emphasizing the bill's populist themes and touting the tax cut it would provide for average Americans. One of his favorite lines was: "There is one group of losers in our tax plan, those individuals and corporations who do not pay their fair share. . . . These abuses cannot be tolerated. . . . The free ride is over."[37] Reagan clearly enjoyed being a strong promoter.

Despite the public's enthusiasm for reform, actual passage of the legislation was bumpy. The House Ways and Means Committee found it far easier to talk about reducing special deductions than to actually make those decisions. As they began modifying the initial proposal, loopholes began to creep back in, leaving less room for reducing rates without reducing tax revenues. The Senate Finance Committee, chaired by Robert Packwood, R-Ore., then acted to rescue the driving principle by requiring

that proposals that cost revenue be matched by other increases. The development of the final bill was still an arduous task, but these committee actions were instrumental in achieving a remarkably broad tax reform bill.

Social Security and Medicare. Social Security and Medicare, difficult policy issues for Reagan, underwent considerable change during his years in office. At the outset of his tenure Reagan stumbled with a poorly thought-out proposal for reducing benefits for retirees between the ages of sixty-two and sixty-five. The proposal, which called for immediate reductions in benefits, even for those on the verge of retiring with the anticipation of a larger benefit, emerged as David Stockman (who later found the idea flawed) struggled to find spending cuts in early 1981. Chief of Staff James Baker was surprised and concerned when Reagan accepted the proposal without calling for additional review and tried without success to distance Reagan from it.

The response to the idea on Capitol Hill was dismay. In less than a week the Senate passed by a 98–0 vote a resolution calling for the president to abandon his proposal. Reagan, deciding not to fight Congress, signified his "surrender" with a brief note saying he was not wedded to any one approach to Social Security reform. Nevertheless, the administration later tried to achieve budgetary savings by reducing the minimum Social Security benefit—a minimum designed to assist those who otherwise would receive very low benefits because of the low wages they had received. But the political opposition formed quickly, and the proposal was defeated. Congress also learned from the incident. Some committees (supported by some Republicans) had been moving toward gradually increasing the age of eligibility for Social Security from sixty-five to sixty-eight as well as reducing the cost of living adjustments (COLAs). These notions, however, were abandoned.

The next strategy to come forward for handling Social Security was top-level negotiation.[38] As the impacts of inflation (forcing higher cost of living increases) and a weak economy (reducing Social Security tax collections) intensified, the pressure for action to preserve the system's finances intensified as well. In response, the president formed a bipartisan commission to review Social Security reform and release its recommendations after the 1982 midterm elections. Composed of fifteen appointees by Reagan, Speaker Tip O'Neill, and Senate majority leader Howard Baker and headed by economist Alan Greenspan, the commission included views that ranged from ardent calls for no reductions by Claude Pepper, D-Fla., the "dean" of congressional advocates for the elderly, to calls for significant reductions by representatives of the White House viewpoint.

The result was a stalemate. In late November observers feared that the Social Security Administration (SSA) would have to halt some of its monthly benefit payments as of July 1983 unless an agreement could be reached. David Stockman briefed the president on the stalemate in the commission and then asked two specific questions. First, would he accept the basic outlines of a compromise that had produced partial commission agreement, and second, would he agree to have the White House initiate secret negotiations with the commission? Reagan, the pragmatist, decided that this was the best he could get out of the situation and answered yes to both questions.

The resulting "gang of nine" operated in secret while the commission continued to provide a "front" for their operations. The group included White House and congressional officials who could speak for the two principals—Reagan and O'Neill—and excluded officials with the most polarizing positions. The White House was represented by OMB Director David Stockman; Chief of Staff James Baker; Richard Darman, deputy assistant to the president; and Kenneth Duberstein. The legislative delegation was composed of Senate Finance Committee chairman Robert Dole, Sen. Daniel Patrick Moynihan, and House Ways and Means Committee chairman Daniel Rostenkowski. Robert Ball, longtime head of the Social Security Administration, and commission chairman Alan Greenspan rounded out the group.

After initial difficulties and periodic checking with Reagan and O'Neill, the gang of nine was able to reach a compromise agreement. But the process was delicate. Both Reagan and O'Neill had to sign off as supporting the proposal before it could go back to the full commission and become public. The support of the congressional leaders of each party—to ensure passage of the bill—was needed as well. Neither Reagan nor O'Neill was pleased with aspects of the agreement, but under the pressure of time they agreed to it. Once that tense moment had passed, a party-like atmosphere engulfed Blair House, the site of the negotiations.

Despite the pressure of time and the efforts by party leaders to sell the compromise as "shared pain," final congressional passage was not easy. The committee chairs were generally cooperative, but last-minute lobbying and different preferences in the House and Senate produced considerable nervousness until the conference committee reached a final compromise. Once again taxes were increased—when combined with the Medicare portion of the tax—from 6.7 percent to 7.51 percent in 1989. In

more direct terms, some 36 million retirees would lose an average of $120 from COLA delays (as well as suffer a cumulative long-range impact); some 110 million workers would pay an extra $200 in taxes by 1987; and retirees reaching age sixty-five in 2002 would see the age of eligibility gradually increased to age sixty-seven. As for the winners and losers in this compromise, O'Neill received more of what he wanted than Reagan, but the president could take comfort in knowing that he had ensured that the nation's Social Security checks would be delivered on time in July.

Social Security issues cropped up again in 1985 amid Republican efforts in the Senate to develop a significant deficit-reduction package.[39] With the help of California's Republican senator Pete Wilson who arrived on a hospital gurney, Senator Dole was able to achieve a 49–48 vote in favor of eliminating that year's cost of living adjustment. House Republicans were less enthusiastic, however, and a group of sixty-seven wrote their Senate colleagues suggesting that they change their position. Reagan then made a deal with Tip O'Neill that enraged Dole and Senate Budget Committee chairman Peter Domenici, R-N.M., because they had thought the president was supportive of their efforts and now felt they had encouraged their colleagues in a difficult vote for no good reason. Thus the last effort to deal with Social Security in the Reagan years ended as the president agreed to oppose a COLA delay in exchange for O'Neill's support of a slight increase in defense spending.

Regulatory Policy Changes. On balance, the Reagan administration pursued a surprisingly limited deregulation agenda, and the changes in regulatory policy that were enacted reflected Reagan's policy interests. Among other things, he pursued modification of savings and loan association regulations, the regulatory process for cable television, and agricultural regulations. But the president did not contribute extensively to the public debate on these issues, and they apparently were not high presidential priorities. Nevertheless, in varying degrees the administration did speak its piece as the proposals made their way through the legislative process.

The 1982 Garn–St. Germain legislation modifying regulations for savings and loan institutions represented a major step beyond the regulations issued in 1980. The driving force behind this act was the difficult situation confronting the savings and loan industry. In a period of high inflation, these institutions could not pay sufficient interest to attract savers and thereby generate the capital needed to continue to provide home mortgage loans. In response to this situation, Congress relaxed the rules governing the kinds of loans that could be made and the level of interest rates that could be paid. The Reagan administration was supportive of the measure, but the savings and loan industry also had strong backers in Congress, including Democrats such as Rep. Fernand St. Germain of Rhode Island who in 1980 had helped to shepherd the initial reform bill through Congress. Unfortunately, the new bill would soon worsen an already difficult situation.

Civil Rights. Ronald Reagan had a long history of opposing affirmative action, civil rights legislation, and efforts to use the federal government to promote equality in the workplace. His views were based in part on his conservative philosophy which called for a reduced role for the federal government in dealing with domestic issues, but they also stemmed from his inability to recognize racial and sexual discrimination as serious problems. Reagan's faith in individual initiatives and hard work made it difficult for him to recognize the existence and impact of discrimination, and he saw many of the programs of the 1960s and 1970s as big government intruding into the lives of citizens and business. Reagan thus played only a limited role in the passage of civil rights legislation. When the Voting Rights Act came up for renewal in 1981, the White House firmly opposed the provision stipulating that one could use statistical results rather than prove intent in obtaining judgments that voting rights had been infringed. Attorney General William French Smith testified forcefully against the provision, but Congress rejected the administration's position. In the Senate, Jesse Helms, R-N.C., tried to filibuster, but the administration did not encourage this step because the sixty votes needed to vote cloture and limit the debate appeared at hand.

In the debate over making Martin Luther King Jr.'s birthday a national holiday, opponents of the measure pointed to the costs incurred in losing a federal workday. The Reagan administration appeared to be supportive of that view, but President Reagan decided against a veto of this legislation, stating somewhat grudgingly that he would go along with the measure because some people saw in it a lot of "symbolic importance."

Federalism Initiatives. One of Reagan's goals was to transfer power from the federal to the state governments, and he had modest success with his efforts to change federal-state relations. His most concerted attempt occurred in 1982 when he proposed that Washington and the states swap functions—for example, the states would accept total responsibility for Aid to Families with Dependent Children (AFDC) and the federal government would take over Medicaid. Reagan tried to sell the program to the public and even visited several state legislatures. Governors welcomed the greater discretion in some programs, but they were concerned about the possible long-term loss of funds. The legislation died in 1982.

In 1981 the administration tried, with partial success, to cut several programs, including AFDC and Medicaid. On Medicaid in particular, Reagan ran into strong and effective legislative resistance led in the House by Henry Waxman, D-Calif. Overall, Reagan succeeded in further slowing the rate of growth in federal spending for federal-state programs; funding had peaked in 1978 and actual reductions occurred in 1982 and 1987. Whether intended or not, one important consequence was that the states, in view of the strong economy between 1983 and 1988, began to raise taxes. As a result, the portion of state and local budgets coming from federal grants-in-aid declined from 25.8 percent in 1980 to 18.2 percent in 1987.[40]

Reagan and Congress

Reagan demonstrated a range of skills in promoting passage of his economic program in 1981. He focused his agenda, displayed unusual skill in his public appeals, worked hard to gain the votes of individual members of Congress, and showed a willingness to stand firm when others might have decided to compromise. Without such an effort, there would have been a tax cut in 1981 but not one nearly as large. Congress also played an important role, including making key changes in the original proposal that Reagan had been reluctant to request. Moreover, its legislative leaders had offered considerable help in the various bargaining processes.

A more distant view, however, of Reagan's performance over his eight-year tenure reveals that it was not particularly strong. While the ingredients for increased legislative success may have been on hand, his success in 1981 was more the result of short-term calculations rather than a significant lasting realignment of views.[41] Mark Peterson found Reagan's legislative presidency after 1981 hard to distinguish from those of his predecessors.[42] After 1981 Reagan pursued a limited legislative agenda amid the policy initiatives emerging from Congress during his second term.

An Assessment

The promise of a "Reagan Revolution" sets a formidable standard by which to judge an administration. A better perspective is simply to consider the scope of Reagan's legacy in shaping government programs and economic performance along with his impact on the presidency itself.[43]

During his years in the White House, Reagan clearly limited the potential expansion of the federal government's domestic activities. His rhetorical appeals contributed to this containment, but after 1981 the mounting federal deficit and the nation's soaring trade deficit—from $24.2 billion in 1980 to $152.7 billion in 1986—became other, ever-increasing constraints as even liberals in Congress abandoned advocacy of expensive new programs such as national health care. The Reagan administration also sharply curtailed the pace of new regulations and reduced some regulations already in place in specific areas. Similarly, the rates of increase in federal grants-in-aid slowed, and the states began to show somewhat greater independence.

Yet some expansion did take place. The number of federal employees actually increased by more than 8 percent between 1980 and 1988. While taxes were cut in 1981, the government later sought additional revenue through both the tax code and the Social Security system. As a result, the portion of the nation's gross domestic product (GDP) being absorbed by the federal government declined only marginally—from 19 percent in 1980 to 18.4 percent in 1988.

A more significant legacy is found in the mix of spending for government programs. Spending on defense rose from $133 billion in 1980 to $290 billion in 1988, or from 22 percent to 27 percent of the federal budget and from 4.9 percent to 5.9 percent of GDP. Within domestic categories, the expenditures held down were largely in the area of discretionary spending. Spending on entitlement programs such as Social Security and Medicare grew considerably, in part as a result of the legislation enacted in 1983.

Scholars and others continue to debate the strength of Reagan's economic performance. One clear area of improvement was the sharp decrease in the inflation rate—from 13 percent at the beginning of the Reagan administration to 4 percent in 1983. It remained low as well in the years that followed. Reagan's main role was to stand behind the Federal Reserve Board as chairman Paul Volcker pursued tight money policies to wring inflation out of the economy. Other presidents might have pushed for new spending to fight unemployment rather than take on the inflation fight so quickly. Along with his perseverance and Volcker's policies, Reagan was aided by a sharp drop in energy costs and a change in the inflation index itself that removed the cost of homes from annual inflation calculations.

Job creation efforts and growth appear to have been fairly good for the

best years of 1983–1988, but more lackluster if the steep recession of 1982 is included. Growth averaged 2.4 percent in Reagan's first term and 3.3 percent in his second. By contrast, Carter's average was 3.1 percent, and the results under Reagan were well below growth levels achieved in the 1960s and 1990s. While some new jobs were created, the problem of stagnant hourly wages continued without significant improvement. Unemployment levels also remained stubbornly high—an average of 7.5 percent over Reagan's eight years in office and 6.5 percent for the second term. More positively, after the early recession the recession-free period was unusually long.[44]

The sources of economic growth in the 1980s are often attributed to the ultimate impact of Reagan's policies—not the original plan. While Reagan had hoped to achieve additional savings and investment through tax policies, the result was actually a worse performance than in the 1970s. Two forces were behind this outcome. First, the nation's savings rate and thus available funds for firms to invest declined from the 1970s, and, second, the need to finance an ever-larger federal debt drew money away from potential private sector investment. Although the productivity increases from any increased investment are difficult to measure, no significant rise in productivity was evident for the 1980s. Deficits, while not planned, were nevertheless seen widely as providing exactly the kind of stimulus to the economy advocated by supporters of Keynesian views. The phrase "back door Keynesian" sometimes was used to express that interpretation.

The impacts of Reagan's tax policies continue to be debated. Supporters of supply-side economics argue that the amount of tax revenue collected suggests that taxes could have been cut with less of an impact on revenues than was usually envisioned. A more common view is that tax increases after 1981 had a primary impact on sustaining revenue flows. Still others point out that Reagan's tax policies were a source of increased income inequality. The more affluent segments of the population clearly gained a larger portion of the national income throughout the 1980s. For example, between 1977 and 1988 the top 10 percent of the nation's families by income enjoyed a 16.5 percent increase in income, while the lowest 10 percent experienced a decline of 14.8 percent. Figures for the very rich showed the greatest change. The incomes of the top 5 percent increased by 23.4 percent, and those of the top 1 percent increased by 50 percent.[45]

Many factors other than Reagan's tax policies, however, contributed to the increase in income inequality. One important influence was the growth of households with two high incomes. As a result, before-tax income inequities also increased. As for the tax rates themselves, the Congressional Budget Office estimated that between 1981 and 1990 the effective tax rate for the bottom fifth of the nation's families moved from 8.3 to 8.9 percent, while the rate for the highest fifth of the population dropped from 27.4 to 25.5 percent.[46]

The Reagan legacy also includes an unprecedented increase in the federal debt. Sen. Patrick Moynihan believes that was actually the intent of the tax cutters in 1981 as they sought to build a wall around future federal spending. Administration supporters, such as Edwin Meese, deny that viewpoint and may well point correctly to the initial enthusiasm surrounding the power of tax cuts to stimulate economic growth and additional revenue.[47] Nevertheless, the result was to indeed create a wall around potential spending. The national debt increased threefold—from $700 billion in 1980 to over $2 trillion as Reagan left office. During his presidency, the United States went from being the world's largest creditor nation to the world's largest debtor nation. Partial defenders of Reagan's economic performance, such as Michael Boskin, head of President George Bush's Council of Economic Advisers, have pointed out that because of the economic growth during the Reagan years the deficit was less troublesome as a percentage of the gross domestic product than might otherwise have been the case.[48] Detractors have viewed the accumulated debt as a more pressing problem. In particular, the large interest costs incurred, sometimes exceeding 15 percent, complicated later efforts to balance the budget.

Reagan, then, clearly did not lead a revolution, but he did leave his imprint on domestic policy. By using his various roles more forcefully, he might have achieved greater policy change and he might have done more to promote specific new policy techniques. Yet he faced a basic constraint: the public simply did not share his desire for a more dramatic change in the scope of domestic programs. It had been simple to agree with the view that government should eliminate "waste, fraud, and abuse" or cut taxes, but this agreement did not translate into support for cutting back popular programs such as Medicare and environmental protection.

Finally, Reagan left a legacy in presidential leadership. His ability to reassure the public was important during the difficult period in which inflation was weakening the economy, and he showed that the bully pulpit could be used effectively to encourage some private sector activity. Perhaps most ironically, by handling the media aspects of his role effectively and revealing unusual skill in quietly compromising on a variety of issues,

he also showed that a pragmatic ideologue who was not enthusiastic about the role of government could make the task of presidential leadership seem more manageable than many had imagined when he took the reins of government from Carter.

But did Reagan's achievements meet the high opportunity level he encountered on entering office? Apart from his first-year successes, he did not achieve what might have been expected of a high-opportunity president. In this sense, he proved the least effective of the three high-opportunity chief executives.

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