

## Deregulating the Economy

Reagan achieved one of his most important objectives—reducing the size and power of the federal government—in part by cutting federal entitlement programs but also through **deregulation**, the cutting back of federal regulation of industry. As part of his campaign for smaller government, he removed price controls on oil and eliminated federal health and safety inspections for nursing homes. He deregulated the airline industry (allowing airlines to abandon unprofitable air routes) and the savings and loan industry. One of the positive results of this deregulation was that it increased competition and often resulted in lower prices for consumers.

In a further effort at deregulation, President Reagan cut the budget of the **Environmental Protection Agency (EPA)**, which had been established in 1970 to fight pollution and conserve natural resources. He ignored pleas from Canada to reduce acid rain and appointed opponents of the regulations to enforce them. For example, James Watt, Reagan's secretary of the interior, sold millions of acres of public land to private developers—often at bargain prices. He opened the continental shelf to oil and gas drilling, which many people thought posed environmental risks. Watt also encouraged timber cutting in national forests and eased restrictions on coal mining.

## Conservative Victories in 1984 and 1988

It was clear by 1984 that Reagan had forged a large coalition of conservative voters who highly approved of his policies.

These voters included the following:

- *businesspeople*—who wanted to deregulate the economy
- *Southerners*—who welcomed the limits on federal power
- *Westerners*—who resented federal controls on mining and grazing
- *Reagan Democrats*—who agreed with Reagan on limiting federal government and thought that the Democratic Party had drifted too far to the left

**THE 1984 PRESIDENTIAL ELECTION** In 1984, Reagan and Bush won the Republican nominations for reelection without challenge. Walter Mondale, who had been vice-president under President Carter, won the Democratic Party's nomination and chose Representative **Geraldine Ferraro** of New York as his running mate. Ferraro became the first woman on a major party's presidential ticket.

In 1984 the economy was strong. Reagan and Bush won by a landslide, carrying every state but Mondale's home state of Minnesota and the District of Columbia.

### HISTORICAL SPOTLIGHT

#### AN ASSASSINATION ATTEMPT

On March 30, 1981, President Reagan and other members of his staff were shot by a mentally unbalanced man named John Hinckley, Jr. While being wheeled into surgery to have a bullet removed, the president said to his wife, "Honey, I forgot to duck" (a line first used by boxer Jack Dempsey in the 1920s, after losing his heavy-weight title). In the operating room, Reagan said to the team of surgeons, "I hope you fellas are Republicans." Reagan recovered speedily and his popularity grew.



▲ President Reagan is pushed into a presidential limousine after being shot by a deranged man.