

When big was beautiful

As the world recovers from war, government leaders come together to set economic policy and rebuild Europe. United in the belief that big governments and companies can best manage the economy and prevent wars, these institutions dominate the postwar period in the U.S. and Britain. By the late 1970s, high unemployment and inflation prompt a radical shift toward the free-market ideas of economists such as Friedrich von Hayek and Milton Friedman. President Reagan and British Prime Minister Margaret Thatcher turn these ideas into revolutions that remake their economies in a conservative mold.

In Pacific, Wash., Harry Rasmussen starts making phone gadgets and prospers under the Bell System monopoly. But with the AT&T breakup in 1984, part of the economic transformation, his business encounters the

A changing world economy ...

1944

Friedrich von Hayek publishes "The Road to Serfdom," which said central planning damages market competition and can lead to totalitarianism. Widely distributed, it influenced Ronald Reagan and Margaret Thatcher.

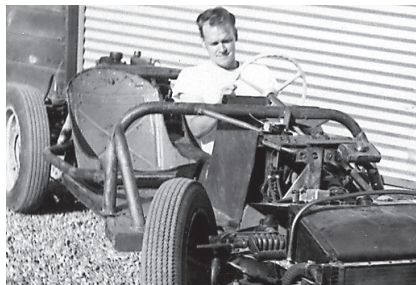
1944-46

Delegates from 44 countries sign agreements at Bretton Woods, N.H., to manage the world economy, help finance reconstruction and alleviate poverty. These led to the **International Monetary Fund**, the **World Bank** and the **Bank for International Settlements**.

1948

General Agreement on Tariffs and Trade takes effect. It cuts tariffs and sets rules to encourage trade. Subsequent trade "rounds" in the 1960s and 70s further foster trade.

A local inventor's story ...



Harry Rasmussen built cars from scratch in his youth, along with other inventions, such as a berry topper used at the family raspberry farm in Pacific, Wash.



Phone operators in the 1940s worked at large switchboards.

1950s

America's focus on prosperity and social conformity, reflected in gleaming chrome cars and spreading suburbs, clashed with the turmoil of the Cold War, fears of "dominos" falling to communism and ugly racial conflict at home.

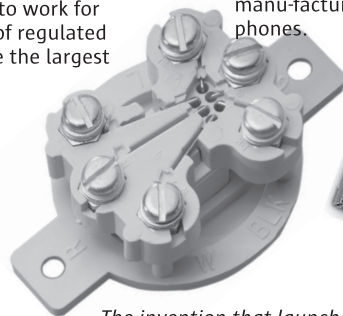


1964

Tax cuts proposed by **President Kennedy** are enacted in an effort to stimulate the economy.

1969

Rasmussen starts Crest Industries to manufacture modular wall-jack system for phones.



The invention that launched a career: one of Rasmussen's phone jacks. He sold millions to the Bell System while he worked there. Bell had no idea the product came from an employee.



Motorists in Ballard line up for appointments to buy gas as the OPEC oil embargo produces shortages in 1974.

1970

"The Economics of Regulation" is published by **Alfred Kahn**, examining deregulation and competition. He chairs the Civil Aeronautics Board in the late 1970s, where he pushes for airline deregulation.



1971

President Nixon, faced with rising inflation and unemployment, introduces price and wage controls and suspends the dollar from the gold standard.

1973

Arab members of OPEC halt oil shipments to U.S. and Western Europe over support for Israel.

1975

The term "supply-side economics" is coined by **Jude Wanniski**, a former Wall Street Journal editor.



1978

President Carter begins deregulating U.S. airlines.

1980

Ronald Reagan elected; immediately begins work on tax cuts and further deregulation.



1970

Rasmussen develops the "transfer key," a small switch to turn off phone ringers. He eventually sells 10 million, with a \$3 profit on each.



Transfer key

1975-78

Rasmussen sells conversion kits that let standard Bell phones handle two lines. Sales soar and he buys the first of several airplanes.



Harry Rasmussen with his wife, Lois, 1976.

1979

Rasmussen, a millionaire many times over from his inventions, buys Maserati sports car on impulse during a trip to California. The car cost the equivalent of \$90,000 in today's dollars.