

Cambridge University Press
978-0-521-67755-4 - The United States since 1980
Dean Baker
Frontmatter
[More information](#)

THE UNITED STATES SINCE 1980

This book describes the sharp right turn the United States has taken following the election of Ronald Reagan as president in 1980. It details how the policies pursued by the Reagan administration were a break from the policies pursued by prior administrations and the policies pursued in other wealthy countries. The Reagan administration policies had the effect of redistributing both before- and after-tax income upward, creating a situation in which the bulk of the economic gains over the last quarter century were directed to a small segment of the population. The analysis explains how both political parties have come largely to accept the main tenets of Reaganism, putting the United States on a path that is at odds with most of the rest of the world and furthermore is not sustainable. The book also describes the major developments in U.S. foreign policy, politics, and society over the last quarter century.

Dean Baker is the cofounder of the Center for Economic and Policy Research in Washington, DC. Before founding the center, he was a senior economist at Washington's Economic Policy Institute. He has authored or edited several books, including *The Conservative Nanny State: How the Wealthy Use the Government to Stay Rich and Get Richer* (2006); *Social Security: The Phony Crisis* (1999, with Mark Weisbrot); *Getting Prices Right: The Debate over the Consumer Price Index*, which won a Choice book award as one of the outstanding academic books of 1998; and *Globalization and Progressive Economic Policy* (Cambridge University Press, 1998, coedited with Jerry Epstein and Bob Pollin). Dr. Baker has also written for a variety of professional and general audience publications. His work on economic policy issues is often cited in the media, and he is frequently interviewed on television and radio. Dr. Baker has also testified a number of times before congressional committees. He received his PhD in economics from the University of Michigan.

Cambridge University Press
978-0-521-67755-4 - The United States since 1980
Dean Baker
Frontmatter
[More information](#)

THE WORLD SINCE 1980

This new series is designed to examine politics, economics, and social change in important countries and regions over the past two and a half decades. No prior background knowledge of a given country will be required by readers. The books are written by leading social scientists.

Volumes published

Brazil Since 1980; Francisco Vidal Luna and Herbert S. Klein
The United States Since 1980; Dean Baker

Volumes in preparation

Britain Since 1980; Roger Middleton
France Since 1980; Timothy Smith
India Since 1980; Sumit Ganguly
Israel Since 1980; Guy Ben-Porat, Schlomo Mizrachi, Ayre Naor, and Erez Tzfadia
Japan Since 1980; Thomas Cargill and Takayuki Sakamoto
Mexico Since 1980; Stephen Haber, Herbert S. Klein, Noel Maurer, and Kevin J. Middlebrook
Russia Since 1980; Steven Rosefielde and Stefan Hedlund

Cambridge University Press
978-0-521-67755-4 - The United States since 1980
Dean Baker
Frontmatter
[More information](#)

THE UNITED STATES SINCE 1980

Dean Baker

Center for Economic and Policy Research, Washington, DC



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press
 978-0-521-67755-4 - The United States since 1980
 Dean Baker
 Frontmatter
[More information](#)

CAMBRIDGE UNIVERSITY PRESS
 Cambridge, New York, Melbourne, Madrid, Cape Town, Singapore, São Paulo

Cambridge University Press
 32 Avenue of the Americas, New York, NY 10013-2473, USA
www.cambridge.org
 Information on this title: www.cambridge.org/9780521860178

© Dean Baker 2007

This publication is in copyright. Subject to statutory exception and to the provisions of relevant collective licensing agreements, no reproduction of any part may take place without the written permission of Cambridge University Press.

First published 2007

Printed in the United States of America

A catalog record for this publication is available from the British Library.

Library of Congress Cataloging in Publication Data

Baker, Dean, 1958–

The United States since 1980 / Dean Baker.

p. cm. – (The world since 1980)

Includes bibliographical references and index.

ISBN-13: 978-0-521-86017-8 (hardback)

ISBN-10: 0-521-86017-2 (hardback)

ISBN-13: 978-0-521-67755-4 (pbk.)

ISBN-10: 0-521-67755-6 (pbk.)

1. United States – Politics and government – 1981–1989. 2. United States – Politics and government – 1989– 3. Reagan, Ronald – Influence. 4. Reagan, Ronald – Political and social views. 5. Conservatism – United States. 6. United States – Economic policy. 7. United States – Social conditions – 1980– I. Title. II. Series.

E876.B35 2007

973.92 – dc22 2006026344

ISBN 978-0-521-86017-8 hardback

ISBN 978-0-521-67755-4 paperback

Cambridge University Press has no responsibility for the persistence or accuracy of URLs for external or third-party Internet Web sites referred to in this publication and does not guarantee that any content on such Web sites is, or will remain, accurate or appropriate.

Contents

<i>List of Figures and Tables</i>	<i>page</i> ix
<i>Preface</i>	xi
<i>Acknowledgments</i>	xiii
1 Turning Away: The United States Breaks Ranks	1
Appendix. Redistributing Income Upward: Freeing Some Trade, Protecting Some Workers	29
2 Setting the Scene: The United States in 1980	44
3 The Reagan Revolution: Running to the Right	60
4 The Reagan Revolution Becomes Institutionalized	100
5 The Republican Tidal Wave and the Clinton Boom	136
6 The Bush Administration and the War on Terrorism	168
7 The United States in 2005: The Impact of the Last Quarter Century	202
<i>Epilogue: Different Directions, Missed Opportunities</i>	237
<i>Bibliography</i>	245
<i>Index</i>	256

List of Figures and Tables

Figures

2-1	Inflation rates in the seventies.	46
2-2	Unemployment rates in the seventies.	47

Tables

1-1	Trends in wage inequality (ratio of 90th percentile wage to 10th percentile wage)	6
1-2	Trends in collective bargaining coverage: percentage of workers covered by a collective bargaining agreement	9
1-3	Rates of incarceration: United States and other wealthy countries (2003-4)	12
1-4	Life expectancy for total population at birth (in years): United States and other wealthy countries	14
1-5	Total health expenditures as percentage of GDP: United States and other wealthy countries	15
1-6	International comparisons of math and science literacy (1999)	17
1-7	Ratio of science and engineering PhDs granted by foreign universities to science and engineering PhDs granted by U.S. universities	18
1-8	Per capita GDP in 1980 and 2004 (in 2004 dollars)	20
1-9	Hourly labor productivity in 1980 and 2000	21
1-10	Unemployment rates in 1980 and 2005	23
1-11	Average annual hours per worker in 2004	25
1-12	Per capita energy use in 2003 (kg of oil equivalence)	27

Cambridge University Press
978-0-521-67755-4 - The United States since 1980
Dean Baker
Frontmatter
[More information](#)

x		List of Figures and Tables
7–1	Distribution of the population by race and Hispanic origin	205
7–2	Distribution of the population by region	206
7–3	Average hourly wages by gender and education level	208

Preface

Writing a history inevitably involves a long sequence of judgments by the author. From an infinite series of events, the author must decide which ones are important and how they should be tied together. The author must also decide how the events actually transpired, based on his or her assessment of which accounts are accurate and which ones should be largely dismissed.

Needless to say, I have made many such decisions in writing this book. The introduction should leave little doubt as to what I consider the key thread running through the history of the United States over the last quarter century. Beginning with the Reagan administration, the United States took a sharp turn away from a path that it had followed in the post–World War II era. Prior to the election of Ronald Reagan, the United States could be seen as following the welfare states of Western Europe in building up a set of institutional supports that ensured most of the population a decent standard of living. These supports included government programs that guaranteed families minimum levels of income, health care, and other basic needs. However, even more important was the shaping of the market in ways that ensured that most of the workforce would benefit from economy-wide increases in productivity.

This pattern was reversed following the election of Ronald Reagan in 1980. The Reagan administration weakened or eliminated government programs intended to provide income security. More important, the Reagan administration also changed the structure of the market in ways that disadvantaged the bulk of the country's workforce. The result was that most workers have seen very little benefit from the huge gains in productivity in the United States over the last quarter century.

This is a sharp departure from the path followed in Europe and indeed by almost every other wealthy country. While the structure of the welfare state continues to be hotly contested across the industrialized world, the institutional structure that ensured that the gains from productivity growth would be broadly shared remains largely intact outside of the United States.

The fact that this theme does not completely permeate every chapter is the result of a conscious decision. The basic thesis has been placed on the table at the beginning. Many readers may opt to take a different perspective on the events of the last quarter century. If the book does not rule out that option, I will not consider it to be a failure.

Acknowledgments

Many people helped in the writing of this book by suggesting source material, discussing aspects of the period covered, or commenting on earlier drafts. In particular, my colleagues at the Center for Economic and Policy Research, Mark Weisbrot, Heather Boushey, John Schmitt, David Rosnick, Diane Schwartz, and Lynn Erskine, were extremely helpful. Helene Jorgensen gave me very detailed feedback on the entire manuscript. Nihar Bhatt and Kathryn Bogel did helpful copyediting in addition to assisting with some of the research. Most important, I thank Helene, Walnut, and Fulton for being so tolerant of my neglect as I took the time necessary to write this book.