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Reaganomics, Saving, and the Casino Effect

| Chapter


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The Economics of Saving

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Abstract

During the 1980s the theory of “supply-side economics” became identified with the set of policies known as “Reaganomics,” policies aimed at ending inflation without reducing output and employment and thus escaping the stagnation that afflicted the U.S. economy during the 1970s. Tight monetary policy would curb inflation, while supply-side incentives would expand employment and production. Most of all, personal saving would be expanded through the incentives of tax cuts for the highest income earners. Supply-side economics thus became the Holy Grail of savers. Reaganomics, by whatever name or design, culminated in what I call the “Casino Economy.”



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