

**The "Reagan Revolution," Part One:  
Did He Win the Cold War?**

**James S. Henry**

**June 14, 2004**

**SubmergingMarkets™**

**© James S. Henry, SubmergingMarkets™, 2004**

**INTRODUCTION**

**Former President Reagan's** \$10 million taxpayer-funded [bicoastal funeral extravaganza](#) is finally over, and we may at last be able to regain a little objectivity about the man's true accomplishments. This really was an extraordinary Hollywood-scale production – **one of Reagan's best performances ever**. Apparently the actor/President started planning it himself way back in 1981, shortly after he took office at the age of 69. Evidently he never expected to live to be 94.

For over a week we have been inundated with **neoconservative hagiography** from adoring Reagan fans -- one is almost reminded of **Chairman Leonid Brezhnev's** funeral in 1982. Even the final event's non-partisan appeal was slightly undercut by the fact that only die-hard conservatives like President **George W. Bush, former President George H. W. Bush, Margaret Thatcher, and Canada's Brian Mulroney** were invited to give eulogies. But at least this saved Democrats the embarrassment of having to say nice things about their fiercest, most popular, and most regressive antagonist of the 20th Century.

Some Bush campaign staff members reportedly recommended shipping the casket home from DC to California by train. Cynics suggested that this must have been intended to prolong the event and distract voters from Bush's [serious political difficulties](#). Thankfully **Nancy Reagan** spared us



all this agonizing spectacle. She probably recognized that it would only invite unfavorable comparisons with **FDR**, whose family eschewed the state funeral in favor of the more humble train ride. Furthermore, AMTRAK no longer serves most of the towns along the way.

There has already been quite a bit of [dissent](#) from the many one-sided tributes to Reagan. Most of it has focused on **domestic policy** -- especially Reagan's very mixed track record on civil rights and the HIV/AIDs epidemic, his strong anti-union bias, the huge deficits created by his "supply-side" legerdemain, his deep cutbacks in welfare and education spending, and his weak leadership on conservation, the environment, consumer protection, and energy policy. Reagan's hard-right bias on domestic policy certainly was underscored by the **almost complete absence of blacks and other minorities** among the ranks of ordinary Americans who lined up to mourn his passing.



With respect to foreign policy, the "Iran-Contra" arms scandal and Reagan's support for apartheid were recalled by some observers. But most of the attention was directed to Reagan's **supposedly uniformly positive contributions to the demise of the Soviet Union and the end of the Cold War.**

In this article, the first of two in this series, we'll examine Reagan's foreign policy contributions more closely. The analysis has important implications not only for our assessment of Reagan, but also the White House's current incumbent.

### **DID RONNIE REALLY "WIN THE COLD WAR?"**

**We** can debate this alleged role endlessly. Of course, like **John Kennedy** ("Ich bin ein Berliner") Reagan made one very forceful speech in Berlin ("[Tear down this wall, Mr. Gorbachev.](#)") Especially during his first term, he also supported policies that tried to **roll back the Soviet Empire's frontiers** in distant places like Afghanistan, Angola, Nicaragua, and Grenada. He also **expanded the US defense budget**, accelerated the **deployment of theater-nuclear missiles in Europe** that had already been started by President Carter, and financed the (largely-nonproductive) first round of the "**Star Wars**" **anti-missile program**. All these moves **no doubt increased pressure on the Soviets, and probably encouraged them to negotiate and reform.**

However, Reagan was hardly responsible for the fact that the "Soviet Empire" had been **more or less successfully "contained"** almost everywhere except Cuba, Vietnam, and Afghanistan from the 1950s to the 1980s, and that even these client states had **become more of a burden** to the USSR than a blessing.



Nor was he responsible for the fact that **President Carter** had initiated anti-Soviet aid to **the Poles and the Afghan rebels** in the late 1970s; deployed the **first long-range cruise and Pershing II** missiles in Europe in December 1979, partly in response to the Soviets' deployment of SS-20 missiles in Eastern Europe; suspended Senate consideration of the **SALT II Treaty** in January 1980; and issued **Presidential Directive 59** in August 1980, adopting a new, much more aggressive "countervailing force" strategy for nuclear war.

Nor did Reagan have much to do with the fact that **a whole new generation of Soviet leaders, including Mikhail Gorbachev**, took power in 1984-85, or the fact that these new leaders chose the "glasnost/ big bang" route to reform **rather than the more gradual and successful one that has kept the Chinese Communist Party in power** to this day. This was also a matter largely of the Soviets' own choosing.

Nor was Reagan responsible for the fact that Gorbachev, who actually sought to preserve a stronger, reformed version of the Soviet Union rather than disband it, proved to be much less adept at Russian politics than **Boris Yeltsin**.

Even if we acknowledge that Reagan's policies contributed to ending the Cold War, therefore, **the historical record is very far from giving him "but for" credit for this happy ending.**

In fact, even if "Cold War liberals" like **Jimmie Carter** and **Fritz Mondale** had presided over the US throughout the 1980s, the odds are that the **very same key systemic and generational factors** that helped to produce fundamental change in the Soviet system would have still applied – **with very similar outcomes.**

### **WHAT RISKS DID RON RUN?**

**I**n the literature on the economics of investment, it is well established that (at least in equilibrium, with competitive markets) there are no **increased rewards without**

**increased risk.** When it comes to evaluating historical leaders, however, apparently this basic principle is often overlooked.

Reagan's confrontational approach to the "Evil Empire" clearly was very distinctive. But this was hardly an unmixed blessing. Indeed, we now know that he took incredible risks in the early 1980s, and, as discussed below, that we are **all extraordinarily lucky to have survived this period intact.**

Furthermore, we are all **still living with serious systemic risks** that are a direct byproduct of Reagan's high-risk strategies—even apart from the long-term legacy of his Afghan "freedom fighters" and latter-day terrorists.



### **Andropov**

For example, only in the mid-1990s, after the USSR's collapse, did we learn that the Soviet Politburo and top Soviet military planners really had **become convinced in the early 1980s that Reagan had adopted a new pro-nuclear war-fighting strategy**, changing from "mutually assured destruction" to the pursuit of an all-out victory.

Soviet leaders came to this conclusion partly because of several key developments in military technology and strategy.

- **By the early 1980s the US had acquired a growing advantage in submarine-based nuclear weapons (D-5 Trident missiles, with greater accuracy and short flight times) and anti-submarine warfare techniques, as well as space-based communications, surveillance, and hunter-killer satellite capabilities.**
- **As noted, Carter and Reagan both started to deploy cruise and Pershing II missiles in Europe and on submarines. These were just 4-6 minutes from the Soviets' command-and-control centers and many of their ICBM silos, which they counted on for up to two-thirds of their deterrent capability.**

- In the early 1980s the US also took several steps that were apparently intended to increase its chances of surviving a nuclear war. These not only included “Star Wars,” but also hardened telecommunications, new command-and-control systems and some “civil defense” measures, and revised policies for “continuity in government.”

On top of these structural changes, the Reagan Administration’s aggressive rhetoric and behavior also contributed to this new Soviet view of US intentions.

In early 1981, for example, Reagan ordered the military to mount a still-highly-classified series of “psyops” that [probed USSR airspace and naval boundaries](#) with US and NATO jet fighters and bombers, submarines, and surface ships. The US and NATO also conducted several large-scale exercises in 1982-84. The US also sharply increased its assistance to “freedom fighters” like the Nicaraguan contras, the Afghan rebels, and Jonas Savimbi’s bloodthirsty South-Africa-assisted renegades in Angola.

As we [now know](#), all this belligerent US activity **scared the living daylights** out of old-line Soviet leaders like **Yury Andropov**. It reminded them of **Hitler’s** sudden blitzkrieg attack on the Soviet Union in 1941, a searing experience for which Stalin had been surprisingly unprepared. They came to believe that the US was actually planning the nuclear equivalent of this blitzkrieg -- a **first strike** that would decapitate Soviet command-and-control while minimizing the effects of retaliation on the US. Of course Europe would be probably destroyed in such a confrontation. But the Soviets assumed, perhaps correctly, that the US saw “Old Europe” as dispensable.

In response to this perceived US threat, the Soviets did not roll over and play dead. Rather, drawing on their 1941 experience, their first response was to assume the worst and try to prepare for it.

- From May 1981 on, they ordered a worldwide intelligence alert, [code-named “RYAN”](#), aimed at keeping the Politburo informed on a daily basis of US preparations for a first strike.
- The Soviets shifted their nuclear posture decisively to “launch-on-warning.” For the first time they also provided the Politburo with the ability to sidestep the Soviet General Staff and launch all strategic missiles with a central

command. To support this shift, they also deployed new ground-based radar and space-based [early-warning systems](#).

- Most striking of all, in the early 1980s the Soviets also implemented a full-scale nuclear “doomsday” system, code-named “[Perimeter](#).” This system, first tested in November 1984, placed the power to unleash a devastating retaliatory strike against the US essentially on autopilot, whenever the system “sensed” that a nuclear strike against Moscow had either occurred, or was about to occur.

Together, all these shifts in Soviet defensive strategy cut the decision time available to their leaders, when deciding how to respond to a perceived US/ NATO attack, to as little as **3-4 minutes**.

As Gorbachev later remarked,

“Never, perhaps, in the postwar decades was the situation in the world as explosive and hence, more difficult and unfavorable, as in the first half of the 1980s.”

## THE LEGACY

To our great distress, despite the mutual de-targeting that was announced with so much fanfare by **Presidents Clinton and Yeltsin** in 1994, both these Cold War “hair trigger” responses to Reagan’s initiatives are [still in place today](#), responsible for controlling at least [the 5000+ strategic nuclear warheads](#) that Russia still maintains.

These systems have already experienced several close calls. Among the incidents that we know about were those in [September 1983](#), [August 1984](#), and [January 1995](#). In this last incident, **President Yeltsin** -- who was not always a picture of mental health and stability -- came within minutes of unleashing a full-scale nuclear retaliation in response to a false alarm set off by a Norwegian research missile that was sent

“  
Lt. Colonel Petrov had been forced to make a profound decision about world civilization in a matter of minutes, with alarms and red lights going off all around him.”

aloft to study the Northern Lights. Apparently it bore a striking resemblance to an incoming Trident missile on Soviet radar until it crashed harmlessly in the sea.



The **September 1983 incident**, at the height of Soviet tensions with the Reagan Administration, and just a few months after the huge anti-Soviet NATO exercise "**Able Archer**" in Western Europe, was even more scary. In 2000, **Lt. Colonel Stanislov Petrov**, the duty officer who had been in charge of an early-warning bunker south of Moscow at the time, [told Western journalists what happened](#) when the new early-warning computers at his facility suddenly reported a full-scale US attack:

"I felt as if I'd been punched in my nervous system. There was a huge map of the States with a US base lit up, showing that the missiles had been launched. I didn't want to make a mistake.....I made a decision and that was it. In principle, a nuclear war could have broken out. The whole world could have been destroyed. After it was over, I drank half a liter of vodka as if it were only a glass and slept for 28 hours."

Ultimately it turned out that the new Soviet early-warning system had malfunctioned. Lt. Colonel Petrov had been forced to make **a profound decision about world civilization** in a matter of minutes, with alarms and red lights going off all around him.

*Fortunately* for all of us, he decided to not to believe his own computers.

*Unfortunately* for all of us, a modified version of that same hair-trigger early warning system is still in place in both Russia and the US to this day, since neither side has ever reverted to the pre-Reagan "MAD" strategy -- and Lt. Colonel Petrov has long since retired to a humble Moscow flat.

## **SUMMARY**

**F**rom this vantage point, President Reagan's long-term legacy is a little more difficult to evaluate, even with respect to his impact on the Cold War.

- Clearly he had a great deal of help from others, as well as from sheer fortuity.
- We are still living with the heightened risks in the world system that were partly created by the aggressive nuclear strategy adopted by President Reagan, and to some extent by President Carter before him. If Russia's early warning systems and doomsday systems – both of which are now reportedly starved for maintenance funds -- should ever fail, history may not be so kind to Ronald Reagan, assuming that there is anyone left to write it.
- Much of Reagan's vaunted "strength" was really based on a blithe combination of sheer ignorance, blind faith, and risk taking. Compared with President Nixon (who, like FDR, also eschewed a state funeral), Reagan knew almost nothing about world affairs other than what he read in The Readers Digest and (perhaps) The National Review.
- On the other hand, compared with the insecure Nixon, who was constantly seeking reassurance from his advisors, Reagan certainly did have much more faith in his own convictions. With respect to the Soviet Union's nuclear strategy, like a determined child, he may have never fully appreciated the fact that he was playing with...well, er.., much more than dynamite.

*After the fact*, of course, like any high-stakes gambler who bets it all on "black," spins the wheel, and wins, Reagan looks like a hero, at least to many Americans.

However, whether or not ordinary citizens of the world should look back on this track record and cheer, much less encourage our present and future leaders to adopt similar blind-faith strategies, is very doubtful.

Indeed, today, most of the rest of the world seems to regard President Reagan -- rather more accurately than many Americans -- **as the friendly, fearless, perhaps well-meaning, but really quite reckless "cowboy" that he truly was.**



***(c) James S. Henry, SubmergingMarkets.com, 2003. Not for reproduction or other use without express consent from the author. All rights reserved.***