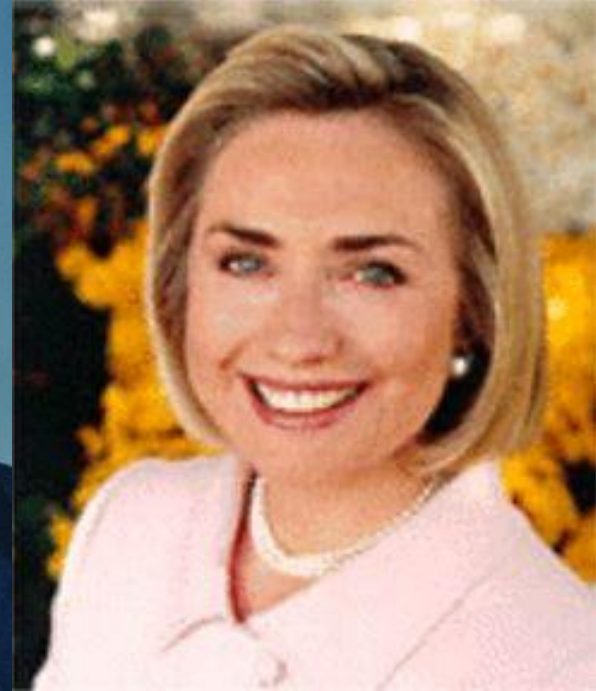


**Objective:** To examine the economic policies of the 1980's and early 1990's. USHC 8.4



# The Conservative Revolution

• Conservatives of the 1980's felt that "big government" was a problem and that the government should limit costly social programs and not interfere too much with business practices.

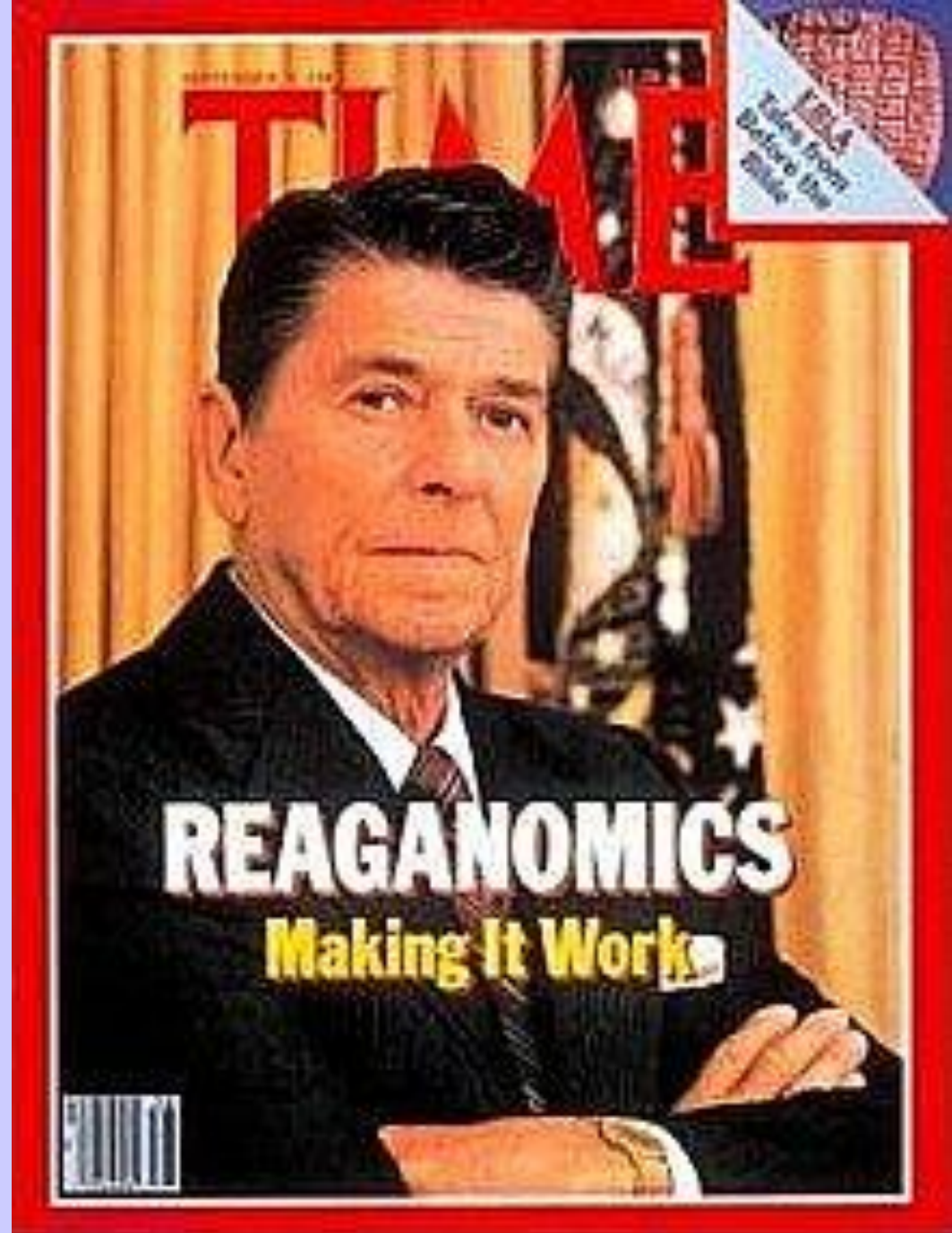


· Ronald Reagan led the conservative revolution, serving as President from 1980 – 1988.



# Reagan's Economic Plan:

- large tax cuts that were meant to stimulate the economy
- spending cuts to costly social programs

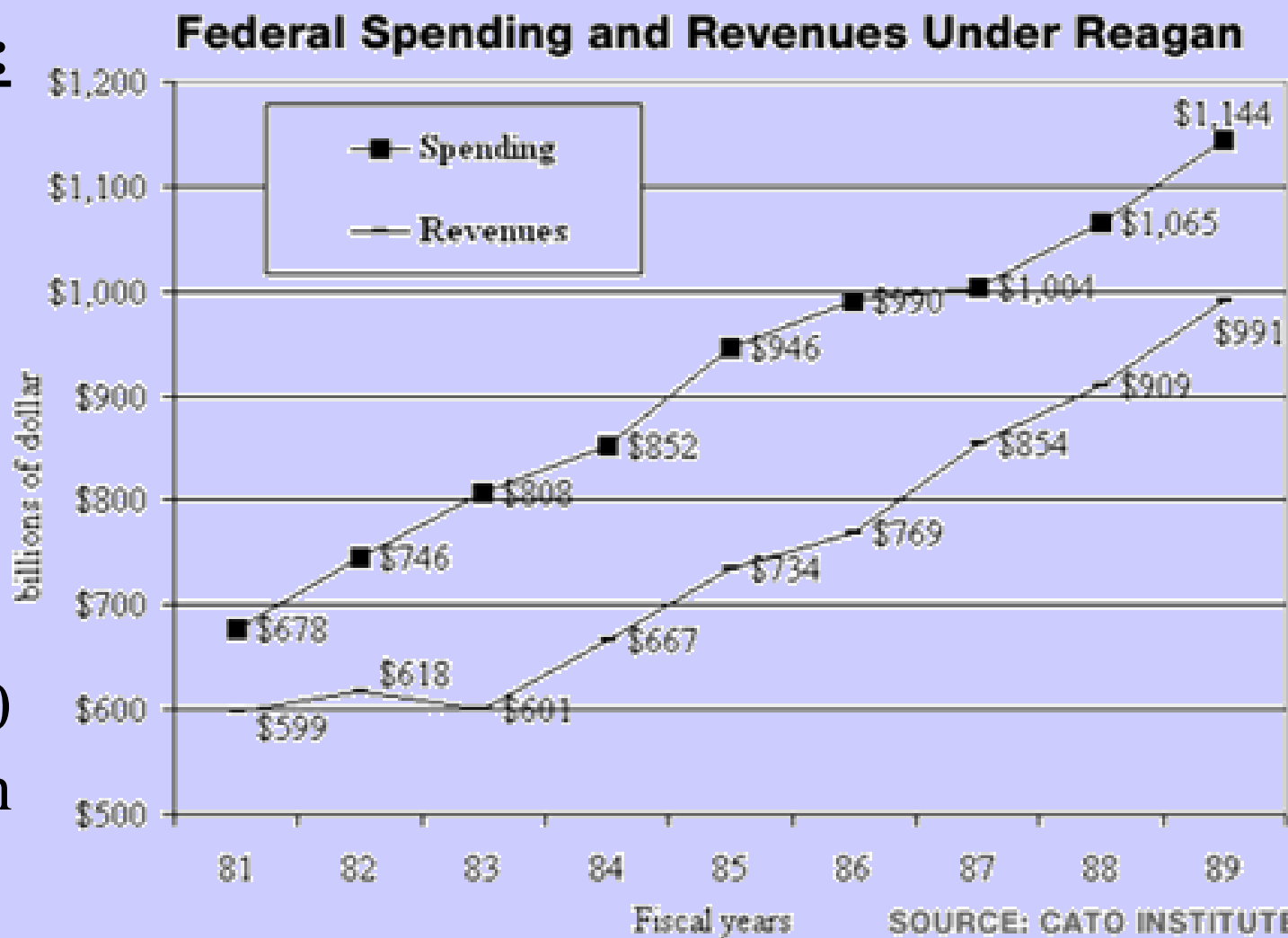




*'I think this is called a trickle-down turkey!'*

## Mixed Results:

- While the economy grew, the country suffered from a record budget deficit. (Example: \$240 billion deficit in 1986)



- The budget deficit was caused by a large increase in military spending, along with massive tax cuts, which made it impossible to create a *balanced budget*.



## **President George H.W. Bush:**

- Pres. George H.W. Bush continued Reagan's policies with his famous promise, "Read my lips. No new taxes."

- However, by 1990, the economy was in a *recession*, forcing Bush to raise taxes.







## **President Bill Clinton:**

- Pres. Clinton won the election of 1992 on the hopes that he could help the nation's troubled economy. Clinton went on to win reelection in 1996 as well.

- Clinton was known as a moderate, increasing some taxes and reducing spending, resulting in a drop in the federal budget deficit for three years in a row.

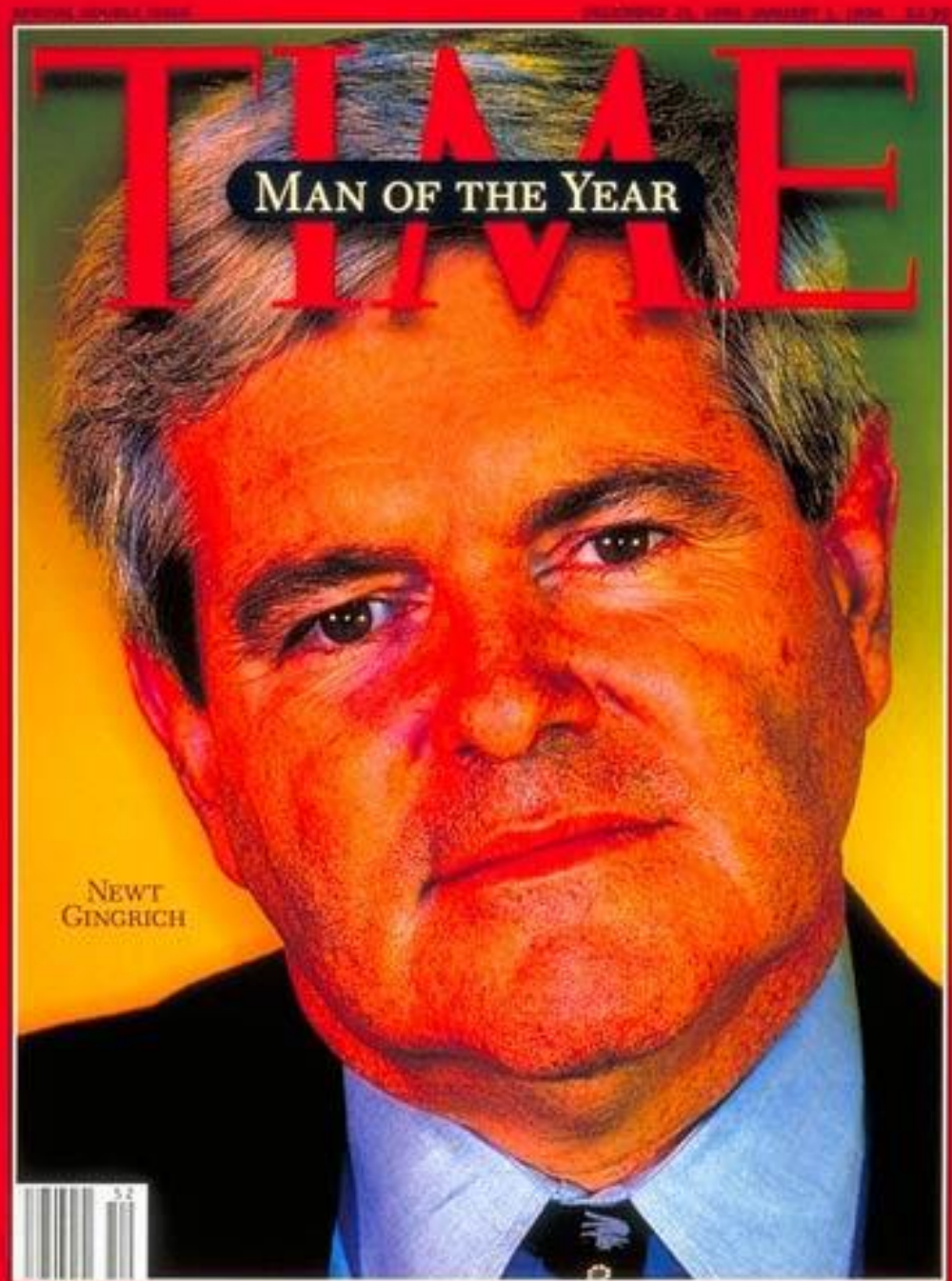




- Pres. Clinton named his wife, Hillary Rodham Clinton, to be in charge of creating a national health care system, a plan that was eventually defeated in Congress for being too costly.

• In 1996, Republicans, led by Newt Gingrich, took control of both houses of Congress and challenged the President on tax increases and spending programs.

*Newt Gingrich, Time Magazine's 1995 Man of the Year*



# An End to the Cold War



- This Reagan interest in the military spending increase was not a coincidence, as they were proud to know that the Star Wars program could help to bring down the price of defense for their citizens at the same time.

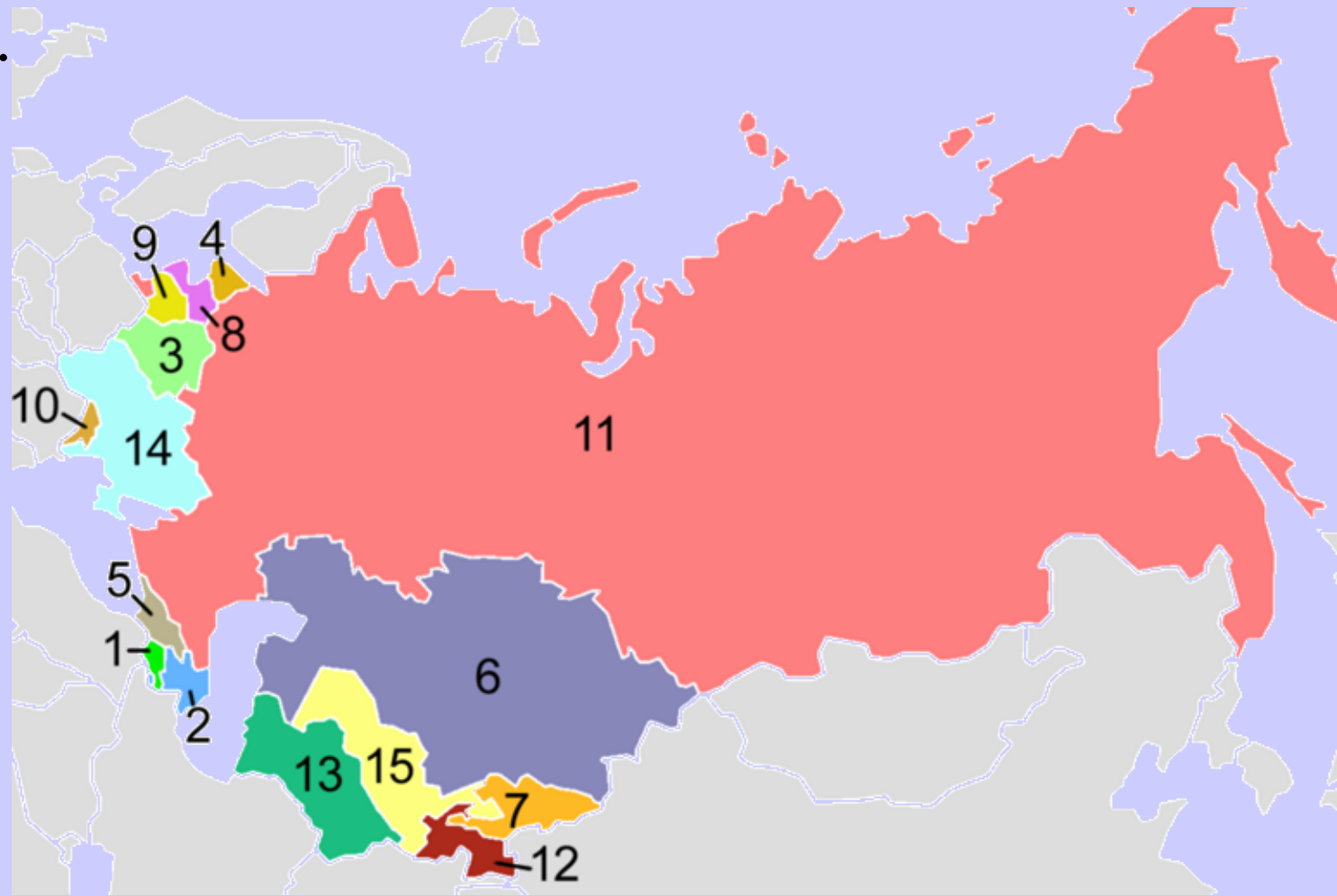


- Soviet president Mikhail Gorbachev began a policy called *glasnost*, in which he allowed more freedom of speech and the press.



- Gorbachev also signed an arms control treaty, called the *INF Treaty*, with Pres. Reagan in 1987.
- Eventually, however, Gorbachev was forced to resign in 1991, and the Soviet Union ceased to exist.

- As a result, fifteen Soviet republics gained their independence.



Post-Soviet states in alphabetical order: 1. Armenia; 2. Azerbaijan; 3. Belarus; 4. Estonia; 5. Georgia; 6. Kazakhstan; 7. Kyrgyzstan; 8. Latvia; 9. Lithuania; 10. Moldova; 11. Russia; 12. Tajikistan; 13. Turkmenistan; 14. Ukraine; 15. Uzbekistan