

End of the Reagan Narrative?

Exclusive: Election 2012 may turn on whether Ronald Reagan's narrative of evil government and beneficent tax cuts for the rich has finally run its course and has been replaced by a new narrative demanding government intervention to save the American middle-class, writes Robert Parry.

By Robert Parry

As yet another statue of Ronald Reagan is unveiled a \$1 million one at Washington's National Airport which was renamed in his honor in the mid-1990s the key question about the 40th president is whether his long and destructive era is finally coming to an end.

More than any other political figure, it was Ronald Reagan who put America on its present course toward stunning income inequality and into a brave new world of deregulated industries, which were then able to exploit lax government controls to devastate the economy.

It was Reagan who experimented with "supply side economics" which held that slashing the top marginal tax rates for the rich by half or more would eliminate the federal deficit and supposedly help everyone by letting the extra money at the top trickle down.

It was Reagan who declared that "government is the problem" and convinced many middle-class Americans especially white men that they should despise "big government" as a threat to their liberty and trust their financial security to the kindness, wisdom and generosity of corporate chieftains.

It was Reagan who demanded a massive reinvestment in the U.S. military, even as America's principal adversary, the Soviet Union, was in rapid decline. Reagan also allied the United States with some of the world's most brutal regimes and insurgent movements, as long as they identified themselves as "anti-communist."

It also was Reagan who transformed the Republican Party into a political organization disdainful of science and empiricism and devoted to retaining its power at almost any price. For Reagan and his P.R. team, the goal was always "perception management," controlling how average Americans saw the world, not how it actually was. [For details, see Robert Parry's [*Lost History*](#).]

Though it may be true that the current crop of Republicans is even more extreme than Reagan, that is mostly because today's GOPers have dropped the few nuances that Reagan retained because of the political constraints that he faced. Three decades into Reagan's transformation of America, the Right's accumulated power

has allowed the embrace of even more radical positions.

As an implicit acknowledgement of Reagan's continued spell over the U.S. population, Democrats often try to find some common ground with the beloved Gipper, often using the phrase "even Ronald Reagan wouldn't have gone that far." But the truth is that Reagan composed the political music that today's Republican Party plays.

The personable Reagan was the Pied Piper who led middle-class Americans dancing happily toward their own oblivion. Without him, it is hard to envision why so many downwardly mobile Americans would rally to the Tea Party and its demands for lower taxes on the already rich and fewer regulations on today's corporate masters of the universe.

When the only realistic way to restrain the immense power of the rich and the corporations is through a democratized and energized federal government, Reagan's memory instead inspires the Tea Party and many typical Americans to demand that government get out of the way.

Beginning of the End?

Yet, the question today is whether the days of Reagan's enduring narrative are finally coming to a close. Has the Occupy Wall Street movement, which protests the gross economic inequality that Reaganism wrought, eclipsed the Reaganesque Tea Party?

The OWS narrative is that Reagan's (and George W. Bush's) tax cuts for the rich and the deregulation of Wall Street (that had bipartisan support) greased the skids for the nation sliding into the current swamp of concentrated wealth at the top and a shrinking middle-class.

Though the "Occupy" activists have so far shunned laying out specific policy recommendations, they have hoisted signs that demand that the coddling of corporations end, that the rich pay their fair share, and that the United States commit itself to becoming a more equitable society.

That goal can only be achieved by redistributing some of that concentrated wealth, by rebuilding the middle-class and by restoring jobs that disappeared over the past few decades as U.S. corporations either sought cheaper labor abroad or boosted productivity by replacing manpower with machines.

Reagan and the "free-marketers" who followed him encouraged these trends by incentivizing greed via sharply lower income taxes for the rich and by negotiating "free trade" agreements with low-wage countries.

Suddenly, the wealthy who had seen about 70 percent of their top tranche of income recycled back into American society through income taxes were getting to keep more than twice as much under Reagan-era reductions in the progressive tax rates. That prompted corporate chieftains to push for much higher pay for themselves, since they could keep much more of it, even as they took steps to hold down the pay of their employees.

To jack-up profits even more, U.S.-based companies shipped millions of factory jobs overseas. And, as capital gains taxes were slashed, too, investors kept even more money than those who earned their pay from work, explaining why multi-billionaire investor Warren Buffett could pay a lower tax rate than his secretary.

The consequences on the United States from these three decades under various forms of Reaganomics (including the neo-liberalism of Bill Clinton and the full Reagan restoration under George W. Bush) are now apparent: massive federal debt for the public sector and major concentrations of wealth in the private sector.

These twin factors have fed two competing political movements: one, identified with the Tea Party, demands sharp cuts in government spending on domestic programs and even fewer regulations on business, and the other, associated with Occupy Wall Street, implicitly favors higher taxes on the rich to fund jobs and tighter government controls on reckless gambling by the banks.

The danger for the Republicans is that they have gone pretty much all in with the Tea Party. Some top Republicans are even advocating raising income taxes on the poor and middle-class in order to fund more tax cuts for the rich.

So, if the momentum shifts from the Tea Party side to the Occupy Wall Street side, Republicans could find themselves caught in a dangerous crosscurrent. They must hope that the Reagan narrative hostile to government and favorable to the rich isn't swept away before the November 2012 elections.

On the other hand, it is less clear that the Democrats will benefit substantially from a more anti-corporate tide, since they have done their best over the past several decades to muddy the waters regarding their differences with Reaganism, not wanting to be labeled "tax-and-spenders" or "anti-business."

Still, as careful as many Democrats have been to stay in the middle of the mainstream, President Barack Obama and others have at least offered some limited proposals for raising taxes on the rich to pay for infrastructure investments and other jobs programs. That could put them in position to be pulled along by a favorable public current.

As imperfect a test as Election 2012 is sure to be, it seems likely to offer

some measure of whether the Reagan narrative has finally run its course.

[For more on related topics, see Consortiumnews.com's "[Reagan's Greed Is Good Folly](#)" and "[How Greed Destroys America](#)" or Robert Parry's *Lost History, Secrecy & Privilege* and *Neck Deep*, now available in a three-book set for the discount price of only \$29. For details, [click here](#).]

Robert Parry broke many of the Iran-Contra stories in the 1980s for the Associated Press and Newsweek. His latest book, *Neck Deep: The Disastrous Presidency of George W. Bush*, was written with two of his sons, Sam and Nat, and can be ordered at [neckdeepbook.com](#). His two previous books, *Secrecy & Privilege: The Rise of the Bush Dynasty from Watergate to Iraq* and *Lost History: Contras, Cocaine, the Press & 'Project Truth'* are also available there.
