

## Ronald Reagan: Impact and Legacy

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Ronald Wilson Reagan was a transformational President. His leadership and the symbiotic relationship he forged with Soviet leader Mikhail Gorbachev during their four summit meetings set the stage for a peaceful resolution of the Cold War. As the Soviet Union disappeared into the mists of history, Reagan's partisans asserted that he had "won" the Cold War. Reagan and Gorbachev more prudently declared that the entire world was a winner. Reagan had reason to believe, however, that the West had emerged victorious in the ideological struggle: as he put it, democracy had prevailed in its long "battle of values" with collectivism. British Prime Minister Margaret Thatcher, his staunch ally, wrote that Reagan had "achieved the most difficult of all political tasks: changing attitudes and perceptions about what is possible. From the strong fortress of his convictions, he set out to enlarge freedom the world over at a time when freedom was in retreat—and he succeeded." This is true as far as it goes—the number of democratic nations as well as the reach of free-market ideology expanded on Reagan's watch. But, as Russia's recent autocratic path suggests, the permanence of these advances remains in doubt.

Scholars offer a variety of explanations for why the Cold War ended as it did and for the subsequent collapse of the Soviet Union. Some historians cite the U.S. military buildup under Reagan and the pressures exerted by his pet program, the Strategic Defense Initiative. Others emphasize the increased restiveness of Eastern European nations, particularly Poland, and Soviet overreach in Afghanistan. Still others point to the implosion of the Soviet economy after 75 years of Communist rule. Although historians have reached no consensus on the weight that should be given to these various factors, it is clear that Reagan and his policies contributed to the outcome.

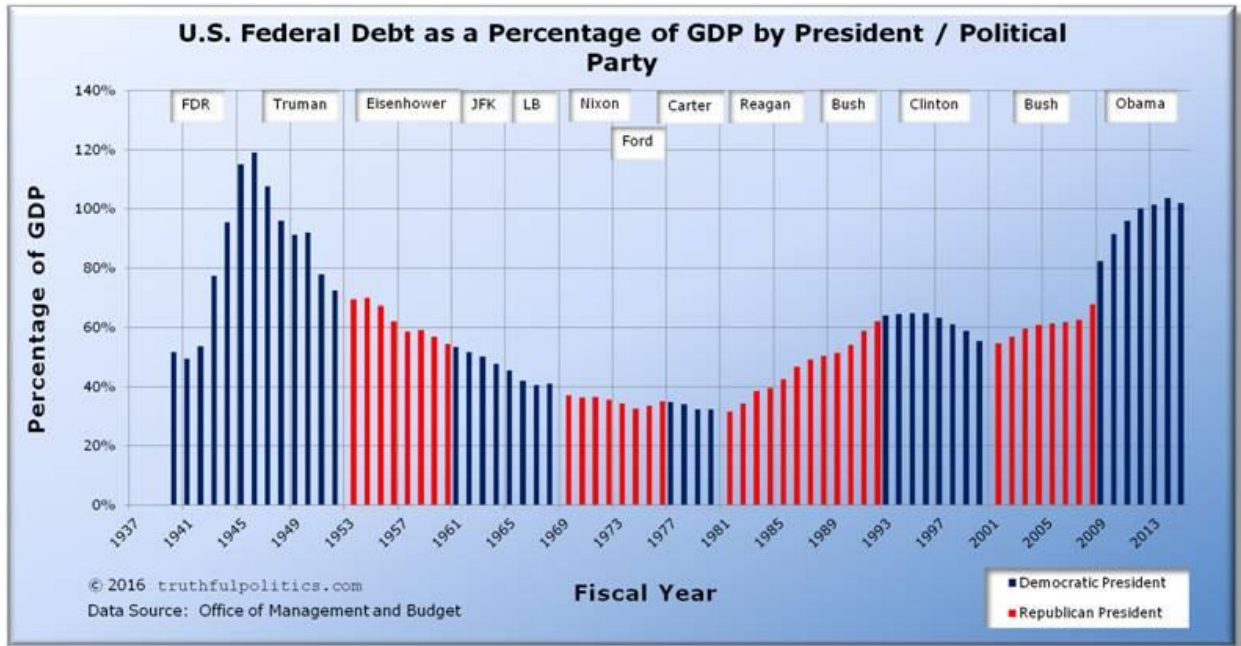
Reagan's economic legacy is mixed. On the one hand, tax reduction and a tightening of interest rates by the Federal Reserve led to a record period of peacetime economic growth. On the other, this growth was accompanied by record growth in the national debt, the federal budget deficit, and the trade deficit. Defenders of Reagan's economic record point out that a big chunk of the deficit was caused by increased military spending, which declined after the Soviet collapse and created the context for balanced budgets during the Clinton years. Even so, the supply-side tax cuts did not produce the increase in revenues that Reagan had predicted. The economist Robert Samuelson has suggested that Reagan's main achievement in the economic arena was his consistent support of the Federal Reserve, which under Reagan's appointee Alan Greenspan, followed monetary policies that kept inflation low. Reagan also succeeded in a principal goal of reducing the marginal income tax rate, which was 70 percent when he took office and 28 percent when he left.

Reagan also left a monumental political legacy. After he was reelected in a 49-state landslide in 1984, it became clear that Democrats would be unlikely to return to the White House under a traditional liberal banner. This paved the way for Bill Clinton's centrist capture of the Democratic nomination and the presidency in 1992. Reagan had an even greater impact within his own party. He carried Republicans into control of the Senate when he won the presidency in 1980. Although Democrats controlled the House throughout the Reagan presidency, the Republicans won control for the first time in 40 years in 1994 under the banner of Newt Gingrich's "Contract With America," a potpourri of leftover Reagan proposals. Even today, with Democrats back in control, there are more avowed Reagan Republicans in Congress than there

ever were during Reagan's lifetime. In the 2008 contest for the Republican presidential nomination, virtually all the candidates proclaimed that they would follow in Reagan's footsteps.

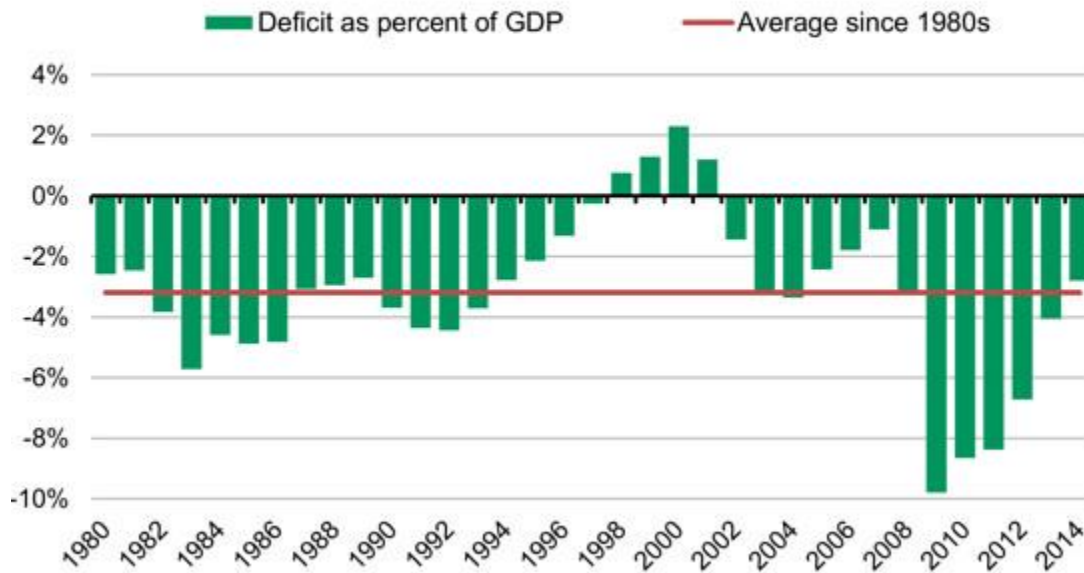
It is an open question whether Reagan's accomplishments occurred because of his philosophy or despite it—or both. Reagan was an effective communicator of conservative ideas, but he was also an enormously practical politician who was committed to success. The welfare bill that was the signal achievement of Reagan's second term as governor of California, the reform that salvaged Social Security for a generation during his first term as President, and the tax overhaul of his second presidential term were bipartisan compromises, defying "liberal" or "conservative" labels. In the tradition of American populists, Reagan ran for office as an outsider who was determined to restore traditional values. In fact, he was a master politician who expanded the reach of his party at home and pursued his vision of a nuclear-free world abroad. He casts a long shadow.

"Ronald Reagan: Impact and Legacy." *Miller Center*. Ed. Lou Cannon. University of Virginia, n.d. Web. 30 Mar. 2016.



## Deficits Since 1980s

Fiscal year (October-September) federal deficit as a percent of gross domestic product

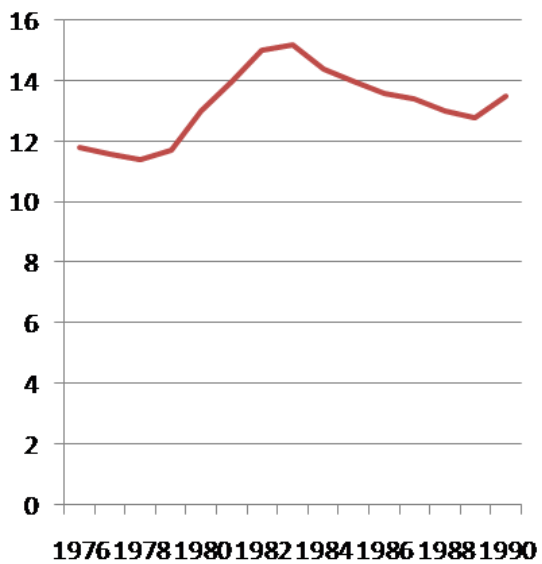


## Unemployment (%)



Source: The New York Times

## Poverty Rate

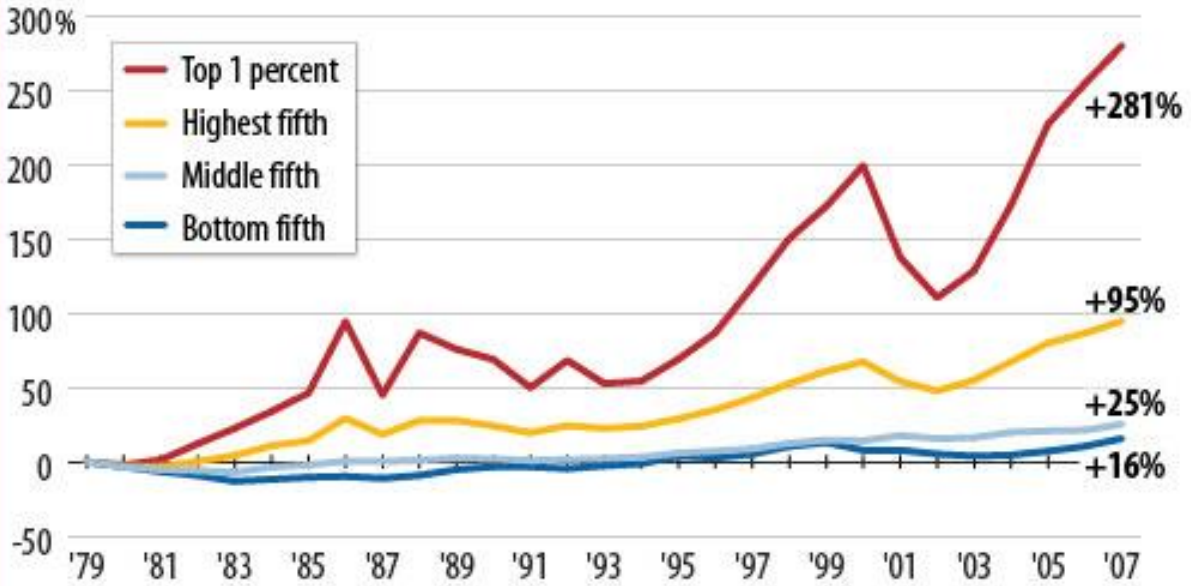


Source: New York Times

Figure 1:

**Income Gains at the Top Dwarf Those of Low- and Middle-Income Households**

**Percent Change in After-Tax Income Since 1979**



Source: CBPP calculations from Congressional Budget Office data.

[cbpp.org](http://cbpp.org)

Source: The Federalist