affirmative action, 82–85, 201–2, 300n. 35, 40
AFL-CIO, 272, 349n. 21
African Americans, income inequality of, 200–202
aggregate demand
  defense spending as prop to, 66, 173, 180, 324n. 14
  fiscal policy and, 42
  four-part division of, 22
  inflation as caused by excessive, 33
  inflation as causing reduction in, 31
  insufficient as cause of recessions, 22, 33, 174
  investment and, 126, 150–51
  management of, 33–34, 63, 66, 271
  alternate approaches, 44–48
  criticism of, by Council of Economic Advisers under Reagan, 41–42
Aid to Families with Dependent Children (AFDC), 86–88, 90, 96, 97, 115–19, 223–24, 276n. 7, 309n. 46
  coverage of, 1984–90, 310
  state waivers from, 248, 341n. 14
  termination of, 247–49, 258, 344n. 54
American Enterprise Institute, 107, 272
Americans with Disabilities Act (ADA), 214–19, 244
antitrust suits, 38, 85
Armey, Richard, 300n. 22
Aschauer, David, 267
assembly line, 18
AT&T, 85
Bakija, Jon, 94
Balanced Budget and Emergency Deficit Control Act. See Gramm-Rudman-Hollings Act
balanced-budget multiplier, 47, 293n. 43
banks
  deposit insurance of, 190–91
  Federal Funds rate for, 73–75, 294n. 6
  foreign, U.S. economy and, 138–39
  reserve requirements for, 75
  See also Federal Reserve System
Baran, Paul, 296n. 17
Bartley, Robert, 111, 125, 127, 128, 139, 150, 151, 155, 195–98, 208, 209, 306n. 12, 319n. 32
Baumol, William, 295n. 10
Bawden, D. Lee, 89, 97
Bentsen, Lloyd, 169
Berle, Adolph A., 346n. 3
blacks, income inequality of, compared to whites, 200–202
Blair, Margaret, 346n. 3
Blecker, Robert, 134, 318n. 23, 26
Blinder, Alan, 60–61, 123, 317n. 20
Bosworth, Barry, 52, 53
Bound, John, 201
Bowles, Samuel, 141, 142, 146–48, 166
  bracket creep, 46–47, 80–81, 101
  Bradley, Bill, 221
Brainard, William, 295n. 10
Britain as creditor nation, 138
Brookings Institution, 52, 53, 117, 134, 295n. 14
BTU tax, 233–35
Buchanan, James, 282n. 11, 284n. 24
Buchanan, Patrick, 251
budget
automatic cuts in, 122–24
balanced
claims for necessity of, 19–21
Clinton-Republican agreement, ix, 1, 121, 240, 249–53
crowding-out hypothesis, 259
deadline set for, 9, 250, 259, 261, 263
“Financial Fundamentalism,” 265, 345n. 1
and income redistribution, 2–3
as Perot’s first priority, 225
proposed Constitutional amendment, 5, 19, 122, 238, 240
public support, 244, 266
Reagan’s promise of, 34–35
and spending, 4, 68
baseline, 275n. 4
high-employment, 100–101
Burford, Anne, 81–82
Burtless, Gary, 117
Bush, George, 23, 81, 104, 255, 323n. 6
accused of not fighting deficit, 175
alleged betrayal by, 5, 208
civil rights under, 219–20
entitlement spending and, 209–10
health insurance reform by, 121
NAFTA and, 207–8
regulatory policy of, 114–15, 207, 212–14
Americans with Disabilities Act, 214–19
tax policy of, 112, 169, 207–12, 222, 225, 257
business, big. See corporations
business cycle, 21–24
control of, 34
deficits and, 144–45, 174–75, 240
investment and, 126–27
long-term comparisons, 153
profit rates in, 286n. 3
business debt
compared to government debt, 171–72
1960–89, 321

Canada
health care in, 246–47, 340nn. 8, 9

in NAFTA, 207
capability increase, 16
capacity utilization rate, 14
1960–90, 158–59
of 1960s compared to 1970s, 25–26, 286n. 2
lower than average in recent years, 143, 148
in recessions, 285
capital
as factor of production, 14
flight from U.S. of, 270, 272
inflation and income from, 31–33
in Marxist analysis, 59
military protection of free flow of, 65
speculative flows of, 271, 348n. 18
venture (start-up), 127–28, 155
capital consumption allowance, 312n. 12
capital gains
definition of, 32
by high-income families, 1980–90, 331
rise in incomes from, 193, 194
taxation of, 34, 111–12, 155, 207, 308n. 37
capitalism
economy held hostage by, 103
monopoly, 287n. 7
See also corporations
capital-labor accord, 166
carbon tax, 233–34
Carter, Jimmy, 34, 85, 102, 255
inflation policy of, 52, 54–55
Catholic bishops, letter of, 265–67
CBO. See Congressional Budget Office
Center for Popular Economics, 272, 296n. 18, 348n. 21
Center for the Study of American Business, xv, 41, 85, 220, 339n. 1
Central Bank, U.S. See Federal Reserve System
Chomsky, Noam, xvi
civil rights
under Bush, 219–20
Americans with Disabilities Act, 214–19
under Reagan, 82–85
Civil War, 172, 270, 321n. 5, 347n. 14
class system, 58, 62
Clinton, Bill
  balanced budget agreement of, ix, 1, 121, 240, 249–53
  early effort against Reagan Revolution by, 23, 227–40
  education program of, 232
  health-care reform attempted by, 5, 121, 245–47, 246n. 6
  NAFTA supported by, 226–27
  1992 election of, 225–27
  regulatory policy of, 115, 246
  on role of government, 18–19
  tax policy of, 23, 112, 226, 228–29, 231, 233
  Volcker-Reagan program completed by, 253–58, 264
  welfare policy of, 247–49 (see also welfare reform law)
Clinton, Hillary Rodham, 245, 246
Cold War, 173, 176
Commerce, Department of
  Bureau of Economic Analysis
    investment classification, 180–81, 253, 326n. 21
    current and investment categories, 21
    switch from GNP to GDP by, 303n. 54, 305n. 2
Commoner, Barry, 28on. 6
Community Services block grants, 89, 90
community work experience programs (CWEP), 115
computer revolution, 126, 127
Condon, Mark, 198–99, 331
Congress, historical overspending by, 19
  See also Republicans in Congress
Congressional Budget Office (CBO), 104, 178, 250, 337n. 53, 343n. 44
  baseline budget of, 275n. 4
  projections of, 261, 344n. 60
Conrail, 38
conservative economics, 34, 56, 263, 266
  mainstream critique of, 51–52, 55, 56
  on 1981–82 recession, 102, 103
  political takeover by, 271–72
  radical economics and, 56–57, 69
  role of government in, 35–50
  See also supply-side economics
consumer price index
  in misery index, 286n. 5
  of 1960s compared to 1970s, 29
  tax brackets indexed to, 81
consumer spending, 1980s growth of, 136
consumption
  GDP and, 161–62
  increased by investment, 126
  private, 22
  subsidized, 94
contracts, government as enforcer of, 37
Contract with America, 3, 5, 19, 20, 61, 97, 115, 277n. 14, 278nn. 16, 17, 19, 289n. 24
  lack of health-care policy in, 121
  limited view of government in, 241
  contributory entitlements, 49–50, 91–96
  cooperatives, 279n. 3
  corporations
    control of, 346n. 3
    decision makers in, 266, 269
  taxation on, 111
Corrigan, Gerald, 211
cost of job loss, 142, 147–48, 166
Council of Economic Advisers, xv, 13
  under Bush, 125, 128–29, 132, 188, 190, 191, 212, 214, 334n. 2
  under Carter, 52
  under Clinton, x, 236–41, 244, 250–53, 262, 343n. 44, 345n. 63
  under Kennedy, 33
  under Reagan, 35, 37, 39, 41, 46, 48, 78, 79, 92, 125, 169, 346n. 3
Council on Competitiveness, 114, 207
counterfactual, definition of, 163
credit, increased reliance on, 144
crowding-out hypothesis, 19, 43–44, 131–33, 140, 141, 162–65, 259, 319nn. 31, 32
Cuban missile crisis, 176
Cuomo, Mario, 221
cypher, James, 325n. 18
debts
  household, business, and private, 321
  private, compared to government, 170–72
See also deficits; national debt
defense spending, 3, 43
  aggregate-demand effect of, 66, 173, 180, 324n. 14
  and allocation of funds, 177–80
  call for, in Contract with America, 278n. 17, 284n. 20
  after fall of Soviet Union, 231
  as indirect subsidy to business, 284n. 20
  Internet as a result of, 37
  as necessary evil, 36
  1986–93, 337
  1987 as beginning of decline in, 223
  as percentage of GDP, 173, 323n. 7
  Reagan’s increase in, 35, 38, 97–98, 104–5
  technological progress and, 178–79, 325n. 18
  after World War II, 66, 296n. 17
  deficits
  antirecession policies and, 54, 295n. 10
  under Bush, 209, 222, 344n. 52
  business cycle and, 144–45, 174–75, 240
  under Carter, 54
  Clinton’s policy on, 229–31, 235–36
  decline of, in 1990s, 5, 278n. 18
  effects on economy, 19, 165, 170–76, 272, 282n. 11, 291n. 34
  federal plus local, 305n. 4
  financing of, 20, 282n. 16
  under Ford, 54
  future effect of decline of, 259–61
  government borrowing and, 44, 174
  Gramm–Rudman attack on, 122–24, 132–33, 208, 209
  under Reagan, 8, 100–101, 104, 130, 146, 162–65, 169, 315n. 54
  structural, definition of, 324n. 9
  twin, 129–48
See also national debt
demand curve, 299n. 21

Denison, Edward, 295n. 10
deposit insurance, 190–91
Depository Institutions Deregulation and Monetary Control Act, 75, 188
depreciation
  effect of inflation on, 31, 48
  Reagan’s policy on, 79, 108
depressions, 21
deregulation. See regulatory relief
disintermediation, 77, 78
dividend income
  interest income and, 197
  rise in, 192–94
dollar
  domestic effect of low exchange rate for, 134–35, 313n. 20
  foreign holdings of, 131, 137, 144–46
  international-reserve status of, 70–73
  rise in value of, during 1980s, 145
  slide in value of, during 1970s, 70–73
  after World War II, 65
Dulles, John Foster, 324n. 14
Duncan, Greg, 199–200, 330n. 78, 332n. 79
earned-income tax credit (EITC), 228, 233, 252
economic growth
  capability increase in, 16
  determination of, 14–19
  effects of, on middle class and poor, 3–4
  factors of production and, 16
  income distribution and, 62–63
  since Industrial Revolution, 17, 281n. 6
  investment as main cause of, 22
  of 1960s compared to 1970s, 25–27, 286n. 1
  1996–98, ix, 1
  productivity increase in, 16, 18
  economic history, need for study of, 6–9
Economic Justice for All, 265–67
Economic Policy Institute, xv, 200, 272, 318n. 26, 348n. 21
Economic Report of the President. See Council of Economic Advisers economic rights, 265–67 economics, derivation of term, 11 economic well-being, GDP as measurement of, 12–13 economy
    internationalization of, 139
    long-run comparisons of, 153–59 structural defects in, 57–58 as structure of interrelationships, 165 See also international economy
education, 182–84
    Clinton’s program on, 232, 251, 252 compensatory, 90 elementary and secondary, spending for, 328 spending on buildings for, 181–82 world job creation by, 140, 229, 251 Eisenhower, Dwight D., 295n. 10, 334n. 1
Eisner, Robert, 20–21, 144, 235, 267 elections
    1980, 34–35, 55, 227, 322n. 6, 333n. 1
    1982, 56, 221
    1988, 333n. 1
    1992, ix, 195, 221, 225–27, 338n. 63
    1994, ix, 3, 5, 242, 247
    1996, ix, 1, 7, 251, 268 recessions and outcome of, 333n. 1 Employee Benefit Research Institute, xv
Employment Act of 1946, 54, 276n. 6 employment rent, 204, 205 enclave economies, 137 Engler, John, 248 entitlements
See also pollution
Federal Communications Commission, 85, 302n. 42 Federal Funds rate, 73–75, 104, 130, 221–22, 229, 238, 255, 257, 260–61, 294n. 6 gap between long-term rates and, 230
Federal Reserve System (U.S. Central Bank)
    Clinton administration and, 229–30, 237, 238, 255–57 Clinton’s surrender to, 257 democratic control needed, 269, 272, 347n. 13 description of, 277n. 9
inflation and/or unemployment battled by, 2 monetary policy of, 42, 44, 70, 72–73, 101, 130, 131, 133, 288n. 15 part of national debt held by, 320n. 3 preemptive strikes against inflation by, 105, 238, 257, 317n. 20 recession of 1990 and, 210–11, 221–22
Federal School Lunch Program, 97 Feldstein, Martin, 92 Financial Markets Center, 270, 272, 347n. 13, 349n. 21 fiscal policy
    deficit and, 240, 255 definition of, 288n. 15 impossibility of calculating right time for, 41–42
1984–89, 101, 104 fiscal years, change in, 277n. 10
Follett, Mary Parker, 280n. 5
food stamp program, 87, 88, 90, 96, 97, 118, 223, 249, 303
Ford, Gerald, 271, 334n. 1
tax policy of, 53, 54, 174, 255
Ford Motor Company, 18, 204
foreign borrowing by U.S., 135, 239
foreign investment in U.S., 131–32, 135–41, 164, 313nn. 20, 29, 319n. 32, 320
foreign trade
Clinton and expansion of, 241
U.S. deficit in, 72, 132, 134–35, 144, 261, 313n. 25
See also international economy
Freeman, Richard, 201
free trade, 251, 311n. 76
Friedman, Benjamin, 133, 136, 138, 141, 143, 146, 176, 180, 312n. 16, 320n. 35
Friedman, Milton, 19–20, 43, 149, 294n. 1
full employment
as cause of inflation, 268–69
compatibility with capitalism, 205
as inflationary, 267
international capital flows and, 270–71
See also unemployment, structural
Full Employment and Balanced Growth Act (1978), 44, 46, 55, 272, 276n. 6

Galbraith, John Kenneth, 287n. 7, 346n. 3
Garn–St. Germaine Act, 85, 188
Gebhardt, Richard, 221
General Agreement on Tariffs and Trade (GATT), 208, 241, 271
General Motors Lordstown, Ohio, plant, 67, 147
Gingrich, Newt, 209, 265, 278n. 16
Gini ratio, 251, 342n. 28
gold, the dollar and, 70–72
Goldwater, Barry, 49, 271
Gordon, David, 141, 142, 146–48, 166
Gorsuch, Anne, 81–82
government
Clinton-Republican conflict on role of, 18–19
conservative indictment of, 35–36
ineffectiveness of, 291n. 39
investment by, 18, 20–21, 267–68
Bureau of Economic Analysis
classification, 180–81, 326n. 21
1993–97 nondefense, 254
proper role for, 36–39
purchases by, 22
reinventing, 23, 25, 240
Republican shutdowns of, 1, 5, 275n. 1
as source of power in economy, 61
spending by
cuts in, 96–98, 122–24
denunciations of, 35, 259, 289n. 19
effects of balanced budget on, 19–20, 282n. 12
multiplier, 42–43
as wasteful, 176–80
subsidies and other support by, 36–37, 61–62, 281n. 7, 295n. 16
wealth as major influence in, 61–62
Gramm, Phil, 123, 259
Gramm-Rudman-Hollings Act, 122–24, 132–33, 208, 209
Great Depression, 33, 191, 296n. 17
Greenspan, Alan, 93, 229–30, 232, 237, 253, 262
gross domestic product (GDP)
Commerce Department switch from GNP to, 303n. 54, 305n. 2
deficit as percentage of, 104, 130, 175
description of, 12–14
growth of (see economic growth)
investment as percentage of, 126–27
money supply and, 290–91n. 30
per capita, 13
1960–90, 159–60
of 1960s compared to 1970s, 26–27
potential, 13–14, 21–22, 29
ratio of consumption to, 161–62
ratio of debt to, 170, 174, 322
real, definition of, 13
statistical comparisons to, 284n. 28
total government spending as percentage of, 276n. 8
gross national product (GNP), 303n. 54, 305n. 2
Guatemala, U.S. coup in, 296n. 20
Gulf War, 209–10, 221

Hawthorne studies, 28on. 5
health care
balanced budget and, 4
in Canada, 246–47, 34onn. 8, 9
Clinton’s attempted reform of, 5, 121, 245–47, 246n. 6
Congressional attitude on, 31on. 67
lack of policy on, under Reagan, 121, 188
productivity growth from, 267
rising costs of, 185–88
Health Care Financing Administration, 224
health insurance
in Clinton’s reform proposal, 245
employer and employee spending on, 329
percentage of Americans not covered by, 187, 327n. 37
rising costs of, 185, 186
helicopters, 177, 179
Heritage Foundation, 272
Hess, Peter, 28on. 5
history as laboratory of social sciences, 6
hospitals, 181, 187
household debt, 321
hysteresis, 313n. 20

imperialism, modern version of, 137–40
incentives
author’s conclusions on, 152–53
conservative economists on, 63, 161–62
for higher income, 60–61
mainstream economists’ views on, 51–52
incentive tax credit, 51
income
from capital, inflation and, 31–33, 48
change in family, 1960s vs. 1970s, 26–28
definition of, 60
disposable personal, 161
distribution of, economic growth and, 62–63, 279n. 2
fairness in, 60–61
GDP and, 13
in Marxist analysis, 59
Reagan Revolution policies, 3–4
rising inequality argued, 3
192–202, 205–6
since 1993, 3, 279n. 25
wage inequality, 194, 250–51
as wages vs. profits, 62–63
interest vs. dividend, 197
redistribution of
and attacks on government spending, 283–84n. 20
current constraint on, 2–3, 6, 257
efficiency cost, 48
as legitimate government role, 48
Reagan’s policy, 86–96, 107, 115–20
satisfaction in society raised, 61
income stream, capitalized value of, 29on. 28
Industrial Revolution, 59
inequality
Gini ratio of, 251, 342n. 28
See also income, distribution of
inflation
business uncertainty created by, 30–31, 48
creditors and debtors affected by, 29–31
expected rate of, 298n. 19
Fed’s authority to fight, 2
Fed’s preemptive strikes against, 105, 238, 257, 317n. 20
government policies against, 268–69
income from capital affected by, 31–33, 48
1970s, 52–55, 70, 294n. 7
1984–89, 104, 125–26
from printing of money, 282n. 16
Reagan Revolution and, 8
traditional tools against, 33
unemployment and (see unemployment, inflation and)
Volcker’s attack on, 7, 72–75, 78–79, 98–99, 101–2, 104
inflation premium, 30
infrastructure investment, 180–82, 232, 252
integrated circuit, 296n. 16
interest income compared to dividend income, 197
interest rates
financial deregulation and, 192
freed from Regulation Q, 75–78, 192
government borrowing and, 43
inflation and, 30, 286n. 6
monetary policy and, 288n. 15
money creation for reduction of, 270, 347n. 14
real, 75, 104, 133–34, 143, 189, 209n. 19, 306n. 15
of savings and loan institutions, 189
See also Federal Funds rate; Federal Reserve System
international economy
creditors’ vs. debtors’ influence in, 138–39
dollar as currency of, 70–72
“ownership” in, as irrelevant, 137
U.S. and free trade in, 311n. 76
after World War II, 65
See also foreign trade
Internet, 37, 267, 296n. 16
investment
definition of, 284n. 23
foreign, in U.S., 131–32, 135–41, 164, 313nn. 20, 29, 319n. 32, 320
by government, 18, 20–21, 171–72
gross vs. net, 129
infrastructure, 180–82, 232, 252
private, 18, 22
business cycle and, 22
governmental subsidies and other influences on, 36–37, 281n. 7
government crowding out of, 19, 43–44, 131–33, 140, 141, 162–65, 259, 319nn. 31, 32
government spending and, 42–43
incentives for, 51–52
inflation’s effect on, 30–31, 48
as main cause of economic growth, 22
productive, 17–18, 315n. 3
purely financial, 127–28, 143–44, 156, 269
reasonable return, 23–24
tax straddles in, 308n. 26
unproductive, 269, 288n. 11
savings and, 47
technological progress and, 126–27, 150
Iran, CIA action in, 296n. 20
Japan
investment from, 319n. 32
role of government in, 36–37
Jerome Levy Economics Institute, 272, 348n. 21
Job Corps, 90
job creation
Clinton and, 228, 244, 251–52
defense spending and, 177–79
increased training for, 140, 229, 251
1960–90, 157–58
after 1990 recession, 223
Job Creation and Wage Enhancement Act, 115
job satisfaction index, 147, 314n. 46
JOBS program, 115–16
Johnson, Lyndon B., 271
Kemp, Jack, 79, 272
Kennedy, Edward, 221
Kennedy, John F., 4, 33, 255, 295n. 10, 296n. 16
Kennedy-Kassebaum Act, 310n. 67
Keynes, John Maynard, 22, 33, 271, 282n. 11
monetarist opposition to, 42–43, 45, 47–48
KJN decade, 153–59, 181, 242
Korean War, 66, 296n. 17, 323n. 7
Krugman, Paul, 195–96, 198, 200
labor
balance of power lost by, 141–42
as factor of production, 14
improvement in productivity of, 17–18, 57–58
length of work week of, 203–5
voluntary cooperation by, 15, 16, 57, 147, 166, 184, 280n. 5
after World War II, 63–64, 67–68
See also work; workers
labor market, unique characteristics of, 202–3
land as factor of production, 14
Lavelle, Rita, 82
leisure, decline in, 202–5, 333n. 90
Lindsey, Lawrence, 6, 111, 150–52, 196, 208
long-swing school, 63, 296nn. 17, 18, 297n. 21
Lordstown (Ohio) General Motors plant, 67, 147
mainstream economics, 51–52, 55, 56, 59, 63, 263
critique of 1983–90 by, 129–32
on 1981–82 recession, 102, 103
power as viewed in, 61
twin deficits criticized by, 132–41
Makin, John, 107
management theory, 15–16, 280n. 5
marginal costs, 39–40
marginal propensity to consume (MPC), 42
market economy, government’s role in, 37–39, 61–62
markets
contestable, 38
imperfectly competitive, 287n. 7
labor, Marxist critique of, 59
regulatory reform and, 212–14
rule of, 266–67, 346n. 5
Marx, Karl, 56
Marxism, owner-worker antagonism in, 15–16, 58–60
Mayo, Elton, 280n. 5
Means, Gardner C., 287n. 7, 346n. 3
means-tested entitlements, 49–50, 86–91, 118
Medicaid
AFDC and, 88, 118–19
changes in outlay for (1984), 90
Clinton and, 246, 249
conservative objections to, 95
growth in (1983–92), 223, 224
nursing care for well-off paid by, 119–20, 186, 309n. 63
percentage of poor covered by, 119
proposed cuts in (1995), 275n. 4
Reagan and, 95–96, 113, 186
Medicare
conservative objections to, 94–95
as contributory entitlement, 49
controls placed on (1997), 3, 277n. 12
cost of part A vs. part B, 309n. 65
future of, 258, 264
proposed cuts in (1995), 275n. 4
Reagan’s policy toward, 95–96, 186
rise in spending by, during 1980s, 120–21
tax for, extended to all income, 338n. 67
Meek, Carrie, 3, 4, 277n. 15
Melman, Seymour, 177, 325n. 18
mergers, 128, 143, 156–57
Mexico, 207, 226, 251
middle class, income of, 195–200, 333
minorities, impact of 1970s slowdown on, 67
Minsky, Hyman, 144
misery index, 28–31, 33, 244, 340n. 2
Mondale, Walter, 169
monetarism
Fed’s conversion to, 70, 72–75, 298n. 13
Keynesians and, 42–43
monetary policy, 41–42
definition of, 288n. 15
1984–98, 104–8
money
creation of, to reduce interest rates, 270, 347n. 14
three roles of, 71
wholesale printing of, 282n. 16
mortgages
inflation and, 30, 286n. 6
of savings and loan institutions, 188–89, 327n. 41
multiplier
example of, 293n. 43
monetarist denial of, 42–43, 47–48
Munnell, Alicia, 267
NAIRU (nonaccelerating inflation rate of unemployment), 45–46, 317n. 16
National Bureau of Economic Research, 221, 284n. 21, 316n. 8
National Commission on Excellence in Education, 182–84
national debt
  alleged burden of, 170–76
  interest payments on, 170, 174, 322
  monetizing of, 282n. 16
  Perot on, 170, 281n. 9
  See also deficit
national-defense spending. See defense spending
National Labor Relations Act, 61, 63–64
National Reinvestment Fund, 270, 347n. 13
National Security Council, 324n. 14
Nation at Risk, A, 182–84
natural law, 266
new classical economics, 291n. 39
New Federalism, 96, 97, 248
NFC decade, 153–57, 162, 181
Niskanen, William, 112
Nixon, Richard M., 88, 271, 295n. 10, 333n. 1
North, Douglass C., 289n. 22
nursing homes, Medicaid financing of care in, 119–20, 186, 309n. 63
oil
  falling prices for, in 1980s, 130
  low price of, after World War II, 65–66
  rising prices in (1973–74, 1979), 52, 53, 145
  oligopoly, 287n. 7
Omnibus Budget Reconciliation Act (OBRA)
  of 1981, 48, 85, 86, 92, 116
  of 1987, 113
  of 1990, 209
  of 1993, 233, 235
OPEC, 71, 131
opportunity costs, 134
Ornstein, Norman, 107
owners
  conflict between workers and, 15–16, 58–60
  corporate decision making by, 346n. 3
  Palmer, John L., 89, 97
Panel Study of Income Dynamics, 199–200
Pendleton, Clarence, 84
pensions, inflation and, 30
Perelman, Michael, 144
Perot, H. Ross, 136, 138, 141, 170, 175, 180, 225–27, 243, 281n. 9, 337n. 59
Perry, George, 295n. 10
Personal Responsibility Act, 248, 249
Phillips, Kevin, 195, 200
Phillips Curve, 44–45, 52, 292, 305n. 6
planning system of economy, 287n. 7
police, 3
  conservative support of power of, 37
  as necessary for free market, 38
politics, money-driven, 260, 272, 346n. 4, 347nn. 10, 11
Pollin, Robert, 143–44, 175
pollution
  Bush administration and, 212
  market incentives to reduce, 214
  problem of regulation of, 41
  See also environmental regulation
poverty
  Catholic bishops on, 265–66
  children in, 345n. 63
  low-wage jobs and, 117–18
  recent increase in, 142
  safety net in reduction of, 68
  wages at and below level of, 194
power
  capitalists’, safety net and, 68
  of creditors, 138
  definition of, 61
  radical economists’ view of, 61–62
  reassertion of, by business, 141–42, 146–48
PPOs (preferred provider organizations), 186–87
price control, 75–76, 268–69
prices
  administered, 30, 287n. 7
  when equal to marginal costs, 39–40
  as society’s signaling device, 40
price takers vs. price makers, 287n. 7
prime rate, definition of, 298n. 18
prisons, 3, 289n. 25
Index / 379

private property, government as protector of, 37
private sector borrowing (1960–89), 319n. 34, 321
privatization, 289nn. 24, 25
production
factors of, 14, 16–18
internationalization of, 139
means of, 58
productivity growth, 16, 18
compound rate of growth compared to, 316n. 9
defense spending and, 179–80, 326n. 18
investment and, 126–27, 259–61
job growth and (1960–91), 318
marginal tax rates and, 244
1960–90, 155–58
1960s vs. 1970s, 25–26, 56, 68, 286n. 2
slowdown in, 68, 166–68, 295n. 10
profit
in Marxist theory, 59–60
shares of (1983–96), 250
rate of
calculation of, 286n. 3
definition of, 59
of 1960s compared to 1970s, 26
of 1970s compared to 1980s, 315n. 1
recessions needed to reestablish, 102
Program for Economic Recovery, 35
prosperity after World War II, 28, 63–68, 296n. 17
protectionism, 140, 208, 311n. 76
public choice school, 268, 282n. 11, 284n. 24
public service employment, 89–91
Quayle, Dan, 207
radical economics, 15, 56–57, 263
conservative economics and, 69
on 1981–82 recession, 102–3
power as viewed in, 61–62
on twin-deficits problem, 141–48
rational expectations school, 291n. 39
raw materials, cheap, 65–66
Reagan, Ronald, 272
entitlement policy of, 86–96, 107, 234–35, 248
judicial appointees of, 84
reasons for popularity of, 55–56
regulatory relief under, 81–86
shrinking of government by, 96–98
summary of policies of, 98–99
tax policy of, 4, 6, 35, 79–81, 101, 105–12, 169, 308n. 36
Volcker’s program and, 7–10, 35, 56, 78–79, 98–99, 101–2, 124, 130, 142, 205, 231, 255, 306n. 7
completed by Clinton, 253–58, 264
whether success or failure, 149–68, 263–64
Reaganomics, xiii, 34–35, 346n. 4
Reagan Revolution, x, 117, 146, 273
fruits of, 2–4
reaffirmation of, in 1995, 25
role of government in, 4
stages of, 4–6
structural changes not produced by, 148
success of, xi, 2, 5–6, 257–58
real spendable hourly earnings, 147, 314n. 47
recessions
automatic stabilizers in, 100, 240, 262
change in policy responses to, 255–58
deficits in prevention of, 144, 174–75, 240
future, 261–64, 271
investment as only way out of, 151
NBER’s identification of, 284n. 21
1960–61, 34, 285
1962–94, recoveries after, 243
1970, 27, 285, 295n. 10
1980, 52, 54–56, 68, 316n. 8
1990, x, 7, 209–12, 221, 255–57, 262, 281n. 9, 284n. 22, 285, 335n. 15
peaks and troughs of, 285
periodicity of, 21–22
potential causes of, 262
recycling, 113–14
regulation
in Clinton’s health care plan, 246, 340n. 6
environmental, 61
expenditures for, 41, 113–14, 290n. 29, 302n. 43
externalities and, 41
Regulation Q, 75–78, 188
regulatory relief
under Bush, 114–15, 207, 212–14
under Carter, 85
under Reagan, 23, 35, 81–86, 112–15
Regulation Q, 75–78, 188
savings and loan institutions, 188, 190, 192
by reinventing government, 23, 25
Reich, Robert, 137, 139–40, 180, 229, 232, 251, 325n. 18
rent control, 76
rents
employment, 204, 205
rise in incomes from, 192–94
Republicans in Congress
budget agreement of Clinton and, ix, 1, 121, 240, 249–53
health-care reform not proposed by, 310n. 67
proposed tax cuts (1995), 1, 275n. 4
Reagan Revolution supported by, 25
on role of government, 18–19
Resolution Trust Corporation, 189, 190
Restoring the Dream, 241, 281n. 10, 289nn. 18, 24, 310n. 67
Reynolds, Alan, 198–99
Reynolds, William Bradford, 83
Ricardo, David, 199–200
Rodgers, Willard, 204
Roth, William, 79
Rudman, Warren, 123
Samuelson, Robert, 252
satisfaction level, 11–12
satisfaction of society, 290n. 27
Saudi Arabia, 131, 319n. 32
savings
inflation’s effect on, 31–33
investment distinguished from, 161
whether investment independent of,
47
Social Security and, 92
supply-siders on tax effect on, 161–62
savings and loan institutions, 75, 77–78, 85, 145, 188–92, 205, 213
Sawhill, Isabel, 198–99, 331
Schor, Juliet, 142, 202, 204–5, 333n. 90
Seger, Martha, 211
semiconductors, 296n. 16, 325n. 18
Shoven, John, 189, 190
Siciliano, Julie, 280n. 5
Skocpol, Theda, 340nn. 6, 9
Smart, Scott, 189, 190
Smeeding, Timothy, 199–200, 330n. 78, 332n. 79
Smith, Adam, The Wealth of Nations, 17, 38, 140
social costs and benefits, conservative attitude to, 39–41, 290n. 27
social mobility and income distribution, 198–99
1977–86, 331
Social Security
conservative opposition to, 49, 92–93
expenditures for, 3, 68, 120
future of, 258, 264
part of national debt held by, 320n. 3
plans for control of growth of, 3, 93, 106–8, 307n. 22
political legitimacy from, 64, 68
poverty of recipients of, 293n. 47
taxation of benefits from, 93, 107, 228–29, 234–35
Social Security Disability Insurance (DI), 91
Soviet Union, 231, 267
U.S. spending race with, 176–77
stagflation, 33–34, 44, 50, 52, 141
stagnation, 63, 143–46, 175–76, 296nn. 17, 18, 297n. 21
Star Wars, 178
states
AFDC waivers of, 248, 341n. 14
federal programs and, 96–97, 113, 115, 117
income redistribution given to, 264
unemployment (continued)
  Phillips Curve, 44–45, 52, 292, 305n. 6
  Reagan’s promise to fight both, 55
  structural
    as 4 percent, 14, 44–45, 166, 267, 272, 276n. 6
    as 5.5 percent, 317n. 20
    as 6 percent, 101, 104–5, 130, 210, 305n. 3
  traditional tools against, 33
unemployment compensation
  antirecession function of, 64
  Bush’s policy toward, 222–23
  Clinton’s policy toward, 228
  as counterproductive, 2, 48, 91, 122, 276n. 7
  NAIRU determined by, 46
  Reagan and, 91–92, 121–22, 142
United States Central Bank. See Federal Reserve System
Urban Institute, xv, 87, 89, 95, 198
venture capital, 127–28, 155
Vickrey, William, 265, 345n. 1
Vidal, Gore, 324n. 14
Vietnam War, 66
Volcker, Paul, 7–9, 34, 35, 56, 93
  attack on inflation by, 72–75, 78–79
  See also Reagan, Ronald, Volcker’s program and
VRB (Volcker-Reagan-Bush) decade, 153–54, 156–60, 162, 181, 186
wages
  “citizen,” 68
  in Clinton’s first term, 244–45
  minimum, 76, 117, 299n. 22, 341n. 20
  fall in share of (1983–97), 250
  profits vs., 62–63
  recent effort to reduce, 142
Wagner, Richard (economist), 282n. 11
Waldfogel, Joel, 189, 190
Wanniski, Jude, 288n. 16
Warren, Melinda, 220
Watt, James, 81
wealth
  income distinguished from, 60
  as major influence in government, 61–62
  concentration of (1989), 193
Weidenbaum, Murray, 41, 81, 83, 112, 113, 282n. 12, 289n. 19, 290n. 29
Weisskopf, Thomas, 141, 142, 146–48, 166
welfare
  Clinton’s proposals on, 247–49
  in Contract with America, 278n. 19
  JOBS program and, 115–16
  moving people to jobs from, 116–18
  poverty produced by, 276n. 7
  Wisconsin and Michigan reforms of, 248
  workfare and, 88
  welfare reform law, 1, 5, 224, 248–49, 252, 258
Wofford, Harris, 121
Wolff, Edward N., 193
women in labor force
  increased participation of, 203
  married, 202, 332n. 88
  in 1970s slowdown, 67
Women, Infants, and Children (nutrition program), 90–91, 266
Woodward, Bob, 229, 233, 253, 338n. 63
work
  intensity of, 58, 60, 67, 146–48, 166
  involuntary part-time, 204
  supposed unwillingness of, 224
  voluntary element in, 15, 16, 57, 147, 166, 184, 280n. 5
  See also labor
workers
  amount of inequality among, 147
  conflict of owners and, 15–16, 58–60
  decline in income of (1979–89), 166
  fringe benefits for, 204
  increase of married women as, 202, 332n. 88
  increase in work by (1979–89), 202, 332n. 88
  index of satisfaction of, 147, 314n. 46
  percentage of supervisors over, 147
  real spendable hourly earnings of, 147, 314n. 47
  risk premiums for, 214
  See also labor
workfare, 88
Work Incentive (WIN) program, 89, 90, 115
World War II, 269, 270
  prosperity after, 28, 63–68, 296n. 17