Surrender
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Surrender: How the Clinton Administration Completed the Reagan Revolution.
They dubbed it the “Goldilocks” economy. Not too hot—no apparent danger of inflation. Not too cold—no increases in unemployment indicating a recession. The economy was “just right”—growing steadily. From 1997 through 1999, this was an accurate characterization of the U.S. economy. As the century drew to a close, the United States enjoyed the longest period of economic expansion in the postwar era. Despite some nervousness caused by the 1998 Asian and Russian economic crises, growth was rapid for both 1998 and 1999. Meanwhile, the prediction that the federal budget would be balanced by 2002 was proven hopelessly pessimistic. The August 1997 Balanced Budget Agreement between the president and Congress was followed by such rapid economic growth that the federal budget actually recorded a surplus in the fall of 1998, four years earlier than initially predicted. Squabbling over how to apportion the “pain” of budget cuts necessary to “get America’s fiscal house in order” now gave way to squabbles over how best to utilize the surplus. Predictably, the Republican majority in Congress wanted substantial tax cuts while President Clinton and the Democratic minority charged such actions would endanger the future of Social Security, Medicare, and all the other programs that needed to utilize the surplus.

Given all this good news, one might expect the title of this book to be *Triumph: How the Clinton Administration Completed the Reagan Revolution and Paved the Way for Millennial Prosperity*. However, as I wrote over two years ago, the short run, even four years worth, is insufficient evidence for an accurate analysis of recent economic policy. What were the results of the changes begun in the late 1970s and accelerated in the early 1980s which have come to be known as the “Reagan Revolution?” Are the current good times truly the result of the success of the Clinton administration, together with Congress, in transforming the budget deficits of the 1980s and early 1990s into surpluses at the end of the decade? Finally, are the current good times evi-
dence of a structural transformation of the American economy which will keep the good times coming? Have we, in fact, *solidified* the “Goldilocks economy?” To answer such questions we need to examine the history. We need a long-run perspective.

The experience of the past two years does not negate my analysis of the history of the Reagan Revolution and Clinton’s completion of that revolution. This edition contains an afterword that brings the analysis up to date. I invite the reader to engage with the evidence and arguments in this book.