

10 UNIT

TOWARD A NEW MILLENNIUM

In many ways, the 1980s seemed to mark the end of one stage in U.S. history. In the 1980s the United States shifted from the liberal ideas of the New Deal to more conservative policies. The Cold War ended.

For a time the Clinton presidency slowed the conservative shift at home as the economy bounced back. Americans enjoyed new levels of prosperity. The election of 2000 continued the move to conservatism as the economy entered another recession.

Everything changed at 8:46 A.M. on September 11, 2001, when the first plane flew into the World Trade Center. Terrorists had struck on U.S. soil.

Ronald Reagan elected president

1980

Congress banned aid to contras in Nicaragua

1981

Sandra Day O'Connor became first woman on U.S. Supreme Court

1984

Iran-Contra scandal

1986

George H.W. Bush elected president

1987

Berlin Wall torn down

1989

Iraq invaded Kuwait

1990

Persian Gulf War; Soviet Union collapsed

1991

Bill Clinton elected president

1992

Budget deficit erased; President Clinton impeached

1998

George W. Bush elected president

2000

Terrorist attack on September 11

2001

2003

War in Iraq

George W. Bush reelected president

2004



What led to the two U.S. invasions of Iraq?



How did computers affect U.S. workers and the economy?

Why did the Cold War end?

Chapter

19

THE REAGAN AND FIRST BUSH YEARS

Getting Focused

Skim this chapter to predict what you will be learning.

- Read the lesson titles and subheadings.
- Look at the illustrations and read the captions.
- Examine the maps.
- Review the vocabulary words and terms.

As you read this chapter, create two concept maps. Label one “Reagan Policies.” Then label the second one “George H.W. Bush Policies.” Add lines and smaller circles to each as you read the subsections.

Español
introducción

Español
actividad

LESSON 1

Reagan’s Conservative Domestic Policies

Thinking on Your Own

The 1980 election is sometimes called the “conservative revolution.” No guns were fired. No prisoners were taken. What do you think this phrase means? Do you remember any other bloodless revolution in U.S. history? Write a paragraph to describe how a revolution can occur without fighting.

The 1980 election put a **conservative** in the White House for the first time since the 1920s. Politics is often divided between **liberal** and conservative ideas. Liberal ideas favor a role for government in managing the economy and in funding social programs such as Social Security and Medicare. Conservative ideas favor a limited role for government in the economy and in social programs.

focus your reading

What was Reaganomics?
How did deregulation work?
How did the U.S. Supreme Court change under President Reagan?

vocabulary

★ conservative ★ deregulation
★ liberal ★ consumer
★ stagflation

Ronald Reagan takes the oath of office.

In the 1980 election, Ronald Reagan ran on conservative ideas. He represented the more conservative side of the Republican Party. He said that if elected, he would cut taxes. He would also raise spending for the military. Voters were tired of the nation’s economic problems. They were also tired of President Carter’s lack of leadership. Reagan won easily.

President Reagan stated his agenda clearly in his inaugural speech. He declared that “government is not the solution to our problem. Government is the problem.”





Reagonomics

Since the Nixon presidency, the economy had suffered on and off from **stagflation**—high unemployment combined with high inflation. Usually, unemployment drops with rising inflation. President Reagan’s proposal for fighting inflation and creating jobs was called “Reagonomics.” Another term was *supply-side economics*. This theory combines keeping interest rates high with cutting taxes. President Reagan’s tax policy gave the biggest tax cuts to wealthy people. The purpose was to create business growth. The theory is that with more money, people

will invest in businesses. This creates new jobs. If more people work, there is money to buy goods. If more goods are bought, more goods will be produced and sold.



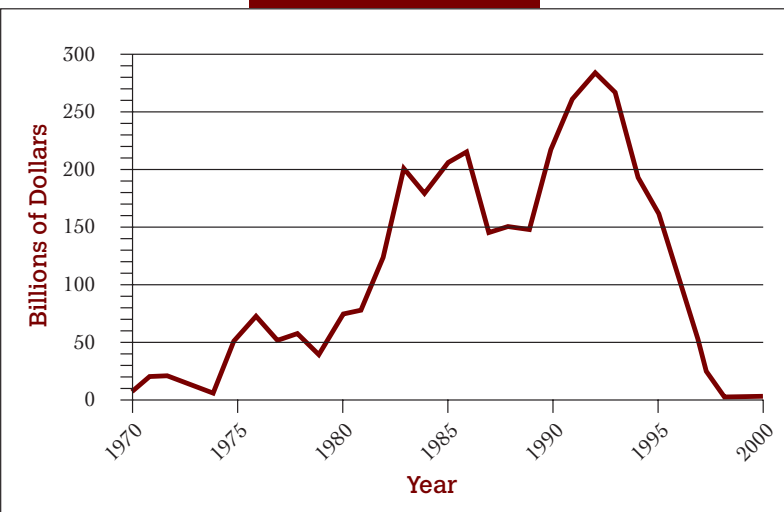
Tax cuts led President Reagan to cut government programs. The tax cuts created a budget deficit, or shortage. To balance the budget,

the president cut funds to social programs. Food stamps, school lunches, student loans for college, and Medicare payments were some of the programs affected. The funding cuts did not produce a balanced budget. However, President Reagan decided to increase funding for the military anyway.



By 1984, Reagonomics appeared to be working. The economy was growing, and voters returned Reagan to a second term. By 1988, 20 million new jobs and 5 million new businesses had been created. However, President Reagan continued to pour money into defense spending. Congress would cut spending on social programs only so much. As a result, the budget deficit grew dramatically.

Annual Federal Deficits



Source: Budget of the United States Government, Fiscal Year 2000

stop and think

Analyze the line graph on the national deficit.

- (1) In what year did the deficit begin to rise?
- (2) When did it begin to decline?
- (3) Next to each date, write the name of the president who was in office.
- (4) What events added to the deficit? List these events. Check your information with a partner.



People line up to withdraw savings during the savings and loan crisis.



Walter Mondale and Geraldine Ferraro ran for president and vice president in 1984.



Deregulation

Decreasing the role of government in business was another goal of President Reagan. Conservatives wanted to do away with large numbers of regulations for businesses. This is

called **deregulation**. Beginning in the late 1800s, the federal government had passed many regulations aimed at businesses. The regulations had three goals. One was to protect **consumers** from unsafe products. Another was to ban unfair competition among businesses. The third goal was to protect workers from unsafe working conditions.



President Reagan believed that having to obey regulations cost companies money. This money would be better spent creating jobs. He encouraged deregulation in three major industries—energy, transportation, and banking. He removed the price controls on oil and gasoline. He cut the budgets of federal agencies that regulated businesses. Among the agencies that had their budgets cut were the National Highway Traffic and Safety Administration and the Environmental Protection Agency. Agencies such as the Department of Energy also began to weaken regulations.



Banks had been heavily regulated since the New Deal. One type of bank was the savings and loan. Once deregulation occurred, some savings and loan banks made bad investments. These banks failed, and the federal government had to repay depositors. Their deposits were insured by the FDIC, which had been set up during the New Deal for this purpose. In all, the federal government—the U.S. taxpayer—paid \$500 billion to savings and loans’ depositors.



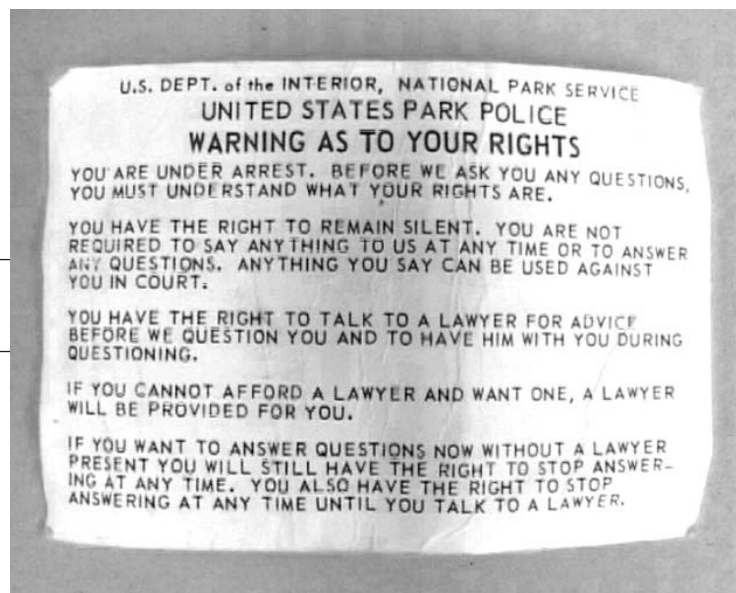
Airlines were deregulated during Reagan’s administration.





The Supreme Court

Conservatives believed that the courts were increasing the federal government's power. The courts were also meddling in social issues such as abortion and upholding criminals' rights. Conservatives pointed to the decision in *Miranda v. Arizona* as an example. President Reagan wanted to appoint justices who would follow a strict interpretation of the U.S. Constitution. He did not believe that the Constitution was open to broad interpretation.



The Miranda Rights



President Reagan had the opportunity to appoint justices to the U.S. Supreme Court. The Chief Justice and three other justices retired while Reagan was president. He named a conservative justice who was already on the Court to be Chief Justice. Then the president nominated conservatives for the other openings.



President Reagan changed the Supreme Court in another way. In 1981, he appointed the first woman justice, Sandra Day O'Connor.



Putting It All Together

What domestic policy goals did President Reagan achieve? List them in your notebook. Discuss with a partner whether the goals made life in the United States easier or harder for ordinary citizens. Write a paragraph to explain your opinion.



Biography

Sandra Day O'Connor (1930–)

A cowgirl on the Supreme Court? That would be Sandra Day O'Connor. Sandra Day was raised on the Lazy B Ranch in Arizona. Her parents were ranchers. In her autobiography, she wrote about riding horses with her brother.



The ranch was far from town and neighbors. When she was five, Day went to live with her grandmother in El Paso, Texas, during the school year. She graduated from high school in El Paso and entered Stanford University in California. She graduated from college with a degree in economics. Day then enrolled in Stanford's Law School.



When she graduated in 1952, few law firms would hire her, because she was a woman. Instead she went to work for the San Mateo, California, district attorney's office. In the meantime she had married John O'Connor. They had met in law school. She moved to

Germany during her husband's army service. When his tour of duty was over, they settled in Phoenix, Arizona. Day O'Connor opened her own law office in 1957. In 1960, she closed her practice to care for her two—and then three—sons.



In 1965, Day O'Connor returned to working outside the home. She was appointed assistant attorney general for the state of Arizona. In 1970, she entered the Arizona state senate. In 1972, she became the first female majority leader in any state senate in the nation. In 1974, she won election to the Maricopa County Superior Court. She was appointed to the Arizona Court of Appeals in 1979. In 1981, President Reagan nominated her to become the first woman on the United States Supreme Court.



Sandra Day O'Connor is a conservative but with a moderate view on many issues. She often casts the swing vote, or deciding vote, between liberal and more conservative justices. There are nine justices on the Court. She is often the fifth vote in 5-4 decisions.



Reagan's Foreign Policy



Thinking on Your Own

Make an outline as you read the lesson. If you need to review how to make an outline, reread the Skill Builder on page 69.



President Nixon's decision to open discussions with China angered many conservatives. During President Carter's term, relations with China continued to improve. Relations with the Soviet Union, however, worsened. In the 1970s, nuclear war with the Soviet Union remained a real threat. People also feared that the Soviet Union would impose communism on other nations. This was the situation when Ronald Reagan took office in 1980.

focus your reading

How was the Reagan Doctrine put into effect?
 What was Star Wars?
 Why did U.S.-Soviet relations improve during Reagan's presidency?

vocabulary

- ★ guerrilla
- operation ★
- ★ stockpile
- controversial ★
- ★ private enterprise



The Reagan Doctrine

President Reagan took an active role in fighting communist threats. He proposed that the United States support **guerrillas** who were fighting communist governments anywhere in the world. Guerrillas are military groups who fight to overthrow an existing government.



The first use of the so-called Reagan Doctrine was in Afghanistan. President Carter had sent \$30 million in aid to the Afghan rebels who were fighting Soviet forces. U.S. aid soared to \$570 million under President Reagan. In 1988, the Soviets pulled out of Afghanistan. They were unable to defeat the Afghan guerrillas.



U.S. soldiers arrive in Grenada.



President Reagan saw communist threats closer to home as well. In 1983, communist-leaning guerrillas took over the island of

Grenada in the Caribbean. Later that year, President Reagan sent U.S. troops to remove them. A new democratic government took over.



The Iran-Contra Scandal

Misuse of the Reagan Doctrine in Nicaragua caused what became known as the Iran-Contra scandal. In 1979, guerrillas called Sandinistas overthrew the pro-U.S. dictator of Nicaragua. The Sandinistas set up a pro-Soviet government. Another group of guerrillas, called contras, wanted to overthrow the Sandinistas. President Reagan ordered the CIA to work with the contras. If the contras succeeded, they would set up a government favorable to the United States.



The CIA **operation** took place in secret, because President Reagan did not think people would support U.S. involvement. The nation still remembered Vietnam. However, by 1984 the secret operation had become public. Congress banned any more aid to the contras.



Sandinista troops fighting contras along the Honduras border



Officials in the Reagan administration saw a way around this ban. They used money from the secret sale of weapons to Iran to support the contras. In 1986, this operation also became public. Congressional hearings were held to find out what the president knew and when he knew it. However, nothing was ever discovered linking

stop and think

Why would the Vietnam War have made people careful about involvement in Nicaragua? Talk over ideas with a partner. Then express your opinion in a paragraph.

the president to the scandal. Several people were convicted or ordered to pay fines for their part in the illegal operations. Lieutenant Colonel Oliver North, a National Security Council staff member, and John Poindexter, a National Security Advisor, were both indicted for their roles in the scandal.



Lt. Col. Oliver North

Star Wars

President Reagan continued to increase the nation's **stockpile** of arms. This buildup was at the expense of social programs and a balanced budget.

The most **controversial** part of President Reagan's program was the Strategic Defense Initiative (SDI). It was planned as a defense shield. A network of weapons would be sent into space to guard against a nuclear attack. Critics called it "Star Wars." Nothing ever came of the research for Star Wars. The program was abandoned in the 1990s under President Clinton.



Model of a Star Wars missile

United States–Soviet Relations

President Reagan called the Soviet Union "the evil empire." However, by the early 1980s, the Soviet Union was a mortally wounded empire. Decades of communist control had drained the strength of the Soviet nation. Economic growth was slow. Manufacturing and farming were inefficient. There were shortages of food and basic goods. Things that Americans took for granted, like TVs and cars, were rare. The Soviet people were becoming discontented. Anger and frustration in Eastern Europe ran even higher.

In 1985, Mikhail Gorbachev came to power as head of the Soviet Union. He promised a new openness in government and less government control of the economy. New political parties were allowed to form. The opening of new businesses—**private enterprise**—was encouraged. Spending for new weapons was cut. Gorbachev encouraged the same openness and reforms in Eastern Europe.



President Reagan and Premier Gorbachev

As a result of the change in the Soviet Union, *détente* was revived. President Reagan and Premier Gorbachev signed the Intermediate-Range Nuclear Forces (INF) Treaty. Both nations agreed to destroy some of their nuclear missiles. This was the first time either nation had agreed to destroy weapons.

Putting It All Together

Create a flowchart of the Cold War. Start with the beginning of the Cold War. Then list each change or event in the Cold War between 1945 and 1988. Review chapters about U.S. foreign policy if necessary. Share your flowchart with a partner to be sure you included everything important.

Read a Primary Source

“Tear Down This Wall”

President Ronald Reagan visited Berlin, Germany, in 1987. It was at the beginning of the change in Soviet policies. In a speech on June 12, he challenged Mikhail Gorbachev, the head of the Soviet Union.



“Twenty-four years ago, President John F. Kennedy visited Berlin, speaking to the people of this city and the world. . . .

“We come to Berlin, we American presidents, because it’s our duty to speak, in this place, of freedom. . . .

“Behind me stands a wall that encircles the free sectors of this city, part of a vast system of barriers that divides the entire continent of Europe. . . .

“In the 1950s, Khrushchev predicted: ‘We will bury you.’ But in the West today, we see a free world that has achieved a level of prosperity and well-being unprecedented in all of human history. In the Communist world, we see failure, technological backwardness, declining standards of health, even want of the most basic kind—too little food. . . . After these four decades, then, there stands before the entire world one great and inescapable conclusion: Freedom leads to prosperity. . . . Freedom is the victor.

“And now the Soviets themselves may, in a limited way, be coming to understand the importance of freedom. . . .

“Are these the beginnings of profound changes in the Soviet state? Or are they token gestures . . . ? There is one sign that Soviets can make that would be unmistakable, that would advance dramatically the cause of freedom and peace.

“General Secretary Gorbachev, if you seek peace, if you seek prosperity for the Soviet Union and Eastern Europe, if you seek liberalization: Come here to this gate! Mr. Gorbachev, open this gate! Mr. Gorbachev, tear down this wall!”

President Ronald Reagan, *Tear Down This Wall*, June 12, 1987. (TheReaganLegacy.com)

reading for understanding



What reason does President Reagan give for going to Berlin?

What is President Reagan’s challenge to Gorbachev?

Reread President Kennedy’s speech on page 231. Compare it to President Reagan’s. How are they the same? How are they different?

LESSON 3

George H. W. Bush’s Four Years



Thinking on Your Own

What do you think this lesson is about? Reread the title of the lesson and the subheadings. Then write three questions you have about this lesson. As you read, answer the questions. Compare your questions and answers with those of a partner.



In the 1988 election, President Reagan’s vice president, George H.W. Bush, became the Republican candidate. The Soviet Union was caught up in its own problems at home and in Eastern Europe. The economy at home was growing.



George H.W. Bush takes the oath of office.

focus your reading



How did the Cold War end?

Why was the Persian Gulf War fought?

What economic problem faced President Bush?

vocabulary



- ★ sanctions
- ★ coalition
- superpower
- downsize

Many Americans were satisfied with the way things were going. Bush won easily over the Democratic candidate.



End of the Cold War

The long and costly Cold War came to an end during President Bush’s term. Gorbachev encouraged economic and political reforms in Eastern Europe as well as in the Soviet Union. Eastern Europeans took him at his word. Their anger at communism boiled over in strikes and protest marches. But the actual revolution took place at the ballot box. In Poland, Hungary, Czechoslovakia, Romania, and Bulgaria, citizens voted to replace communist governments with democratic ones. In Berlin, the hated wall came down. In 1990, East and West Berlin and East and West Germany were reunited in one democratic nation.



Crowds support Lech Walesa, leader of Poland’s Solidarity movement and later president of Poland.



Communist officials and high-ranking army officers in the Soviet Union were not happy with the changes in Eastern Europe. They feared a similar overthrow of communism in the Soviet Union. To prevent it, they plotted to take over the government. Faced with opposition from the people, however, the plot failed.



The Berlin Wall came down in 1989.

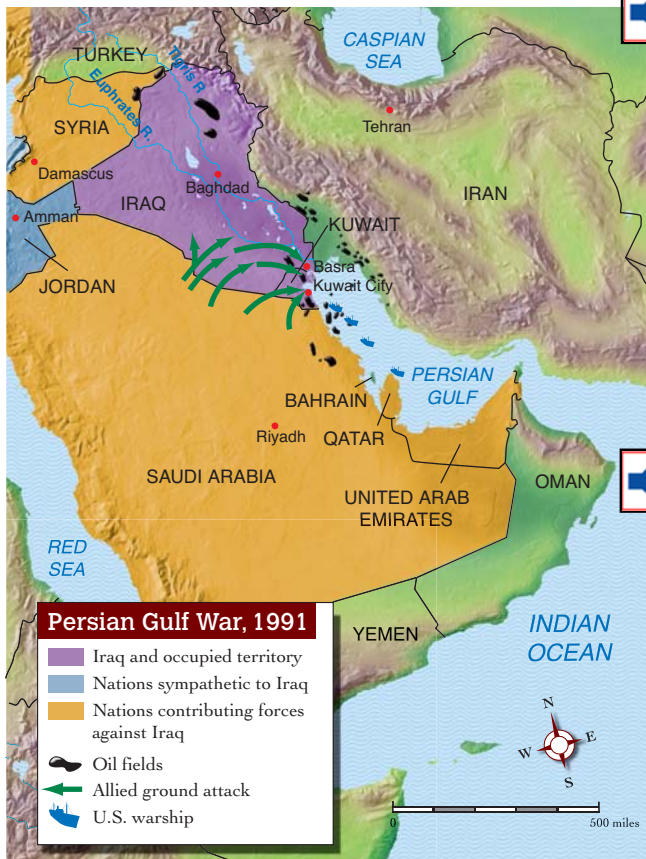
In December 1991, the Soviet Union dissolved. The 15 Soviet republics declared their independence. Throughout this period, President Bush expressed the support of the American people for freedom and democracy in the former Soviet world.



Saddam Hussein set many oil wells on fire during the Persian Gulf War.

The Persian Gulf War

While communism was unraveling, President Bush was also dealing with Iraq. Its leader, Saddam Hussein, was a brutal dictator. In August 1990, the Iraqi army invaded the neighboring nation of Kuwait. Saddam Hussein was after Kuwait's oil fields and possibly those of Saudi Arabia.



At first President Bush used diplomacy and economic **sanctions**—or restrictions—to try to persuade Saddam Hussein to withdraw. At the same time, the president and the United States put together a **coalition** of 28 nations. The goal was to force Saddam Hussein to remove his troops from Kuwait.

The coalition gave Saddam Hussein a deadline. Iraqi forces ignored the deadline. The coalition launched Operation Desert Storm on January 16, 1991. After six weeks of massive bombing of Iraq, the coalition launched a land assault on Iraqi

stop and think

Analyze the map of the Persian Gulf War. In a paragraph, describe what the map shows. Be sure to use directions such as north and south, not top and bottom, to tell where something is on the map. Share your description with a partner. Ask your partner to follow your description on the map.

forces in Kuwait. After only 100 hours of fighting, the war was over. Iraqi troops withdrew and Kuwait was freed. President Bush and his advisors believed that the coalition did not need to invade Iraq to remove Saddam Hussein.

Domestic Problems

The economy began to slow midway through President Bush's term. The recession had two main causes. First, with the end of the Cold War, the United States was the only **superpower**. It stopped buying as much military equipment as it had during the Cold War. The companies that made these goods began to lay off workers. The armed forces also **downsized**, or shrank in size. The unemployment rate started to rise.

The federal budget deficit also affected the economy. The government was borrowing to pay the interest on the national debt. There was no extra money to spend on programs that could have helped the economy. While campaigning in 1988, President Bush had promised not to raise taxes. However, there seemed no other way to reduce the budget deficit. In a deal with Congress, he agreed to a tax hike in exchange for cuts in spending on social programs.



H. Ross Perot, Bill Clinton, and President Bush debate in 1992.

Voters remembered this when they went to the polls in 1992. In a three-way race, Democratic candidate Bill Clinton defeated President Bush. Clinton had campaigned on promises to cut taxes on the middle class and to reform health care and welfare. Third-party candidate Ross Perot won 19 percent of the vote to President Bush's 37 percent and Clinton's 43 percent.

Putting It All Together

Review your notes from this lesson. Make a two-column chart. Label one side "President Reagan" and the other side "President Bush." Under each column, list the domestic and foreign policy issues faced by each president. Then write a paragraph that compares and contrasts the presidents.

Chapter Summary

The 1980 election began the shift from **liberal** to **conservative** policies in government. Voters elected Republican Ronald Reagan president. One of the first problems the president faced was **stagflation**. To aid economic growth, he cut taxes. This also meant cutting funding for many social programs.

Major industries were **deregulated**. Many government regulations protected **consumers**. As a result of deregulation, many savings and loan banks made bad investments.

The Reagan Doctrine was the basis of his foreign policy. In Nicaragua, it led to a secret CIA **operation** that supported the **guerrillas** and the Iran-Contra scandal. In 1989, the Berlin Wall came down. In 1991, the Soviet Union dissolved and the Cold War ended. The U.S. was the only remaining **superpower**. **Private enterprise** was becoming popular in Eastern Europe. The U.S. and the Soviet Union signed an agreement to lower the **stockpile** of nuclear weapons. One of President Reagan's most **controversial** projects was Star Wars.

President George H.W. Bush pulled together a **coalition** of nations when Iraq invaded Kuwait. Economic **sanctions** did not work. The coalition then launched Operation Desert Storm and drove the Iraqis from Kuwait.

President Bush had less success at home. The economy slid into a recession and companies began to **downsize**. In the 1992 election, voters elected Bill Clinton as president.

Chapter Review

- 1 Review your notes and outlines. Which president do you think was more successful? Write a paragraph to explain your opinion. Use facts from the chapter as support.
- 2 Imagine the year is 1989 and you live in East Berlin. Write a letter to a relative in the United States to describe how you feel about the end of the Berlin Wall.

Skill Builder

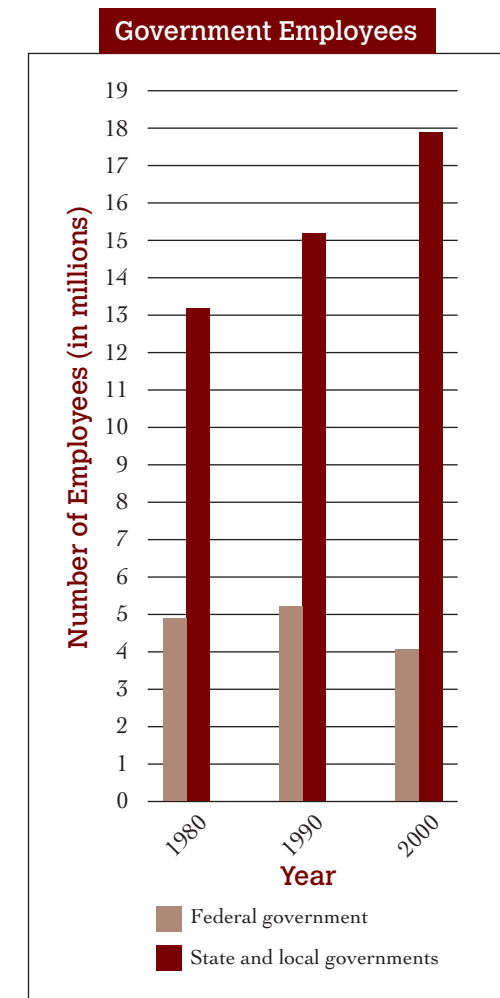
Analyzing a Bar Graph

A bar graph shows information at a certain time for certain things or groups.

- To analyze a bar graph, read
- the title of the graph to learn what the graph is about
 - the key, if there is one
 - the *y*-axis, or left side, of the graph to learn the range of the numerical information shown
 - the *x*-axis, or bottom, of the graph to learn the groups
 - the bars, by moving up the columns and across the graph from left to right

Use the bar graph and the chapter to answer the following questions:

- 1 What is this graph about?
- 2 What does each color represent on the bars?
- 3 What is the range of number of employees? the range of years?
- 4 In what year did federal government employees decline?
- 5 Who was president during this decline?
- 6 Which government group has the largest number of employees across all years shown on the graph?



Source: Office of Management and Budget, Budget of the United States Government, FY 2004