

33 A CONSERVATIVE REALIGNMENT

During 1979 President Jimmy Carter and his Democratic administration grew impotent. The stagnant economy remained sluggish, double-digit inflation continued unabated, and failed efforts to free the American hostages in Iran prompted critics to denounce the administration as indecisive and incapable of bold action. Complicating matters was the chronic bickering among the president's key advisers. Carter's inability to mobilize the nation behind his ill-fated energy program revealed mortal flaws in his reading of the public mood and his understanding of legislative politics.

While the lackluster Carter administration was foundering, Republican conservatives were forging a plan to win the White House in 1980. Those plans centered on the popularity and charisma of Ronald Reagan, the Hollywood actor turned California governor and political commentator. He was not a deep thinker, but he was a superb analyst of the public mood, an unabashed patriot, and a committed advocate of conservative principles. Reagan was also charming, cheerful, and funny, a likable politician renowned for his relentless anecdotes and deflecting one-liners. Where the moralistic Carter denounced the evils of free enterprise capitalism and tried to scold Americans into reviving long-forgotten virtues of frugality, a sunny Reagan promised a "revolution of ideas" designed to unleash the capitalist spirit, restore national pride, and regain international respect. As a true believer and an able compromiser, Reagan combined the fervor of a revolutionary with the pragmatism of a diplomat. One commentator recognized that he was unique in "possessing the mind of both an ideologue and a politician."

Reagan credited Calvin Coolidge and his treasury secretary, Andrew Mellon, with demonstrating that by reducing taxes and government regulations, the elixir of free-market capitalism would revive the economy. Like his Republican predecessors of the 1920s, he wanted to unleash entrepreneurial energy as never before. By cutting taxes and domestic spending, he claimed, a surging economy

would produce more government revenues that would help reduce the budget deficit. As it turned out, the Reagan administrations failed to cut government spending—indeed, the federal budget deficit increased dramatically during his presidency. But inflation and unemployment subsided, and public confidence returned.

At the same time that Reagan was promoting his domestic agenda he was pursuing an aggressive foreign policy. He sent American marines into war-torn Lebanon, launched a bombing raid on terrorist Libya, provided massive aid to the anticommunist Contra rebels in Nicaragua, authorized a marine invasion of Cuban-controlled Grenada, and authorized the largest peacetime defense budget in American history.

In 1983 Reagan escalated the nuclear arms race by authorizing the Defense Department to develop a Strategic Defense Initiative (SDI). It involved a complex anti-missile defense system using super-secret laser and high-energy particle weapons to destroy enemy missiles in outer space. To Reagan its great appeal was the ability to destroy weapons rather than people, thereby freeing defense strategy from the concept of mutually assured destruction that had long governed Soviet and American attitudes toward nuclear war. Journalists quickly dubbed the program "Star Wars" in reference to the popular science-fiction film. Despite skepticism among the media and many scientists that such a "foolproof" celestial defense system could be built, SDI forced the Soviets to launch an expensive research and development program of their own to keep pace.

Reagan easily won reelection in 1984, and his personal popularity helped ensure the election of his vice president, George H. W. Bush, in 1988. Just how revolutionary the Reagan era was remains a subject of intense partisan debate. What cannot be denied, however, is that during the 1980s Ronald Reagan became the most dominant—and beloved—political leader since Franklin Roosevelt. His actions and his beliefs set the tone for the decade and continue to affect American political and economic life.

Yet Reagan's policies did not actually constitute a revolution. Although he had declared in his 1981 inaugural address his intention to "curb the size and influence of the federal establishment," the New Deal welfare state remained intact when Reagan left office. Neither the Social Security system nor Medicare was dismantled or overhauled, and the federal agencies that Reagan threatened to abolish, such as the Department of Education, not only remained intact in 1989 but had increased budgets.

Reagan's administration did bring inflation under control and in the process helped stimulate the longest sustained period of peacetime prosperity in history. Such economic successes, coupled with the nuclear disarmament treaty as well as Reagan's efforts to light the fuse of freedom in eastern Europe and set in motion forces that would soon cause the collapse of Soviet Communism, put the Democratic Party

on the defensive, and forced conventional New Deal "liberalism" into a panicked retreat. The fact that Reagan's tax policies widened the gap between the rich and poor and created huge budget deficits for future presidents to confront did not seem to faze many voters. Most observers, even Democrats, acknowledged that Reagan's greatest success was in renewing America's soaring sense of possibilities. As columnist George Will recognized, what the United States needed most in 1981, when Reagan was sworn in, was to recover "the sense that it has a competence commensurate with its nobilities and responsibilities."