

**CHAPTER 25** Section 2 (pages 834–838)

# Conservative Policies Under Reagan and Bush

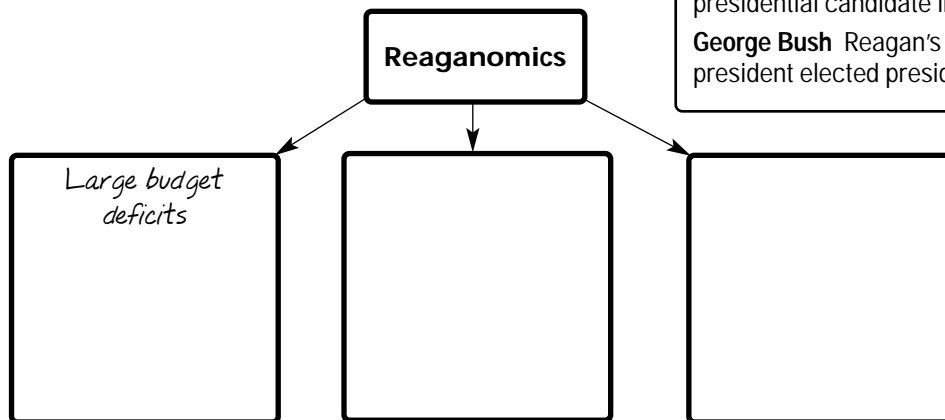
## BEFORE YOU READ

In the last section, you saw how conservative power grew before the presidential election of 1980.

In this section, you will read how President Reagan put in place conservative policies.

## AS YOU READ

Use the chart below to take notes on the effects of Reaganomics.



### TERMS AND NAMES

**Reaganomics** Reagan's economic policies

**supply-side economics** Economic theory that tax cuts will increase jobs and government revenues

**Strategic Defense Initiative**

Proposed system to defend the United States against missile attacks

**Sandra Day O'Connor** First woman Supreme Court justice

**deregulation** The cutting back of federal regulation of industry

**Environmental Protection Agency**

Agency established in 1970 to fight pollution and conserve natural resources

**Geraldine Ferraro** Democratic vice-presidential candidate in 1984

**George Bush** Reagan's vice president elected president in 1988

## "Reaganomics" Takes Over

(pages 834–836)

### *What was Reaganomics?*

Reagan tried to reduce the size and power of the federal government. He wanted to make deep cuts in government spending on social programs. He convinced Congress to lower taxes. This approach was called **Reaganomics**.

Reaganomics depended on **supply-side economics**. This theory said that cutting taxes would motivate people to work, save, and invest. More investment would create more jobs. More workers would mean more taxpayers, which would cause government *revenues* to increase.

Reagan also increased military spending. Between 1981 and 1984, the Defense Department

budget almost doubled. In 1983, Reagan asked the country's scientists to develop a defense system that would keep Americans safe from enemy missiles. The system became known as the **Strategic Defense Initiative**, or SDI.

The economy grew. Interest rates and inflation rates dropped. Government revenues, however, did not increase as much as Reagan hoped. So the federal government ran up huge budget *deficits*. During the Reagan and Bush years, the size of the government debt more than doubled.

1. What was the main idea of Reaganomics?

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## Judicial Power Shifts to the Right (page 836)

### *What kind of judges did Reagan and Bush nominate?*

Regan nominated Antonin Scalia, Anthony M. Kennedy, and **Sandra Day O'Connor** to fill seats in the Supreme Court left by retiring judges. O'Connor was the first woman appointed to the Court. Reagan also nominated Justice William Rehnquist to the position of chief justice.

President George Bush later made the Court more conservative when he nominated David H. Souter to replace the retiring justice William Brennan. He also nominated Clarence Thomas to take the place of Thurgood Marshall. In many decisions, the Court moved away from the more liberal rulings of the previous 40 years. The Court restricted a woman's right to an abortion, put limits on civil rights laws, and narrowed the rights of arrested persons.

2. What was the result of Reagan's and Bush's appointments to the Supreme Court?

## Deregulating the Economy (page 837)

### *What was deregulation?*

Reagan tried to reduce the power of the federal government through **deregulation**. Reagan removed price controls on oil and gas. He deregulated the airline industry and ended government regulation of the savings and loan industry.

Reagan also reduced environmental regulation. He cut the budget of the **Environmental Protection Agency** (EPA). He ignored requests from Canada to reduce acid rain. Reagan appointed opponents of environmental regulation to oversee the environment.

James Watt, Reagan's secretary of the interior took many actions that were questioned by environmentalists. He sold millions of acres of public lands to private developers, allowed drilling for oil and gas in the continental shelf, and encouraged timber cutting in national forests.

3. What actions did James Watt take that hurt the environment?

## Conservative Victories in 1984 and 1988 (pages 837–838)

### *Who won the elections of 1984 and 1988?*

By 1984, Reagan had the support of conservative voters who approved of his policies. These voters helped Reagan win the 1984 election. He defeated Democrat Walter Mondale. Mondale chose Representative **Geraldine Ferraro** of New York as his running mate. Ferraro became the first woman on a major party's presidential ticket.

In 1988, Vice-President **George Bush** ran for the presidency. He won the Republican nomination. The Democrats nominated Massachusetts governor Michael Dukakis.

During the campaign, Bush built on Reagan's legacy of low taxes by saying, "Read my lips: no new taxes." Most Americans saw little reason for change. George Bush won the election with 53 percent of the popular vote and 426 electoral votes.

4. What did the presidential elections of 1984 and 1988 show about the mood of the country?