

Info Sheet 2

Second Inaugural Address of Ronald Reagan

Theme 2: Taxes in U.S. History
Lesson 6: Tax Reform in 1960s and 1980s

January 21, 1985



Credit: Library of Congress

The following is an excerpt taken from Ronald Reagan's second inaugural address. What is the tone of this speech?

... We asked things of government that government was not equipped to give. We yielded authority to the National Government that properly belonged to States or to local governments or to the people themselves. We allowed taxes and inflation to rob us of our earnings and savings and watched the great industrial machine that had made us the most productive people on Earth slow down and the number of unemployed increase. By 1980, we knew it was time to

renew our faith, to strive with all our strength toward the ultimate in individual freedom consistent with an orderly society.

We believed then and now there are no limits to growth and human progress when men and women are free to follow their dreams. And we were right to believe that. Tax rates have been reduced, inflation cut dramatically, and more people are employed than ever before in our history.

We are creating a nation once again vibrant, robust, and alive. But there are many mountains yet to climb. We will not rest until every American enjoys the fullness of freedom, dignity, and opportunity as our birthright. It is our birthright as citizens of this great Republic, and we'll meet this challenge. . . .

At the heart of our efforts is one idea vindicated by 25 straight months of economic growth: Freedom and incentives unleash the drive and entrepreneurial genius that are the core of human progress. We have begun to increase the rewards for work, savings, and investment; reduce the increase in the cost and size of government and its interference in people's lives.

We must simplify our tax system, make it more fair, and bring the rates down for all who work and earn. We must think anew and move with a new boldness, so every American who seeks work can find work; so the least among us shall have an equal chance to achieve the greatest things—to be heroes who heal our sick, feed the hungry, protect peace among nations, and leave this world a better place. . . .

A dynamic economy, with more citizens working and paying taxes, will be our strongest tool to bring down budget deficits. But an almost unbroken 50 years of deficit spending has finally brought us to a time of reckoning. We have come to a turning point, a moment for hard decisions. I have asked the Cabinet and my staff a question, and now I put the same question to all of you: If not us, who? And if not now, when? It must be done by all of us going forward with a program aimed at reaching a balanced budget. We can then begin reducing the national debt.

I will shortly submit a budget to the Congress aimed at freezing government program spending for the next year. Beyond that, we must take further steps to permanently control Government's power to tax and spend. We must act now to protect future generations from Government's desire to spend its citizens' money and tax them into servitude when the bills come due. Let us make it unconstitutional for the Federal Government to spend more than the Federal Government takes in.