

Obama and Reagan: Assessing Their Legacies

By Nick Gier, Professor Emeritus, University of Idaho (ngiero06@gmail.com)

“Why Reagan Cannot Save the Republicans” and “Defense, Deceptions, and Deficits” at www.NickGier.com/ReaganPage.htm; and “Ten Myths about Ronald Reagan’s Presidency” at www.NickGier.com/ReaganMyths.pdf

RR is totally lost, out of his depth, and uncomfortable. He has not enough knowledge or decisiveness to cut through the contradictory advice that is being offered to him.

—Richard Pipes, at a 1981 National Security Council meeting

The general effect of Cold War extremism was to delay rather than hasten the great change that overtook [the Soviet Union] at the end of the 1980s.

—George Kenan, George F. Kennan, author of the “containment” policy to stop Communism

The establishment media resented Obama’s thoughtfulness, his penchant for prudence and deliberation before embarking on any significant course of action. This stigmatization of intellect, I’d argue, helped paved the way for the monstrous manifestation of masculine id now poised to replace him.

—Eric Alterman, “The Crime of Obama’s Cool,” *The Nation* (1/2/17)

Michael Reagan, Ronald Reagan’s adopted son, has been writing critically about former President Obama. His father would have been 106 on February 6, so I would like to compare Reagan’s achievements with Obama’s.

Obama Saved the Auto Industry; Romney Would Not Have

Much like his father, Michael Reagan sometimes has a difficult time handling the facts. The eldest son claims that Obama spent trillions of federal dollars “saving” the economy. Let’s look at the auto bailout first: \$79.7 billion in federal dollars were invested, and \$70.4 billion was returned to the Treasury.

Mitt Romney promised that he would not have saved the auto industry, so just think of how the economy would be today without GM and Chrysler. Ford supported the bailout because it relies on the same auto parts companies that would have been devastated by a Romney administration.

More Deregulation under Carter Than Reagan

Ronald Reagan is praised for deregulating the economy, but, Sheldon Richman, writing for the libertarian journal *The Free Market* (10/88), claims that the Reagan administration “did little” over 8 years. Richman argues that Jimmy Carter actually did more to dismantle government rules: “Carter created the momentum and Reagan halted it. In fact, the economic costs of regulation grew under Reagan.”

Reagan did lift regulations in the banking industry, but that led to the Savings and Loan debacle. This scandal cost the federal government \$88 billion, none of which was paid back. The Dodd Frank bill, passed under Obama, was designed to prevent future bank failures, but Trump and Congress are threatening to repeal it.

TARP Made a Profit of \$15.3 Billion

Let’s now assess the success of TARP, Obama’s attempt to save the banks and insurance companies. The government invested \$245 billion, and already by 2011, \$244 billion had been returned to the Treasury. When the books were closed in 2014, tax payers had made a tidy \$15.3 billion profit. On another front, the new Consumer Financial Protection Bureau has already returned \$11.7 billion to cheated Americans.

The Stimulus Increased Employment and Economic Growth

Let’s now turn to Obama’s stimulus, which cost \$825 billion, including \$275 billion in personal and business tax cuts. (Where are those trillions you wrote about, Michael Reagan?) Because of the stimulus, the Gross Domestic Product rose by 3.2 percent, but fell back to an average of 1.6 percent with no further government inputs.

The non-partisan Congressional Budget Office reported that “our position is that [the Recovery Act] created higher output and employment than would have occurred without it.” The CBO found that the stimulus “lowered the unemployment rate by between 0.7 percentage points and 1.8 percentage points” and “increased the number of people employed by between 1.4 million and 3.3 million.”

Unemployment Drops from 10% to 4.7%

During Obama’s two terms, the unemployment rate fell from 10 percent in November 2009 to the current 4.7 percent, considered by economists as “full” employment. The principal test of this truth is that claims for unemployment benefits stand at a 43-year low. This indicates that businesses are keeping their employees, and that the latter are enjoying good job security.

The free market *Economist* reports that in 2015 “American households enjoyed the largest income gains on record, and the poverty rate fell faster than at any point since the 1960s. Wages have risen faster in real terms during this business cycle than in any since the 1970s.”

Larger Stimulus would have Created More Jobs and Growth

A larger stimulus would have created more jobs and higher economic growth. Obama's American Jobs Act, a modest \$56 billion plan which the GOP Congress refused to consider, would have offered needed job training and education. It would have reached many desperate workers, millions of whom have now turned to Trump as their false savior. Many would have found good jobs and their taxes would have off-set the federal investment.

Laid-off coal workers will be sorely disappointed when they realize that energy companies are leaving coal for natural gas and renewables. Many of them will also lose, if Obamacare is repealed, designated health benefits for black lung disease.

Exporting coal to China will not be a good bet, because the Chinese are moving to wind and solar faster than any other nation. Furthermore, Washington and Oregon have made it clear that they do not want coal ports in their states. That leaves Vancouver, B.C. as the only way for coal to reach Asia.

Obama Reduced Spending More than Reagan

Ronald Reagan promised that he would cut government spending, but it did not return to Carter's lower level of spending until 1984. Data from the St. Louis Federal Reserve shows that Reagan reduced, as a percentage of GDP, federal spending by only 2 percent at the end of his two terms. In his first six years Obama reduced federal spending by 2.7 percent.

The so-called "Reagan Revolution" has had little effect on total local, state, and local government spending. In 1990 it was 35 percent of GDP, and now it is 36 percent, even with 32 states with solid GOP majorities praising Reagan as their hero. I don't have the figures to prove it, but it simply can't be the case that the Blue States are responsible for the failure of Reaganism.

1980s Democrats Not Responsible for Increased Spending

Reagan defenders like to say that the Democrats were responsible for the increase in spending. That facts, however, show that, when the Democrats controlled Congress (only two of Reagan's 8 years), they passed budgets lower than what Reagan requested. If you include the two Bush administrations, Democrats, when they controlled Congress, persuaded these three Republican presidents to sign budgets that were \$17 billion less than what Reagan and the Bushes proposed. See the data at <http://zfacts.com/p/57.html>.

Now 398,000 Fewer Federal Employees than under Reagan

By the time, Reagan left office, federal employees (not including the military) had increased from 2,825,000 to 3,124,000. By the end of Clinton's 8 years, the number had gone down to 2,704,000. By the end of 2014, there were only 22,000 more federal

employees than Clinton and 398,000 fewer than Reagan. (Data from the federal Office of Management and Budget.)

Decline of Manufacturing Continued Under Reagan

In two recent articles in *The New York Times* (1/25 & 1/27/17), Paul Krugman shows that manufacturing (as a percentage of employment) went down from 22 to 17 per cent during the Reagan years. “Deindustrialization,” a corresponding measure for economy, soared under Reagan, and then it leveled off during the Bush I and Clinton administrations. Factoring in increased deficits, a continued strong dollar, and protectionist trade policies (all present under Reagan), Krugman predicts that manufacturing will continue to decline under a Trump administration.

Reagan Responsible for Far More Debt than Obama

When one talks about the national debt, it is not fair to count that inherited from one’s predecessors. Currently the most recent components of our nearly \$20 trillion-dollar debt, starting with the largest share first, are the Bush tax cuts, the loss of revenue due to the Great Recession, the wars in Iraq and Afghanistan, and then Obama’s stimulus. Obama borrowed money at very low interest rates to save the economy, but Reagan and the Bushes sold federal bonds (Reagan at very high interest rates) to wage war, one cold and two hot.

When Obama came into office the annual deficit was over 10 percent, but now he is handing Trump one of 3.2 percent. The new Congress just passed a budget bill that will add \$1.7 trillion to the deficit over ten years. With tax cuts more severe than George W.’s, and new spending that Trump wants for infrastructure and defense, we will go much deeper in debt. Will the GOP return to Dick Cheney’s assurance that “deficits don’t matter,” as long as they are produced by good Reagan Republicans and not bad Democrats?

The End of the Cold War Cooperative Effort

Four days after the Berlin Wall came down, USA Today asked a cross-section of Americans whom they thought was responsible for the collapse of Communism. A surprising 43 percent said Mikhail Gorbachev and only 14 percent chose Ronald Reagan. Every president from Truman to Reagan should get credit for our firm bipartisan stand against the Soviet Union, even though, tragically, both sides pursued policies that caused millions of unnecessary deaths in the Third World.

Tough Reagan, but Soft Obama? Think Again

As president who is praised for being tough, Reagan turned tail and withdrew from Beirut after 220 Marines were murdered in their sleep by Hezbollah. Even though his advisers encouraged him time and time again, Reagan refused to take out Panamanian dictator Manuel Noreiga, a task that the first President Bush did with

relish. To his credit Reagan was squeamish about civilian casualties, and he ordered only two military attacks: the invasion of tiny Grenada and the single bombing of Libya.

Obama has ordered ten times more drone strikes than George “The Decider” Bush, and caused more civilian casualties than his officials claim. Air strikes and special forces have killed thousands of ISIS fighters, and they have lost so much ground in Iraq and Syria that they can claim only their small capital Raqqa and the western half of Mosul. Terrorist attacks will continue and the new administration might well cause an increase if Trump follows through with his promise of indiscriminate bombing.

Reagan Administration Far More Corrupt than Obama’s

Obama’s administration was not free of scandal as his defenders exaggerate. There were investigations of the IRS targeting conservative groups, the ATF selling weapons Mexican drug, and Hillary’s emails, but there were no criminal charges or convictions.

On the other hand, the Reagan administration’s appointees have the record for being the most corrupt in American political history. Presidential historian Haynes Johnson explains: “By the end of his term, 138 Reagan administration officials had been convicted, had been indicted, or had been the subject of official investigations for official misconduct and/or criminal violations.”

Obama and Reagan Had Integrity; Trump Does Not

In contrast to Bill Clinton, both Reagan and Obama led clean lives. They were gentlemen and generally treated people with dignity and respect. Reagan did not always recognize black rights, and Obama once slipped badly with the remark about those who cling to their “guns and Bibles.”

In stark contrast Trump is a coarse if not ugly man, who launches twitter attacks at his critics on the slightest provocation. One day he calls CIA agents “Nazis” and then, on the second day of his presidency, he is praising them to the hilt.

Reagan Started the GOP’s Reign of Error/Alternative Facts

Reagan had his share of “alternative facts” (over 300, according to Mark Green’s *Ronald Reagan’s Reign of Error*), but Trump now continues the GOP’s “post-truth” era with 62 “pants on fire” awards from Politifact, which checks selected statements not the comprehensive review that Green did of Reagan’s record up to 1983. Trump’s 62 is three times the number that Mitt Romney had. Obama and Hillary have 9 and 7 respectively.

Obama Failed to Reverse the Reagan Revolution

Both Reagan and Obama were superb speakers (Trump gave the worst inaugural address in American history, and conservative columnist George Will agrees with me),

but Reagan succeeded far better than Obama in uniting the American people and persuading them, including many Democrats, that his policies were the right ones.

Therefore, I must admit that Reagan was a transformational president, even though I believe that many of his policies were bad for the nation. Obama failed because he was not able to reverse the Reagan legacy, because he could not convince the public that government can do good and that taxes, as Oliver Wendell Holmes so famously reminded us, are the price one pays for civilization.

Obama also failed to reconnect with the enthusiastic base that elected him (Sanders did it instead) and looked to Wall Street for advice; and he did not, as Lyndon Johnson did so effectively, keep his fellow Democrats in line. Not lobbying hard for the public option for health care reform, for example, was a fatal mistake.

Obama's Lack of Elbow-Twisting on Capitol Hill

Ann Wroe of *The Economist* states that Obama did not “embroil himself in the dirty business of elbow-twisting on Capitol Hill, but sat apart, like Rodin’s *Thinker*, in noble and lofty silence.” (As one wit put it: “Obama always showed up for a knife fight with an eloquent speech.”) Reagan worked effectively with cooperative Democrats, but GOP leaders dedicated themselves, from the very beginning, to defeat Obama’s initiatives.

Unfortunately, we now are faced with a tax cutting, deficit creating Congress and a renegade president. Reagan had sense enough to raise taxes (seven times in eight years; the first favored the rich and the others hit everyone else the most) to ease his deficits, but Trump will most likely read Bush, Sr.’s lips: “No new taxes.” The predicted economic growth of 4 percent will not happen, so we will be faced with a fiscal disaster of epic proportions.

Obama: Smart, Urbane, and Now Popular

History will show that the American people made a huge mistake in not allowing Hillary Clinton to continue to fight, as hard as she was certainly able and possible, for what Obama started. I predict that the American people will tire of Trump’s incompetence, lies, and bombast, and that they will miss the smart and urbane man, who already has climbed (in one poll) to a 61 percent approval rating, and who led them for eight, mostly successful years.

Journalist Andrew Sullivan says it all: “People will see the sheer caliber of this man. The grace and poise with which he conducted himself in unbelievably difficult circumstances; the way he withstood abuse [Trump’s denial of his citizenship] and disrespect with extraordinary calm and goodwill.”

Nick Gier of Moscow taught philosophy at the University of Idaho for 31 years.