

regulation but encouraged greater competition by permitting all banks to offer interest-bearing checking accounts and full consumer services. A Banking Act of 1982 also gave new investment and lending authority to saving institutions. When the airlines industry completed the deregulation also initiated by Carter, Reagan officials pointed to increased competition, lower fares and more flexible schedules. The President also accelerated Carter's deregulation of domestic oil prices and pipeline routes, asked Congress to reduce the windfall profits tax and cut funding for research on alternative fuel sources. In this spirit Reagan approved a Congressional plan to allow states to raise the speed limit on interstate freeways to 65 miles per hour in 1987.

As OPEC (Organization of Petroleum Exporting Countries) prices declined by 1982, many Americans welcomed the return to a deregulated market. But there were unforeseen consequences to the Carter/Reagan policies. When the Republican President reduced the authority of the Occupational Safety & Health Administration (OSHA) in 1981, union representatives complained that the administration had abandoned American workers to excessive noise levels and lethal chemical exposure. Deregulation of banking encouraged the offering of loan and investment services by unqualified providers and resulted in the bankruptcy of vulnerable savings & loan institutions. By 1987 cutthroat competition in the airlines industry had brought a wave of bankruptcies and mergers, while the absence of coordinated scheduling had produced flight delays and overcrowded skies at peak periods. Beleaguered air traffic controllers complained that the Federal Aviation Administration (FAA) had not allocated sufficient personnel and technology to deal with the increase in domestic flights. Meanwhile, the restructuring of the telephone industry encouraged the lowering of long-distance rates for the affluent at the expense of increased costs for local service.

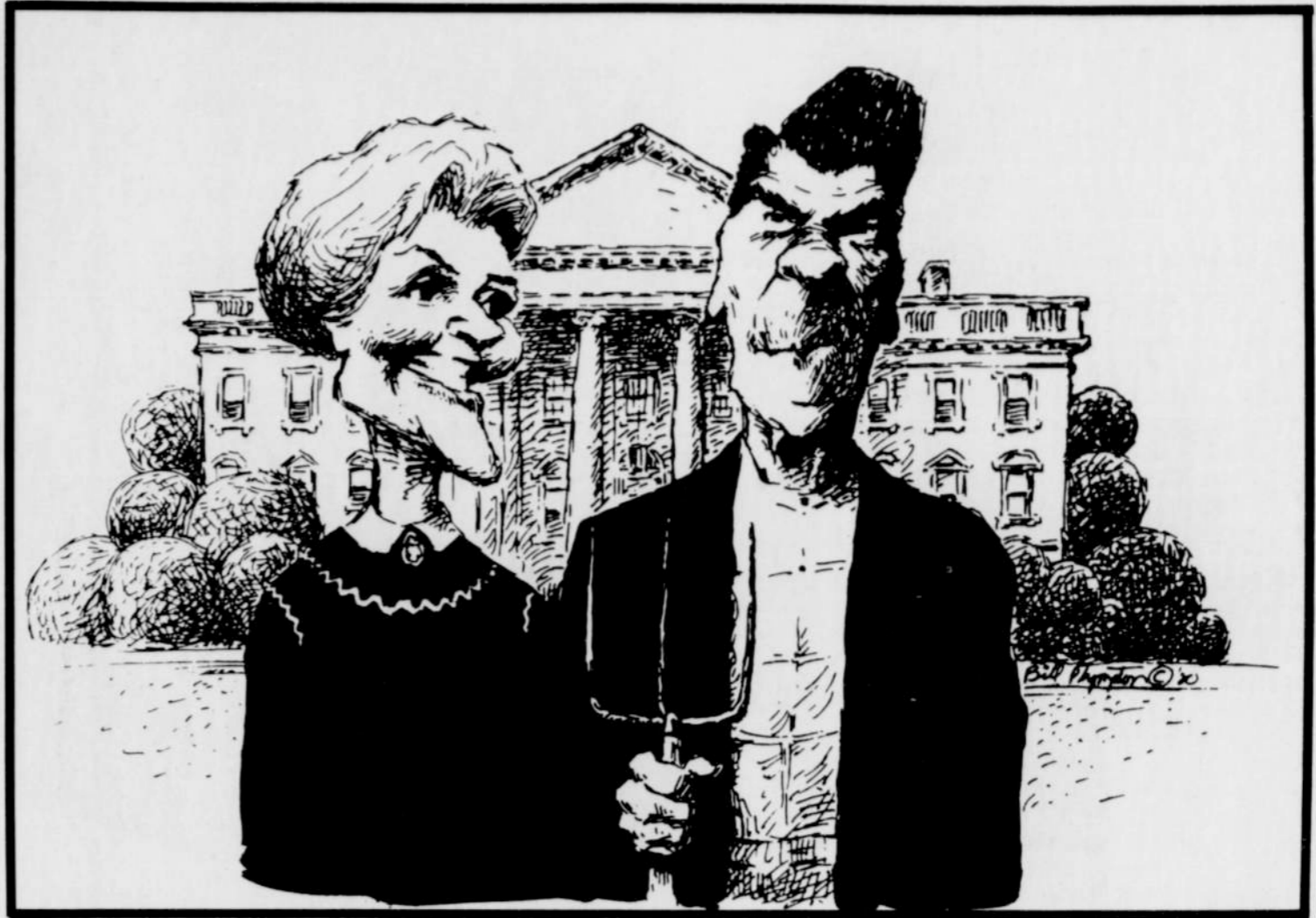
Despite Reagan's concern for free market economics, the government continued agricultural price supports and the President authorized the purchase of \$2-billion of surplus milk products. Reagan also signed a 1985 farm bill appropriating nearly \$170-billion in income subsidies, price supports and food stamps for the next five years. Rampant mortgage foreclosures and bankruptcies among farmers, which reached their highest level since 1946, played a role in prompting such spending by a cost-conscious Congress and a conservative President when farmers descended upon Washington in several protests. The administration's greatest problem in curtailing federal controls, however, came with its policy of eliminating "unnecessary" environmental safeguards. Interior Secretary James G. Watt, an enterprising Wyoming attorney, pursued pro-development policies by leasing offshore oil drilling rights and proposing timber sales in national park lands. Under intense criticism from environmentalists and liberals, Watt resigned in 1983.

The Reagan administration's coziness with developers and industrialists surfaced in a major scandal when Anne M. Burford, the administrator of the Environmental Protection Agency (EPA), resigned amid Congressional investigations into charges of unethical conduct in 1983. Congress accused Burford of promoting "sweetheart" deals between the EPA and some of the industries it regulated, but Reagan ordered the administrator to not provide materials sought by a House subcommittee. When the full House cited Burford for contempt, the Reagan Justice Department refused to prosecute. Nevertheless, a jury convicted Rita M. Lavelle, former head of a "superfund" program to clean up toxic waste dumps, of perjury and obstruction of a Congressional investigation. In response to abuses at the EPA, Congress strengthened the laws regarding the handling of hazardous wastes, prohibiting the land disposal of liquid and some solid materials. Reagan, moreover, agreed to a \$8.5-billion superfund for a five-year cleanup of toxic dumps in 1986, although he refused to pursue controls on industrial emissions until scientists completed more research on the effects of "acid rain."

Buoyed by a cooperative Congress and supportive electorate, Reagan cut domestic programs by \$35-billion and introduced welfare reform in 1981. Confining benefits to the "truly needy," the President reduced allowable deductions and tax breaks. Despite Reagan's conviction that welfare sapped initiative and trapped recipients in impoverishment, poverty remained a reflection of complex national economic forces. By 1981, 32 million Americans, or one-seventh of the nation, had cash incomes lower than minimal standards established by the federal government. Thirty-eight percent of these people were children, while two-thirds of poor adults were women. Eight million Americans, moreover, found themselves forced into poverty between the energy crisis of 1979 and the end of the 1981-1982 recession. Political and economic pressures pushed the administration to address the problems of economic deprivation. During the 1982 recession the President signed a gas tax and highway jobs measure appropriating \$71-billion in transportation projects for the next four years. Reagan also referred the deteriorating Social Security situation to a Presidential commission and in 1983 supported a plan to revitalize the troubled system. By increasing payroll taxes on both employers and employees, Social Security expanded its outlays from \$138-billion in 1981 to \$200-billion in 1986. Medicare spending, which amounted to \$41-billion in 1981, leaped to \$74-billion in 1986. The President also persuaded Congress to appropriate \$1.7-billion for a drug enforcement and education program in 1986.

Although Reagan had won surprising support among organized labor in 1980, he reacted strongly to a walkout of government air traffic controllers during his first year in office. Firing the 12,000 striking technicians and dissolving their union, the President ordered the FAA to use military controllers in their place. The strategy worked and appeared to symbolize management's harsh approach to labor in the Reagan economy. The President, however, left the more complex question of illegal alien labor to Congress. After years of squabbling the legislators fashioned a compromise in the Immigration Act of 1986. The law fined employers who knowingly hired illegal aliens but created an amnesty program for millions of illegal immigrants (mainly Mexican-Americans) who could prove their entry to the United States before 1982. By 1988, 2 million of the nation's estimated 6 million illegal aliens had applied for amnesty under terms of the legislation.

Reagan did not win approval for his entire political agenda. When the President asked for a "new federalism" in his State of the Union message of 1982, Congress refused to shift programs to the poorly funded states. Neither did the legislators respond to the President's proposal for tuition tax credits for private school education, which liberals saw as a means of undermining racial integration. Nor did Congress approve abolition of the departments of Energy and Education. Furthermore Congress failed to pass constitutional amendments requiring a balanced budget, barring abortion, or permitting school prayer. Yet the conservative administration won substantial victories. During 1978 the (Warren) Burger Supreme Court had limited preferential treatment of minorities in education in the Bakke case by prohibiting rigid admission quotas. The Reagan Justice Department happily responded by reducing



BILL PLYMPTON, "REPUBLICAN GOTHIC"

affirmative action and school desegregation suits. The President also expressed pleasure when the Equal Rights Amendment (ERA) fell three states short of ratification in late 1982 and when the House came 6 votes shy of reviving the measure early the next year.

Despite Reagan's open conflict with feminists on such issues as the ERA, legalized abortion and subsidized daycare, the administration sought out conservative women such as Elizabeth Dole (Secretary of Transportation), Margaret Heckler (Secretary of Health & Human Services) and Jeane J. Kirkpatrick (Ambassador to the United Nations). In his most dramatic move, however, Reagan appointed conservative Judge Sandra Day O'Connor in 1981 to become the first woman to sit on the Supreme Court. Since O'Connor's record included qualified support for a woman's right to abortion, conservatives such as Reverend Falwell criticized the nomination. Yet Reagan moved further toward establishing a conservative majority on the Court when Chief Justice Warren Burger retired in 1986. The President not only chose Antonin Scalia, a conservative academic legalist, to fill the vacancy, but elevated William Rehnquist, the Court's most conservative member, to the presiding chair. Reagan anticipated further influence on the Court when he selected Appeals Court judge and constitutional scholar Robert H. Bork to fill a third vacancy in 1987. But a grassroots campaign of liberals, feminists and civil rights activists convinced the Senate that Bork's strict interpretation of constitutional rights appeared "extremist" and potentially disruptive of political stability. Forced to abandon the nominee, Reagan ultimately settled on a less abrasive conservative, Anthony M. Kennedy of California.

By 1984 a sharp drop in oil prices had eased inflation and accelerated the economic recovery begun two years earlier. Voters who since the 1930s had identified the Democrats as the party of prosperity now looked to the Republicans. "We Brought America Back," the White House proclaimed. Meanwhile, Democrats chose among three finalists in the Presidential race. Reverend Jesse Jackson's "Rainbow Coalition" attempted to link those outside the Reagan constituency: feminists, racial minorities, the poor, and peace activists. Senator Gary Hart of Colorado appealed to young urban professionals and focused upon the technological nature of the new service economy. But it was former Vice President Mondale who carried the Democrats' traditional constituencies in labor, education and the big cities and who faced Reagan in the 1984 general election. Mondale's running mate was Representative Geraldine A. Ferraro of New York, the first woman to be nominated for national office by a major party.

Mondale and Ferraro were caught in the growing polarization between the affluent and poor. By the 1980s the richest 5th of Americans absorbed over 41% of the national income while the lowest 5th subsisted on 5%. Fearful of offending middle-class voters, Mondale barely challenged Reagan's huge military budget or social program cuts. The candidate tried to preserve the alliance of corporations, unions and big government that had defined the Democratic Party since World War 2. Yet corporate leadership had abandoned these ties and union membership and bargaining power had suffered in an economy increasingly dependent on manufacturing. In contrast, Republican campaign committees outspent the Democrats 4 to 1 and used capital-intensive techniques of campaigning such as media advertising and sophisticated polling. Reagan's informality and lack of pretension made him a believable communicator despite a difficulty with nuance and detail.

The result proved to be a stunning Republican victory. With 59% of the popular vote, the President captured majorities in every state but Mondale's Minnesota and the District of Columbia. The Democrats tallied 90% among blacks, 65% among Hispanics and 53% among those earning under \$12,500 a year. In contrast, Republicans scored 80% among evangelical Christians, 72% among southern whites and 68% among those earning over \$50,000 a year. Most disturbing to the Democrats however was Reagan's majority among voters between the ages of 18 and 25. For these Americans Reagan and the Republicans represented new economic opportunity and Mondale and the Democrats stood for a tired status quo. Eligible voter participation in the election slipped further to 52%.

Reagan campaigned on a revitalized sense of national pride, contrasting American moral superiority to the 'Evil Empire' of the Soviet Union. In his second inaugural the President called the United States the "blessed land" of a "chosen people" and predicted there were no limits to growth and progress. Jimmy Carter had translated this moral imperative into a demand that American allies like Chile and El Salvador adhere to higher standards of human rights. But United Nations Ambassador Kirkpatrick, a foreign affairs specialist from Georgetown University, rejected this policy as naive and insisted in 1983 that "authoritarian" dictatorships of the right were susceptible to democratic change while "totalitarian" regimes of the left were not. The Reagan administration held Soviet adventurism in the developing nations responsible for "world terrorism" and most global conflict. Consequently, by 1985 national security planners adhered to an unofficial "Reagan Doctrine" in which the CIA rebuilt its covert action capacity by assisting anticommunist insurgencies across the world. During that year the President persuaded Congress to lift the 1976 restrictions on CIA activity in Angola and personally designated the UNITA recipients of an \$11-million military aid program for anti-government subversion, thereby allying the United States with a similar South African effort. The administration also supplied rebel armies in Afghanistan, Cambodia, Ethiopia and Nicaragua.

Despite its insistence that communism contributed to the worst human rights abuses, the Reagan administration faced intense pressure from Congress when the white minority government of South Africa used violence against black demonstrators in 1984. Protests against racial apartheid spread around the United States. As American civil rights leaders led daily demonstrations against apartheid at the South African embassy, conservative Republicans embraced the campaign to improve the party's image in the area of race relations. The administration responded with a policy of "constructive engagement" which called for peaceful persuasion of an anticommunist ally rich in strategic materials. But Congressional Republicans saw this as implicit support for the repressive South African regime. Only when the House passed legislation to impose sanctions in 1985 did the President ban the sale of South African coins and prohibit new bank loans and computer sales to Pretoria. The following year Congress banned imports of several South African goods, suspended direct air travel and promised stricter sanctions if apartheid continued. In a dramatic foreign policy defeat, Reagan's veto of the measure was easily overridden in both Houses.

The administration faced another challenge to its support of anticommunist allies when the dictatorship of Ferdinand E. Marcos of the Philippines fell in early 1986. Under pressure from the United States, Marcos had called for popular elections to be monitored by American observers. Reagan first backed Marcos but Senator Richard Lugar, Republican Foreign Relations Committee Chairman, persuaded the President to abandon his personal friend. Following the vote, the international election commission accused Marcos of widespread fraud and opposition candidate Corazon Aquino declared herself President. When Aquino won support from dissident military leaders and millions of Filipinos demonstrating in the streets, Marcos fled to Hawaii. Not long after, the United States escorted another ally, Haiti's Jean Claude Duvalier, to safety in Europe after rioting broke out on Duvalier's impoverished Caribbean island. As relations with military dictatorships in Chile and Paraguay cooled by 1986, Reagan announced that the United States would encourage democratic movements among rightwing allies. The following year South Korean students led massive street protests to accelerate a timetable for national elections and the Reagan administration successfully prevailed upon the dictatorship in Seoul to agree. The State Department opposed another dictator in 1988 when federal prosecutors in Miami and Tampa indicted Panamanian strongman General Manuel Antonio Noriega for international drug trafficking. But Noriega, a former CIA asset, resisted Washington's attempts to use an embargo and other pressures to force him from power.

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