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**\*1. Championing the Right:**

\*- Barry Goldwater was a Republican senator from Arizona. He represented a new type of conservative in 1964, and he was determined to challenge LBJ's activist liberalism. At the times of Eisenhower and Nixon, Goldwater was seen in the party as "far right". The Old Guard, which we should consider moderates, like Ike, did not see this new strain of vocal social conservatism coming up and, when they did, were over-confident in keeping the party moderate. But the GOP, starting in the 60s, faced a take-over attempt.

- Ronald Reagan, the politician, first came to national attention in 1964 when he gave a speech promoting Goldwater. Reagan had been giving speeches for yrs as the spokesman for General Electric before joining the GOP in 1960. As a youth he had been leftist, a great admirer of FDR, but his wife Nancy, socially and fiscally conservative, changed him; and also when working with the Actors Guild union he came to hate hardline leftists. Now he spoke for Goldwater, declaring that if we "trade our freedom for the soup kitchen of the welfare state" that the nation would "take the first step into a thousand years of darkness". What was Goldwater promoting?

- Like Reagan, Goldwater came from the Sunbelt, the growing swatch of the southern half of continental US that embraced aspects of limited government and great personal freedom (despite that the West was receiving more gov aid than the North).

- His 1960 book, *The Conscience of a Conservative* set forth uncompromising conservatism. He wrote in accessible prose attacking the New Deal state, arguing that "the natural tendency of government is to expand in the direction of absolutism". He lamented that the GOP was 'too liberal', that Eisenhower was overly accommodating to liberalism, and when Ike told reporters that he was "liberal when it comes to human problems" Goldwater fumed. Goldwater was also quite militarist, claiming that the US armed forces needed to be all over the globe fighting (*defeating*) communism.

- Triggered by *The Conscience of a Conservative*, the GOP witnessed the rise of a grassroots movement to take over from the far right. Goldwater distributed his book widely and mobilized political activists, a first for conservatives, by particularly targeting state party conventions. The hope was to have a groundswell that would allow Goldwater, an extreme in the party, to nevertheless become the presidential nomination. Now, since moderates controlled the GOP, Goldwater had to have support from the bottom-up. Modern conservatism is not elitist, it was bottom up.

- Goldwater, however, was too uncompromising and too militant for most Americans. The context was that they had just witnessed the assassination of JFK and year later Americans were still not willing to abandon JFK's vision of liberalism. Immediately after JFK's inconvenient assassination, both LBJ and Goldwater started campaigning.

- The election of 1964 was a major landslide for the Dems. In fact, moderate GOP abandoned Goldwater in protest, openly voting for Johnson. Electoral vote: 486 vs 52; popular vote: 43m vs 27m (61%). Goldwater was thus personally discredited. But, the key to all of this was that Goldwater established a grassroots-base for conservative activism. In 1965 conservatism was down, but not out, growing, and ready for Reagan.

\*- Setting the Stage for Reagan: Reagan went on to win Governor of California in 1966 and again in 1970, despite promoting the Goldwater. He promised to clean up the mess in Berkeley, playing on ppl's growing weariness of student radicalism. He used impassioned speech to promote limited government and law and order. He won broad support in the nation's most populous state and became a national force in politics.

- Many now believed that Reagan was next in line after the moderate Republican Nixon, but when Nixon left quickly VP Gerald Ford became party leader. Ford barely beat out Reagan for the Republican presidential nomination in 1976 and Reagan was down, but not out. Ford lost to Carter and Reagan was clearly the next choice for the GOP.

- Conservatives were a varied group and this new groundswell was also supported by some famous economists and the Religious Right. Free-market economics had been discredited by the Stock Market Crash in 1929, but now was being reconsidered.

- There was increasingly articulate economic theory that postulated, most noticeably by Milton Friedman, an economist at U of Chicago, that economic freedom preceded political freedom. He inspired wealthy conservatives to fund think tanks that started to generate actual policy while also criticizing liberal policies. They thought of themselves as crusaders fighting against "the despotic aspects of egalitarianism."

\*- The Religious Right was coming into play at this time. Until the 1970s, most fundamentalist protestants and evangelicals in the US did not worry about politics. They worried about saving their souls and the Second Coming of Jesus. Politics was earthly. But, due to the rise of the counterculture, they now believed that America had become corrupt, immoral, and so they entered politics as a grassroots force.

- Fundamentalist Protestants were also joined by fundamentalist Catholics, largely for the first time, in a tentative alliance. Together they condemned divorce, premarital sex, feminism, and abortion. We saw the rise of televangelists like Pat Robertson and Jerry Falwell. Jerry Falwell est. the Moral Majority in 1979 and was able to send millions of dollars from hundreds-of-thousands of members to conservative causes. Politics and religion were no longer separate: Jerry Falwell stated "if you want to know where I am politically, I thought Goldwater was too liberal".

\*- Much of this message was not popular in 1964, but a series of problems within liberalism set the stage for the New Right. There was the failed war in Southeast Asia, urban rioting, and a stagnant economy. The right was solidifying itself too: 1. growing number of Republicans, 2. some university economists, 3. the religious right (70m born-again in 1980, w/ overall pop. at 240m [29%]), 4. the wealthy and corporatist (small but powerful), 5. whites in the South who had typically voted Dems now turned against the Dems when LBJ championed black civil rights, and 6. war hawks who thought liberals too soft and wanted aggressive anticommunist foreign policy.

\*- The Carter Presidency: After Nixon's disgraceful exit from office, Jimmy Carter seemed an ideal candidate, bc he portrayed himself as an outsider of Washington (after Watergate this seemed appropriate). However, he was an ineffectual Executive, and this gave Reagan his opening years later.

- Carter's sinking popularity hurt his bid for re-election. Reagan was upbeat: "we have the talent, we have the drive....all we need is the leadership". In his debates with Carter, he asked Americans "are you better off today than you were four years ago?" Carter got 41% of the popular vote, Reagan almost 51%, an independent got 6.6% (Anderson, non-party conservative). GOP also got control of the Senate for the first time since 1954, but Dems still controlled the House.

\*- The Reagan Coalition: By the 1980s conservatism was a wide coalition with money, clear messages, and articulate policies. Conversely, the New Deal coalition started back in the 1930s was fragmenting (Southern whites abandoning the party). Conservatism's ascendancy was political *and* social, and triggered the modern conservative era.

- Reagan had a fantastic public image, but was actually insulated from the day-to-day of government. Oldest president in office, turning 70 in the first year (1981). Essentially a spokesman for the Administration. First *conservative* President of Personality.

- The core of the GOP's base still remained relatively affluent, white Protestants. They supported balanced budgets, opposed gov activism, feared crime, feared communism, and heavily supported a strong military, even on Keynesian deficit spending. But Reagan won a lot of votes, and this was done bc he was able to also attract middle-class urbanites and migrants to the Sunbelt who promoted fighting crime and limiting social welfare, a product of the 70s economic squeeze. The suburbs generally helped conservatives, bc the growth of suburban areas promoted traditions of racial homogeneity and business privatization.

## \*2. Reaganomics:

\*- Reagan believed that financial individual freedom was paramount: "What I want to see above all is that this country remains a country where someone can always get rich". With his chief adviser, James Baker, they set to roll back the bloated liberal state: done by: 1. attack on federal taxes, 2. social welfare spending, and 3. federal regulatory bureaucracies. On the flip side, to fight the long-relaxed Cold War, they set to drastically increase defense spending. The collective economic policies by the Reagan Administration were and still are colloquially known as Reaganomics.

\*- Supply-Side Economics: Simply to increase the supply of goods to consumers. The Reagan Admin saw high taxation as the source of the economy's malaise (in reality, it was foreign competition). If taxes were lowered, as supply-side economists argued, then corporations and the wealthy would use that otherwise tax money to expand production. In other words, to bolster investment, lower taxes. They continued to argue that the expanded economy would off-set the original revenue lost to the gov (the lost taxes). The economy would be expanding bc consumers spend, spend, spend. But there was a gamble, that a growing economy would off-set lost taxes.

- Reagan, with help from the newly GOP Senate, won congressional approval for the 1981 Economic Recovery Tax Act (ERTA), a massive tax cut. Total revenue coming into the federal dropped dramatically by 1986, with \$200b [\$500b in 2010], in tax, lost by the federal gov. The very top tax bracket moved from 70% to 50%, most income taxes dropped by about 23% over three yrs, estate taxes slashed, levies on inheritances slashed, and corporations paid \$150b less over five yrs.

\*- Reagan's budget director, David Stockman, hoped to match this loss in revenue with proportionate cuts in fed. spending. Social security and medicare were targeted. But the Democrat-led Congress would not have it, and even Reagan himself thought it was too ambitious and didn't want to antagonize the middle-class and elders.

- Columnist George Will noted dryly that "Americans are conservative. What they want to conserve is the New Deal." After defense, social security and medicare were the greatest expenditures, with those three dwarfing all else. Supply-side economics seemed in trouble from the beginning.

- And then, there was a bombshell realization. David Stockman, the budget director, admitted in an 1982 interview (then published) with *the Atlantic*, that he had fudged numbers in promoting supply-side economics. Perhaps even worse, David Stockman bluntly admitted that trickle down theory was long discredited. It was too late bc Congress had already approved ERTA.

- On the flip side, with his Defense Secretary, Caspar Weinberger, pushed through Congress a five-yr military spending program costing 1.2t.

- So, as the spending cuts fell short, and with military spending increasing, the Reagan Admin ran a deficit in the first year (overspent) and within the first term had jacked the national debt dramatically (the total of all budget deficits). Essentially, the Reagan Admin was borrowing money, at the cost of the national debt, to fund military expenditures that they refused to fund with taxation, as FDR had done. Conservative spin was Reagan's undaunted claiming that "defense is not a budget item". By the time Reagan left office, the national debt had tripled (more than any other President) rising from \$930b in 1981 to \$2.8t in 1989. Republican statism, due to hawkish foreign policy, completely contradicted the fiscal conservatism they claimed they stood for.

\*- What did the military spend on? Military spending: Strategic Defense Initiative called Star Wars, the first movie being released in 1979, so by 1981-4 Star Wars was at its original height and Reagan almost attached himself to it. Goal was to build missiles that could stop nuclear missiles, thus making nuclear war obsolete. Aggravates the Soviet Union. Spent on Grenada, El Salvador, Nicaragua, withdraws from Lebanon. World-wide terrorism rising: President orders planes to bomb Tripoli, Libya's capital, whose controversial leader Muammar al-Qaddafi was believed to be supporting terrorism.

- Economy: Reagan's ultimate claim to success was that his economy was better than Carter's. Military expenditures essentially boost the economy. Unemployment under Reagan dropped; consumer spending did well; energy issues eventually eased up (OPEC's cartel breaks down) so energy prices lowered; the Stock market and DOW Jones did reasonably; business investment was confident; and the Federal Reserve lowered inflation rates and lower interest rates, but it was military spending (like FDR) that generally helped the economy.

- Reagan was confident on tv and received the credit. Essentially, Keynesian economics and the military-industrial complex were still working and generating profit when running at full-speed.

- Highlight for modern conservatives came with the 1984 election, triumphant with Reagan getting 59%; and Mondale getting 41%. Second term about: foreign-affairs, and a general rise in economy.

- One serious first-term scandal. Reagan helped to deregulate the savings and loan industry. Those banks turned raw capitalist, as agents seeking profit, as opposed to protecting savings; as was the view in the 1800s. Chaos ensued. Reagan Administration bailed out the banks: \$0.5t cost to the tax-payers. The first bailout.

\*- Deregulation: Supply-side economists argued that heavy gov regulations hindered the economy. Deregulation in trucking, airline, and railroads had actually started under Carter to address economic malaise but they were most dramatically expanded by the Reagan Admin. And while Carter was trying to make life easier for those specific transportation industries (addressing OPEC), Reagan Admin attacked government protections for consumers, workers, and the environment.

- They attacked the Department of Labor (a New Deal agency), scaled back on the Environmental Protection Agency (EPA) created by Johnson, and the Occupational Safety and Health Admin (OSHA) created by Nixon by slashing their budgets. In the case of the Department of the Interior (DOI), Reagan appointed a chief who was hostile to the agency's mission. The DOI was staffed, at its head, by James Watt, who noted that environmentalism was "a left-wing cult" and opened public lands to oil, coal, ranchers, and timber.

- The head of the EPA hated environmentalism: Anne Burford, head of the EPA as appointed by Reagan, refused to clean up toxic waste even when Congress offered free money from a super-fund they had originated just for that purpose. Environmental groups were so outraged that in his second term Reagan raised the EPA's budget and gave acreage to endangered species (flip-flopper). Reagan was not unrealistic, and having achieved his biggest goals of reducing taxes and increasing military expenditure, he gave up on reducing the government's reach.

- The Admin attacked discretionary domestic spending: programs for the poorest (least political resistance): cuts food stamps, low-income housing (acute due to urban decay [urban from global free-trade]), student loans, school lunches, some restrictions on Medical service, and generally less money to States and Municipalities. All these cuts did nothing to balance out the immense military expenditures and were about conservatism's social engineering more than balancing a budget.