

## Ronald Reagan and the Gospel of Greed

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### Abstract

The legacy of Ronald Reagan is mixed. Admired by some, vilified by others. Ardent Democrat turned impassioned Republican. Dedicated union president turned union buster. Champion of smaller government who increased the size of the federal government during his presidency. Vociferous spokesman for reducing the national debt who tripled the national debt. Some Americans idolize the man. Others disagree. What is the enduring legacy of Ronald Reagan? How will history remember the 40th President of the United States? This paper argues the case for caution in lionizing the man. It presents evidence that casts doubt on the legacy, evidence that suggests the most enduring aspect of the Reagan presidency may be his philosophy that “greed is good,” that poor people are lazy, useless to society, parasitic, and deserve no help from others, especially not from government. It is a philosophy that runs counter to the teachings of every major religion, including that of the Christianity that Reagan professed. The paper compares and contrasts Reagan’s “Gospel of Greed” with what Andrew Carnegie called “The Gospel of Wealth.” The legacy of Ronald Reagan is that one should get as much as one can, that life is a zero-sum game, that the best socio-economic system is one based on social Darwinism, “survival of the fittest.” This is the enduring legacy of Ronald Wilson Reagan.

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### Andrew Carnegie’s Gospel of Wealth

Having amassed a great fortune in industry, Andrew Carnegie (1835 – 1919) turned to his Scottish sense of responsibility to others and gave away most of his fortune in the causes of education, peace, and the arts. Reflecting on his situation, Carnegie wrote what has come to be called “The Gospel of Wealth,” by which is meant that those who have been fortunate enough to acquire material wealth have an obligation to share with others less fortunate and, in general, to improve the lives of others.

This, then, is held to be the duty of the man of Wealth: First, to set an example of modest, unostentatious living, shunning display or extravagance; to provide moderately for the legitimate wants of those dependent upon him; and after doing so to consider all surplus revenues which come to him simply as trust funds, which he is called upon to administer, and strictly bound as a matter of duty to administer in the manner which, in his judgment, is best calculated to produce the most beneficial result for the community—the man of wealth thus becoming the sole agent and trustee for his poorer brethren, bringing to their service his superior wisdom, experience, and ability to administer—doing for them better than they would or could do for themselves (Carnegie, 1889).

Carnegie argues for a redistribution of wealth by the wealthy to the needy. “Under its sway [Carnegie’s plan] we shall have an ideal state, in which the surplus wealth of the few will become, in the best sense, the property of the many....”

It may be said in the 21st century that Bill and Melinda Gates, along with Warren Buffet, are following in the tradition of Andrew Carnegie and putting into practice the principles embodied in the “Gospel of Wealth.” Carnegie endowed libraries, music halls, and museums, as well as the Palace of Peace in The Hague. The Bill and Melinda Gates Foundation is spending billions of dollars in the cause of medical research and the elimination of diseases that afflict the poorest and most vulnerable people of the world. What Bill and Melinda Gates and Warren Buffet are doing may be seen, in historical context, to be in the best American tradition.

### Greed in America

Ronald Reagan was President from 1981 to 1989. As a B-movie actor, he was well known in Hollywood, and Hollywood offered one comment on the Reagan presidency by releasing the film, *Wall Street*, in 1987. In that film, Michael Douglas, playing the part of amoral business tycoon-Gordon Gecko, utters one of the most memorable lines in American cinema: “Greed, for lack of a better word, is good.” It is this phrase that many today believe best captures the Reagan philosophy.

Howard Zinn (1999) describes policies under the Reagan presidency as “more crass—cutting benefits to poor people, lowering taxes for the wealthy...” (p. 573). “While he built up the military (allocations over a trillion dollars in his first four years in office), Reagan tried to pay for this with cuts in benefits for the poor” (p. 577). Greed and pow-

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er go hand in hand: power enables greed, and greed lusts for more power. While Reagan may be seen as a key actor in the drama of greed in America, he is not without co-cast members. The disparity of income and wealth increased during the Reagan presidency to levels not seen in decades. By both historical measures and international comparisons, the Reagan philosophy created a society dominated by the richest Americans. It is neither the democracy described by de Tocqueville nor the nation envisioned by Abraham Lincoln. Ironically, it was America's first Republican president, Lincoln, who prays that a "government of the people, by the people, for the people, shall not perish from the earth" (Sandburg, 1954, p. 410).

Greed in the corporate board room is understandable. Many people believe – mistakenly – that corporations have a duty to create jobs. The duty of corporate managers is to maximize value of the owner's shares, to maximize profit. If this can be done by reducing labor costs, all the better. It is, however, less clear why an American president, one who represents all the people and not just corporations, would take an active part in support of this anti-labor position. In zealous pursuit of profit for the large corporations, Reagan and his administration actually caused grievous damage to the economy in general and individual firms and workers in particular.

### Reaganomics

In what may be judged by historians as one of the greatest con games in American history, Ronald Reagan used his "bully pulpit" to convince the U.S. Congress to pass legislation based on a theory that has since been thoroughly discredited by most economists around the world: "supply-side economics." Using the similarly now discredited "Laffer curve," Reagan argued that the path to economic success is by cutting taxes. At Reagan's urging the Congress "passed by a coalition of Republicans and Southern Democrats in 1981...the largest tax cut in the nation's history: an across-the-board cut of 25 percent...and a reduction of the highest marginal rate from 70 to 50 percent" (McKenna, 1994, pp. 548-550).

The theory, in plain terms works like this: The rich have a table piled high with food they believe they have earned through brilliance and diligence. Some crumbs fall from the table and are consumed by the poor, who are neither so brilliant nor so diligent. This being the case, the way to help the poor is to pile more food on the table of the rich, so more crumbs will fall to the poor. It is a morally repugnant philosophy on its face, contravening the teachings of every major religion on the planet. Equally problematic is that it doesn't work, except to enrich the already extremely rich. George H. W. Bush famously coined it "voodoo economics" (McKenna, 1994, p. 548). What was the result of Reaganomics in action? It took the United States

200 years to amass a national debt of one trillion dollars; Ronald Reagan tripled it in eight years!

Reaganomics was very good for the very rich. The gap between rich and poor widened under Reagan to an unprecedented extent. Politifact has checked the truth of the claim that, "From 1947 to 1979, family incomes for rich, middle-income and poor Americans grew about the same rate. But since 1979, incomes for rich families have grown much faster." The conclusion of Politifact is, "Still, despite some modest differences in the final numbers, the story told by the United for a Fair Economy chart strikes us as pretty accurate. So we rate the [claim] Mostly True."

### Ranking the Presidents

Historians have rated U. S. presidents on the basis of their effectiveness over the centuries, sometimes contradicting the popular notion of those who have held the office. Washington and Lincoln typically rank high on lists of historians and the general public. Where does Reagan stand? Whicker and Moore (1988) characterize Reagan as a "vacillator": "Early in his film career, he espoused liberal Democratic views, was an active union member, and eventually became president of the Screen Actors Guild. He was even a founding member of the California branch of the Americans for Democratic Action (ADA) and later served on the ADA national board." (pp. 82-83). What happened? How did a liberal Democrat who actively supported progressive causes transmogrify into a liberal-hating Republican? Money. "...as his Hollywood career faded he became ... outspoken for business interests" (p. 83). Trading his fading Hollywood role for a role as spokesman for General Electric, "Reagan shifted so far to the right ideologically that he became too conservative for GE and was let go."

Parry (2011) joins with those who judge Reagan's presidency harshly:

For the past three decades – since Ronald Reagan's Republican landslide in 1980 – the United States has undertaken arguably the most destructive social experiment in American history, the incentivizing of greed among the rich by halving their top marginal tax rates.

Parry concludes, "So, it turns out that greed isn't good after all – at least not for the vast majority of the American people. But this is a lesson that many U.S. opinion leaders still resist."

Reagan's title as the "great communicator" is contrasted with his rating on substance: "In the management of his policies, Reagan rates considerably lower, especially on foreign policy and social policy where he ranks low," and he was "not often taken seriously by politicians of either party because of the large gulf between rhetoric and reality" (Whicker & Moore, p. 177).

Judgments on the Reagan legacy need not be taken indirectly, from biased observers. One may judge from the

man's own words (Progressive Review, 2012): Describing Medicaid recipients in 1965: "...a faceless mass, waiting for handouts." In 1966, "Unemployment insurance is a pre-paid vacation for freeloaders." In a TV speech in 1964, "We were told four years ago that 17 million people went to bed hungry every night. Well, that was probably true. They were all on a diet."

### **Conclusion**

The lionization of Ronald Reagan is misplaced. A B-movie actor whose career collapsed in Hollywood brought his charm to Washington and put the nation on a course of self-destruction based on zealotry for a flawed economic policy. Perhaps more importantly, and more difficult to mend, that course was based on a morally bankrupt philosophy that will go down in history as the "Gospel of Greed."

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