

Reagan's Cabinet 1981-1989

Topic A: Iran-Contra Affair

Topic B: Economic Recessions



GBSMUN VIII

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Letter From the Chair

Hello Delegates,

My name is Evie Tsonis and I'm so excited to be chairing your GBSMUN VIII committee! I'm really grateful that we're able to host our conference in person this year! I've always loved U.S. history so I'm especially excited to be chairing a Reagan committee. I am a senior and have been involved in GBSMUN since my freshman year. This is my second time chairing a committee but my first time chairing in-person! In addition to Model U.N., I also play soccer, am involved in the Medical Chapter club, Onward House tutoring club, and am a P.E. leader.

The two topics we will be discussing in committee today are the Iran-Contra Affair and the Economic Recessions. In regards to awards, I'm looking for a delegate who can represent their position most accurately. Also, **if your position was not a part of the Administration for the full eight years**, pretend that you were. There are a lot of conflicting positions so I'm looking forward to an entertaining debate! Above all, I'm looking for a delegate that works with other delegates in a respectful and productive manner. There will be no pre-writing allowed, and doing so will result in disqualification. I'm really looking forward to debating and hope you are looking forward to learning more about this time period!

Position papers are due the day of the conference in a printed copy. Delegates should submit one position paper per topic. Each paper should be in Times New Roman font and 1.5 spaced. Please include your name, school, position, and topic at the top of each paper. Please submit your papers by turning in one printed copy the day of the conference. If you have any questions at all feel free to email me: 226185@glenbrook225.org! Thank you!

Sincerely,
Evie Tsonis

Overview of the Reagan Administration:

Ronald Reagan served as the United States president from 1981-1989. Reagan is known for promoting a form of conservatism that remains present in politics today. Reagan's conservatism is characterized by a decreased role of the federal government, decreased funding for social services, and increased military spending¹. Reagan stated, "government is not the solution to our problem; government is the problem," which summarizes his conservative stance. One such example of Reagan's efforts to decrease federal spending and social services were his prohibition of federally-funded parenting centers from assisting women in need of abortions. Because of his administration's efforts to decrease federal spending and business restrictions, Reagan is remembered as an advocate for the free market.

The priority of Reagan's Cabinet at the beginning of the administration was to boost the economy. The inflation rate in 1981 was around 14%, which contributed to the recession in 1982. However, towards the end of Reagan's presidency, inflation and unemployment decreased significantly. One such reform that Reagan passed, and that many Americans believe led to eventual economic recovery, was the Tax Reform Law of 1986. Reagan was also known for promoting his economic theory, named "Reaganomics." Reagan believed lower taxes would allow U.S. citizens to spend and invest more, grow their businesses, and hire more employees. More employees would create a larger tax base, in turn leading to increased government revenue. Because of the economy's dependence on fossil fuels, Republicans at this time were largely opposed to decreasing carbon emissions, as doing so was seen as anti-business.

¹ <https://www.reaganlibrary.gov/reagans/reagan-administration/reagan-presidency>

Reagan was conservative socially, as well as fiscally. Reagan appointed three Supreme Court Justices: Anthony Kennedy, Antonin Scalia, and the Court's first female justice Sandra Day O'Connor. Although Reagan's decision to appoint a woman to the Supreme Court seemed progressive to some, Reagan's ultimate goal was to fill the Court with as many conservative justices as possible. Another one of Reagan's goals was to stop the influx of illicit drugs into the country, specifically cocaine. Reagan and his wife Nancy Reagan declared a "War on Drugs," which disproportionately targeted and incarcerated individuals of color.

Overall, Reagan's policies greatly hurt communities of color, especially African Americans. Post Civil Rights Movement, African Americans were gaining more positions of political power, two of the most notable being Wilson Goode and Harold Washington, elected as Philadelphia and Chicago's first black mayors in 1983. However, African Americans' incomes remained on average much less than white Americans' incomes. Reagan's cuts for social services hurt diversity and affirmative action initiatives. In addition to the Reagan Administration's failures to address the economic disparities between black and white Americans, the Administration also failed to address the violent conditions in African American neighborhoods. Homicide was the leading cause of death for African American men aged 15-24².

In regards to foreign policy, Reagan's cabinet was staunchly opposed to any form of communist government. Detente, the relatively peaceful era of the Cold War, had ended by the time Reagan took office. The U.S. and Soviet Union were still involved in the Cold War during this period, and the U.S. military intervened in a number of communist and communist-occupied nations. One such example of U.S. intervention, which will be expounded upon in the next few sections, is Reagan's involvement in the Iran-Contra crisis. Reagan's cabinet supported the

² <https://courses.lumenlearning.com/ushistory2ay/chapter/african-american-life-in-reagans-america-2/>

Nicaraguan Contra group, a rebel group opposed to the legitimate Nicaraguan government. The U.S. military also invaded Grenada, which was occupied by Cuba at the time. The numerous U.S. military interventions demonstrate an increased emphasis and funding into the military during Reagan's administration.

In contrast, Democrats during this time believed that farmers, small business owners, and minority business owners were carrying an unfair amount of economic burdens. Democrats were also aware of the wage gap between men and women and vowed to eliminate this gap. Therefore, Democrats argued for more business regulations and taxes to prevent monopolies, although monopolies persisted and grew throughout the 1980s. Additionally, Democrats argued for federal investments in social welfare, decreasing carbon emissions, and giving people of color positions in government and higher positions in business.

Topic A: Iran-Contra Affair

History of the Problem:

The origins of the Iran Contra scandal started before Ronald Reagan was elected president in 1980. On February 11, 1979, Iran overthrew its leader Mohammad Reza Pahlavi in the Iranian Revolution. Across the globe in Nicaragua, the Sandinistas removed Anastasio Somoza Debayle and his government from power on July 19, 1979. The Sandinistas were a Marxist group that now had control over a government close to the United States. The U.S. was engaged with the U.S.S.R in the Cold War and worried that communist countries close to the U.S. could serve as bases for attack or support to other communist insurgencies in neighboring countries.

To address the Sandinistas in Nicaragua, the newly elected Reagan administration provided financial and military aid to the Contras, a group that opposed the Sandinistas. Reagan referred to the Contras as the “moral equal” of the founding fathers and viewed supporting their efforts as essential. But over time, support for the aid began to wane as Americans wanted to avoid another drawn-out conflict after suffering through the Vietnam War. This forced Congress to act, and in 1984 and 1985 passed legislation containing 2 separate Boland Amendments that banned any form of aid to the Contras.³ This law was enacted as part of a larger bill, putting the political pressure on President Reagan to sign it into law, despite disagreeing with the amendments.

Following the Iranian Revolution, the country was engaged in conflict with Iraq. U.S. representatives attempting to negotiate with moderate forces from Iran were taken hostage by

³ <https://www.britannica.com/event/Iran-Contra-Affair>

Shi'ite terrorists in Lebanon. In an effort to bring the hostages home, National Security Council (NSC) head Robert McFarlane worked to sell anti-tank and anti-aircraft missiles to the Iranians in early 1985.⁴ McFarlane believed that selling them missiles would lead to the release of the American hostages; that did not happen.

Continued sales in 1986 did not change the situation, and instead contradicted the U.S. government's policy to never negotiate with terrorists. Iran had paid \$48 million in exchange for the missiles, and under the actions of NSC staff member Oliver North, a portion of that sale was diverted to fund the Contras in Nicaragua, also violating the Boland amendments. North's actions had been approved by McFarlane's successor at the NSC, Vice. Adm John Poindexter. North also worked with associates to create The Enterprise, which raised funds for the Contras and conducted the transfer of arms and materials from the U.S. to the Contras.

Status of the Problem:

News of the illegal aid for the Contra and sales to the Iranians became public in Nov. 1986 after the Sandinistas shot down a plane and captured the pilot carrying illegal aid from the U.S. to the Contras. The pilot explained to the Sandinistas how the CIA hired him to transport weapons cargo to the Contras. Shortly after, the U.S. Attorney General announced an estimate that between \$10 to \$30 million from deals with the Iranians had been provided to the Contras, although the true figure was closer to \$70 million.

The Reagan administration has been found to be in clear violation of the Boland Amendments, as it offered aid to the Contras in their conflict with the Sandinistas. It also violated U.S. policy to not negotiate with terrorists, along with aiding Iran in the war with Iraq.

⁴ <https://www.history.com/topics/1980s/iran-contra-affair>

The American people are outraged that their government broke the law, and Congress is equally angry that their authority was ignored. Both want a clear explanation and investigation of how the scandal occurred, how to fix the laws broken, fix the existing international political issues, who is responsible, and how much President Reagan was aware of. It is the job of this committee to meet the demands of the American people and their Congress.

Potential Solutions:

A Congressional Investigation:

Because the Iran-Contra Affair involved a direct violation of Congressional authority and law, it is within their jurisdiction to investigate the executive branch for anything related to the scandal. The House of Representatives is controlled by the Democratic Party, with Democrat Tip P. O'Neill serving as Speaker of the House. President Reagan is a Republican, meaning that they are from opposing political parties and are likely to disagree on the committee and attack/support the committee for partisan gain. Congress does not need Reagan's approval to move forward with an investigation, as they have subpoena power and can manage their own committees.

A Presidential Commission:

A Presidential Commission created by Reagan would allow the administration to appear that it is focused on the issue, temporarily satisfying the American people. It also allows for the executive branch to more closely monitor and control the efforts of the investigation. This will likely only serve as a temporary solution as Congress demands real answers, and will not be fooled with a toothless commission. The appointment of a special counsel by the Attorney General offers a more non-partisan approach to the investigation, although the appointment needs to be a credible figure respected by all parties. A special counsel also has the possibility of

spiraling out of its original purview and investigative purpose, instead possibly uncovering or investigating other crimes.

Bury the Information:

The Reagan administration could decide to do nothing. Admit no wrongdoing, hide any evidence that shows a possible connection or link between the U.S. and Iran and the Contras. They could stonewall Congressional investigations that try to uncover the truth, and refuse to share pertinent information or testify. This strategy has its limitations as it doesn't prevent Congress from impeaching the president and working to remove him from office. It also doesn't meet the demands of the American people.

Resignation:

In the mold of President Richard Nixon, Reagan could simply resign instead of admitting guilt or knowledge of the scandal. This saves the president from a messy investigation, but it also costs him the rest of his term, which is set to end in a little over 2 years on January 20, 1989. It would also give him the opportunity to avoid criminal charges, as Vice President George H.W. Bush would assume the presidency and could offer Reagan a pardon, although that is likely to be incredibly unpopular politically.

Questions to Consider:

- 1) How do you protect President Reagan from the political fallout of the scandal, and prevent a possible impeachment?
- 2) How do you achieve the original goals of the Reagan administration, namely:
 - a) The removal of the Sandinistas
 - b) The freedom of American hostages held by Iran
- 3) How do you follow U.S. law and stated policy in any further action?

- a) Consider your stance on foreign intervention, on communist governments, and on U.S. relations with Middle Eastern nations

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Topic B: Economic Recessions

History of the Problem:

In the 1960s and 70s, the Federal Reserve set interest rates according to the Phillips Curve. The Phillips Curve is a macroeconomic pattern that demonstrates lower unemployment is associated with higher inflation and that higher unemployment is associated with lower inflation. Inflation can be defined as the, "sustained upward movement of prices for goods and services in an economy"⁵. The 1970s consisted of inconsistent inflation, switching between extreme highs and lows. When inflation was lower, the Federal Reserve would lower interest rates, and when inflation increased, the Federal Reserve would increase interest rates. This back and forth of

⁵ <https://www.stlouisfed.org/open-vault/2020/january/what-is-phillips-curve-why-flattened>

interest and inflation rates created a very unstable economy in the mid to late 1970s. Further contributing to economic instability were the wage controls Nixon implemented. Employers were unable to pay their workers higher salaries like Nixon demanded, and therefore, employers were forced to lay workers off.

Paul Volcker was appointed as the Federal Reserve's Chairman in 1979. Volker prioritized decreasing inflation, as he believed inflation was the source of most of America's economic instability. Volcker had an opposing thought process to the Phillips Curve, as he believed higher inflation was associated with higher unemployment. To achieve his goal of lowering inflation, Volcker raised interest rates to 21.5% by 1982.

Oil was another factor that played into the recessions. The oil embargo of 1973, initiated by the Organization of Petroleum Exporting Countries (OPEC), caused gas prices to become extremely high internationally. Nixon's administration marked a period of "stagflation," with high inflation but lower consumer demand. Stagflation caused a negative GDP for five quarters 1973-1975⁶. As a response to high inflation, the federal reserve lowered interest rates. The Iranian Revolution in 1979 caused another rise in oil prices. The inflation rate in 1979 was about 14%, which is far above the Federal Reserve's recommended rate of 2%. The new Iranian regime was exporting less oil in 1980, and gas prices remained high.

Status of the Problem:

This committee will take place in the summer of 1982. The GDP has consistently been in decline since 1980. Working-class individuals in the manufacturing and auto businesses are taking the hardest hit in regards to unemployment. Working-class families in the region known as

⁶ <https://www.thebalance.com/the-history-of-recessions-in-the-united-states-3306011>

the “rust belt” are taking a tremendous hit, and these families are migrating to the south and to the west in search of employment. The unemployment rate is around 8%, and will likely grow in the upcoming months⁷. The Economic Recovery Tax Act passed in 1981 has been the largest tax cut in U.S. history. Many of Reagan’s tax cuts have only targeted New Deal Era programs, specifically Social Security and Medicare. Some Republicans feel that Reagan’s tax cuts need to be farther-reaching.

Reagan is avoiding reforming and investing in social programs because doing so would take up a lot of government revenue. This is angering a lot of Democrats, many of who claim that Social Security and other such programs are necessary for working middle and lower-class individuals. Volcker’s high interest rates are especially harming small business owners and middle-class Americans. Further complicating matters, Reagan is still facing health problems from when he was shot in March of 1981. Reagan surviving being shot garnered temporary support from many Americans, but his Cabinet is struggling to regain that support.

Reagan has support from traditional Republicans, working-class families that migrated to the Southwest “sunbelt” states, Catholics, Southern whites, and many blue-collar workers. Despite his wide range of supporters, Reagan is very unpopular amongst liberal Democrats and African Americans. 30% of African Americans are living at or below the poverty line. Throughout the 1980s, African American unemployment was about double the rate of white unemployment⁸. Reagan also needs more Republican seats in Congress in order to pass his legislation. Reagan’s Cabinet has to decide the best way to maintain their working-class supporters and how to gain supporters from the left. About 59% of Americans are opposed to

⁷ <https://www.pewresearch.org/2010/12/14/reagans-recession/>

⁸ <https://courses.lumenlearning.com/ushistory2ay/chapter/african-american-life-in-reagans-america-2/>

federal intervention in business, and there has been a general distrust in the government since Nixon's Watergate scandal.

Potential Solutions:

Increasing Inflation:

Raising inflation may help lower unemployment, as demonstrated by the Phillips Curve. Increased inflation can result from an increased price on goods and services; a raise in goods/service prices can result from increased taxes or from employers. This may be a smart tactic to lessen the frequency that Americans borrow from banks, and would most likely decrease civilian debt. In the 1950s, low inflation correlated with high unemployment. In the early 1970s, higher inflation rates correlated with lower unemployment rates. Raising inflation may lead to lower unemployment rates once again.

Investing in Social Programs:

Diverting money that Reagan channeled towards the military towards social programs will help the poor and struggling working-class Americans. Without a successful working class, there is no way for the economy to recover. Investing in social programs could also include initiating building projects, similar to those President Roosevelt enacted during the Great Depression. However, Reagan would most likely not be willing to invest in social programs.

Continue to Make Tax Cuts:

Tax cuts are believed by some to lead to economic prosperity. If employers pay fewer taxes, then they will be able to hire more workers, therefore increasing overall federal government revenue, as well as supposedly decreasing the unemployment rate. Additionally, tax cuts correlate with military spending. If tax cuts end up increasing the federal government's

revenue, then the government will have more funds to funnel towards the military. However, a decrease in federal government revenue could result in a decrease in military spending, which is contrary to Reagan's goals.

Questions to Consider:

- 1) Are there any strategies the Cabinet can take to increase Republican representation in Congress?
- 2) How can the administration gain approval from liberal Democrats and African Americans?
- 3) Are Reagan's tax cuts too far-reaching, or are they not far-reaching enough?
 - a) Have tax cuts been successful in the past?
 - b) Which groups have these tax cuts benefited?
- 4) Should the administration's priority be to assist the poor or to invest in the economy?
 - a) If you believe investing in social programs should be the government's priority, how can you convince staunch Republicans to agree?
- 5) Should the administration continue to intervene in other countries' affairs? Does doing so help or hurt the American economy?
 - a) Consider the Iran-Contra Affair and America's dependency on Middle Eastern oil.

Positions List (For Both Topics):

First Lady: Nancy Reagan

Vice President: George HW Bush

Secretary of State 1982-89: George Shultz

Secretary of Defense: Caspar Weinberger (1981–1987)

Attorney General: Edwin Meese (1985–1988)

Secretary of Treasury: James Baker (1985–1988)

Speaker of the House of Representatives: Thomas P O'Neill (Democrat) (1977-1987)

Senate Majority Leader: Robert Byrd (Democrat) (1987-1989)

Secretary of the Interior: Donald Hodel (1985–1989)

House Majority Leader: Tom Foley (Democrat) (1987-1989)

Senate Majority Whip: Alan Cranston (Democrat) (1987-1991)

CA Representative Glen Anderson (Democrat)

IL Representative: Paul Simon (Democrat)

MA Representative: Gerry Studds (Democrat)

NY Representative: Fred Richmond (Democrat)

FL Representative: Claude Pepper (Democrat)

TX Representative: Mickey Leland (Democrat)

House Majority Whip: Tony Coelho (Democrat)

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