



Chapter Fifteen: Crisis & Resurgence: 1969-2000

“General Secretary Gorbachev, if you seek peace, if you seek prosperity ... if you seek liberalization, come here to this gate. Mr. Gorbachev, open this gate. Mr. Gorbachev, tear down this wall!”

-President Ronald Reagan

Chapter Objective, Essential Questions, & TEKS

- **Objective:**
 - Describe the causes, key organizations, and individuals, like Richard M. Nixon and Ronald Reagan, of the conservative resurgence. Additionally, identify and explain the reasons for U.S. involvement in world affairs.
- **Essential Questions:**
 - Did the U.S. Presidency become unmanageable in 1970s?
 - How well did American leaders deal with the challenge of stagflation?
 - Does America have a moral responsibility to be the world's policeman?
- **TEKS:**
 - History: 10 (A), 10 (B), 10 (C), 10 (D), 10 (E), 10 (F), 11 (A), 11 (B)
 - Geography: 13 (A), 14 (B)
 - Economics: 17 (C), 17 (E), 18 (A)
 - Government: 19 (C), 19 (D), 19 (E), 21 (A)
 - Citizenship: 24 (B)

Chapter Vocabulary

- Richard Nixon
- Tinker v. Des Moines
- Wisconsin v. Yoder
- Phyllis Schlafly
- Environmental Protection Act (EPA)
- Endangered Species Act
- Détente
- Watergate Scandal
- Gerald Ford
- OPEC
- Jimmy Carter
- Camp David Accords
- Iran Hostage Crisis
- Newt Gingrich
- Ronald Reagan
- Sun Belt
- Peace Through Strength
- Star Wars
- Reaganomics
- Reagan Doctrine
- Sandra Day O'Connor
- GATT/WTO
- NAFTA
- National Rifle Association (NRA)
- Heritage Foundation
- Moral Majority
- Iran-Contra Affair
- Contract With America
- George H.W. Bush
- Rust Belt
- Persian Gulf War
- Bill Clinton
- Impeachment
- Hillary Clinton
- Bill Gates
- Sam Walton
- Estee Lauder
- Robert Johnson
- Lionel Sosa

Important Ideas

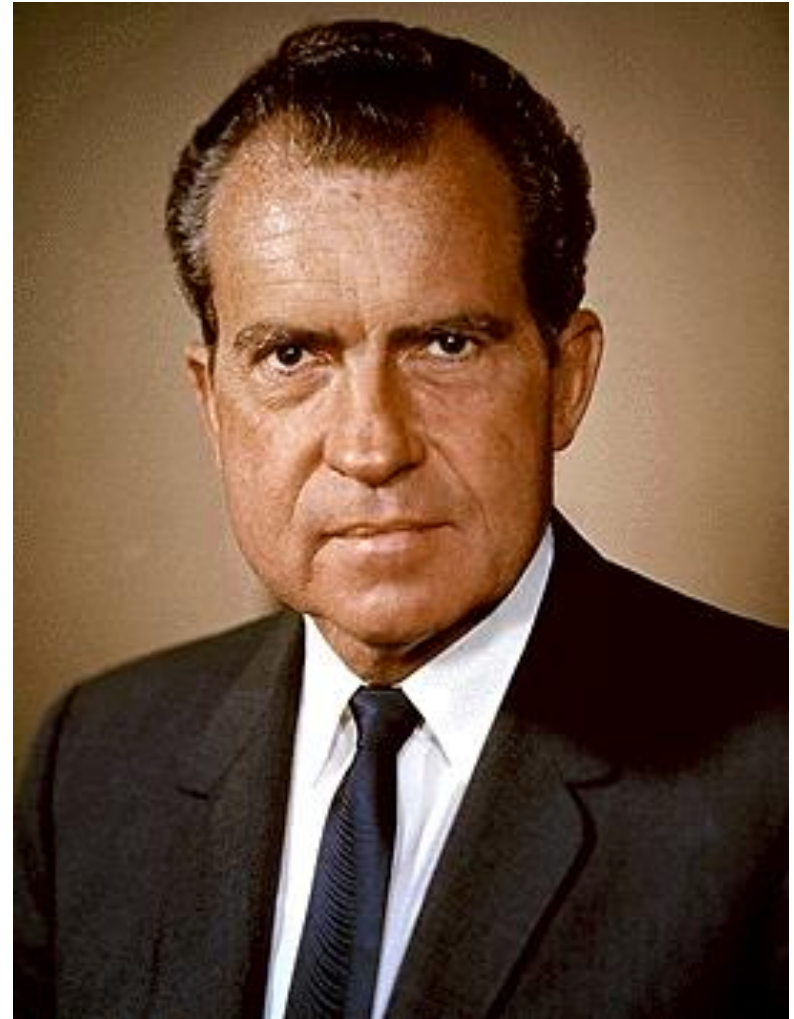
- Richard Nixon established relations with Communist China and began a policy of detente with the Soviet Union. He withdrew U.S. troops from South Vietnam.
- To deal with inflation, Nixon cut domestic programs and even imposed temporary price and wage controls. Nixon also signed the law creating the EPA (Environmental Protection Agency) and the Endangered Species Act.
- Watergate Scandal: Former CIA agents were caught breaking into the Democratic Party headquarters in the Watergate building. During Senate hearings, a Presidential aide admitted that Nixon knew of the cover-up. It was revealed that President Nixon secretly tape-recorded conversations in the White House. Nixon refused to hand them to Congress, claiming Executive Privilege. The U.S. Supreme Court ordered Nixon to hand over the taped conversations to Congress. Faced with impeachment, Nixon resigned the Presidency in August 1974.
- Following Nixon's resignation, Vice President Gerald Ford became President. As President, one of Ford's first acts was to pardon Richard Nixon. This action greatly angered many Americans.
- President Ford faced the new problem of stagflation - inflation (*rising prices*) and stagnation (*sluggish economy*). Rising oil prices contributed to the problem.
- President Jimmy Carter campaigned on a promise to clean up Washington, D.C. He created the Department of Energy and a strategic oil reserve in case of a national emergency, but failed to halt stagflation.
- Carter wanted the United States to set a moral example to other nations. He signed the Panama Canal Treaty and negotiated the Camp David Accords. When the Shah of Iran was overthrown, Iranian students seized the staff of the U.S. Embassy and held them for more than a year in the Iran Hostage Crisis.

Important Ideas

- Ronald Reagan was elected President in 1980. Conservative groups like the National Rifle Association and Jerry Falwell's Moral Majority helped in his election. Reagan promised to reduce the role of the federal government in American life. He slashed federal programs, cut taxes on businesses, and reduced federal regulations to encourage private competition. He believed if producers were encouraged, the supply of goods would increase, prices would drop, employment would increase, and stagflation would end. Economist called his strategy "supply-side" economics, or Reaganomics.
- Reagan was a firm believer in Peace through Strength. He increased both military spending and the federal deficit, which helped stimulate the economy.
- With the Reagan Doctrine, President Reagan announced he would not just contain Communism but try to roll it back. He sent U.S. forces to Grenada, and provided anti-Communist rebels in Nicaragua and Afghanistan with funds.
- Reagan introduced the Strategic Defense Initiative (Star Wars), a research program to protect America from nuclear attack by the Soviet Union.
- Iran-Contra Affair: Officials sold weapons to Iran to free hostages; the proceeds helped to supply Contras in Nicaragua, despite a Congressional ban.
- President George H.W. Bush continued Reagan's policies. The Cold War ended during his Presidency. Bush sent troops into Panama, Kuwait and Somalia.
- President Bill Clinton attempted to enact a comprehensive health care reform but failed to do so. Reduced defense spending after the Cold War coupled with a rise in the computer industry made the 1990s a time of general prosperity.
- Impeachment charges were brought against President Clinton for lying about an affair he had with a White House intern. Attempts to convict him of these charges failed in the Senate. Clinton was able to successfully push NAFTA through Congress and saw the creation of the World Trade Organization.
- A talented and hard working group of diverse entrepreneurs -- including Bill Gates, Sam Walton, Estee Lauder, Robert Johnson, and Lionel Sosa - helped the American economy.

The Nixon Presidency

- The authors of the U.S. Constitution had attempted to strike a balance between the separate branches of government, but since the 1930s, Presidential power has increased greatly. During the Great Depression, the New Deal gave the President an expanded role in managing the national economy. The two World Wars and the Cold War added to the President's role in foreign affairs.
- Unlike Congress, the President can act rapidly and decisively. Radio and television increased the President's ability to appeal directly to voters. Presidents also began relying on their own advisors instead of on Cabinet members, who Congress had to approve. Some historians have viewed this growth of Presidential power as creating an **Imperial Presidency**. The expansion of Presidential power may have reached its peak under President **Richard Nixon**. Nixon failed to consult Congress about the bombing of Cambodia and Laos, and the mining of North Vietnam's harbor. Nixon also used public funds to remodel his private homes, and used the CIA and FBI to collect information about his political enemies. When Congress voted for programs he did not like, Nixon simply refused to spend those funds.



Nixon's Domestic Policy

- Nixon, a Republican, moved the nation in a more conservative direction. He believed federal social programs were often inefficient and that these issues could be better dealt with at the local level. He eliminated several Great Society programs and gave federal funds to state and local governments so that they could decide how to spend them. Besides his belief in revenue sharing, Nixon sought to put an end to the draft, create a series of strong anticrime laws, and advance a broad environmental program. During his campaign, he had promised to appoint Supreme Court Justices with a conservative philosophy.



- **First Amendment Rights:**

- During Nixon's Presidency, the Supreme Court continued to protect First Amendment rights. In *Tinker v. Des Moines* (1969), John Tinker and his sister were suspended from school for wearing black armbands to protest the Vietnam War. The Supreme Court ruled that this violated the students' First Amendment rights, and that students have the right to wear armbands to protest the war. In *Wisconsin v. Yoder* (1972), the U.S. Supreme Court struck down a Wisconsin state law that required Amish children to attend school beyond Grade 8. The Court found that this state law violated the parents' freedom of religion since the state's secondary education conflicted with Amish values and beliefs and was contrary to their way of life.

Nixon's Domestic Policy

- **Inflation:**
 - The 1970s saw rising prices, a new trade deficit, and rising unemployment. To combat inflation, Nixon cut spending on social programs, and took America off the gold standard. When these measures did not work, he imposed the first peacetime wage and price controls. All of these attempts to control inflation proved unsuccessful.
- **Environmental Protection Agency (EPA):**
 - President Nixon signed a law that created the Environmental Protection Agency, or EPA, to protect the environment. The EPA sets air and water pollution standards for cities, and engages in monitoring and enforcement activities. New construction projects must pass through detailed environmental impact reviews before being approved. Private citizens can file lawsuits against polluters under the EPA.
 - Nixon also signed the Endangered Species Act (1973). This law requires the Fish and Wildlife Service to list species of plants and animals that are threatened with extinction, and then to take further steps to protect them.



Equal Rights Amendment (ERA)

- In 1923, Alice Paul, a suffragist leader and founder of the National Woman's Party, proposed the Equal Rights Amendment: "Equality of rights under the law shall not be denied or abridged by the United States or by any state on account of sex." For almost fifty years, the amendment was introduced in each session of Congress, but it failed to pass.
- In 1972, the amendment was finally approved by Congress and sent to the states with a seven-year time limit for ratification. The deadline was extended to 1982, but the amendments still fell three states short of the support needed for ratification. It has been reintroduced into every Congress since that time.
- One outspoken critic of the Women's Liberation Movement was Phyllis Schlafly. Her book attacking liberal Republicans was used by Goldwater supporters in his 1964 Presidential campaign. Schlafly also campaigned against the Equal Rights Amendment, which she believed would reduce the rights of wives and harm family life. Schlafly further claimed it would deprive women of the "right" to be "supported and protected" by men. For example, Schlafly believed the amendment might lead to unisex restrooms and require women to serve in combat roles.



Nixon's Foreign Policy

- Nixon believed the President's most important role was directing the country's foreign policy. You have already learned about Nixon's withdrawal from Vietnam. He reduced the number of U.S. troops but increased bombing raids and financial aid to South Vietnam. Assisted by foreign policy expert Henry Kissinger, Nixon had two great foreign policy successes: opening diplomatic relations with Communist China and beginning a detente with the Soviet Union.
- **Re-Opening Relations with China, 1972:**
 - Ever since the Communist Revolution in China in 1949, U.S. leaders had refused to establish diplomatic relations with the Communist government. The United States treated the Nationalist Chinese government, which had established itself on the island of Taiwan, as the official government of China, and vetoed attempts by Communist China to enter the United Nations. Nixon, however, wanted to create a more flexible situation in Asia in order to put more pressure on North Vietnam.
 - Although a strong anti-Communist, he surprised the world by restoring diplomatic relations with Communist China. In 1972, Nixon became the first American President to visit mainland China. Reopening relations with China was Nixon's greatest foreign policy achievement.



Nixon's Foreign Policy

- **Détente with the Soviet Union, 1972:**
 - President Nixon believed in pursuing a policy of **detente**- a relaxing of tensions. Nixon introduced the policy of detente to relations with the Soviet Union. Nixon and Kissinger especially wanted to halt the build-up of nuclear weapons. In 1972, Nixon became the first President to visit Moscow, where he signed an agreement (SALT) with Soviet leaders, limiting the development of defensive missile systems. Nixon further agreed to sell American grain to the Soviet Union to help them cope with food shortages. In 1973, when war broke out in the Middle East, the United States and Soviet Union further cooperated in pressuring Israel and the Arab states to conclude a cease-fire.
- **Vice President Ford Takes Office:**
 - In his election campaign, Nixon had promised Americans a return to "law and order," but Americans soon learned that his own government was corrupt. In 1973, Nixon's Vice President **Spiro Agnew** resigned when it was discovered that he had taken bribes while serving as Governor of Maryland. Under the **25th Amendment**, Nixon appointed **Gerald Ford**, a Michigan Congressman, as his new Vice-President.



The Watergate Crisis

- Meanwhile, in 1972 a group of former CIA agents, working for Nixon's re-election as President, were caught breaking into Democratic Party headquarters at the Watergate complex in Washington, D.C. This would soon lead to an even greater scandal than Agnew's resignation.
- **The Cover-Up:**
 - President Nixon tried to cover up an investigation of the Watergate break-in on the grounds that it involved national security. Two investigative reporters were the first to report possible links between the break-in and the White House. The Senate appointed a committee to investigate the incident. The Attorney General also appointed a Special Prosecutor to examine possible wrongdoing.
- **The Watergate Tapes:**
 - In the Senate hearings, a Presidential aide stated that Nixon had participated in the cover-up. Next, it was revealed that Nixon had secretly recorded all of his own White House conversations. When the Senate Committee asked to listen to the tapes, Nixon refused, claiming executive privilege. Nixon asserted that Congress had no authority to question members of the executive branch about internal communications advising the President without Presidential approval. In the case of *United States v. Nixon* (1974), Nixon further contended that if he obeyed the district court order to turn over the tape-recordings, it would lead to judicial control of the Presidency, violating the separation of powers in the Constitution. When the case was appealed to the U.S. Supreme Court, it ruled that Nixon must turn over the tapes, reaffirming the principle that no one is above the law.



The Watergate Crisis

- When the tapes were made public, they revealed that Nixon had in fact lied when he said he was not involved in the cover-up. Based on this and other allegations, the House of Representatives moved to impeach Nixon. Fearing removal from office by the U.S. Senate, Nixon became the first President to resign.

Lowered public confidence in government officials.

Showed that growth of Presidential power created new opportunities for abuse.

Showed that our government is based on laws, not individuals, and that the system of checks and balances works.

Proved that the two-party system works; the party out of power serves as a watchdog over the other.

THE IMPACT OF WATERGATE

Reaffirmed the role of the press in uncovering government misconduct and informing the public.

The Supreme Court preserved its independence, ordering Nixon to hand over the tapes.

Congress passed new laws to curb Presidential power, restoring the balance between the executive and legislative branches.

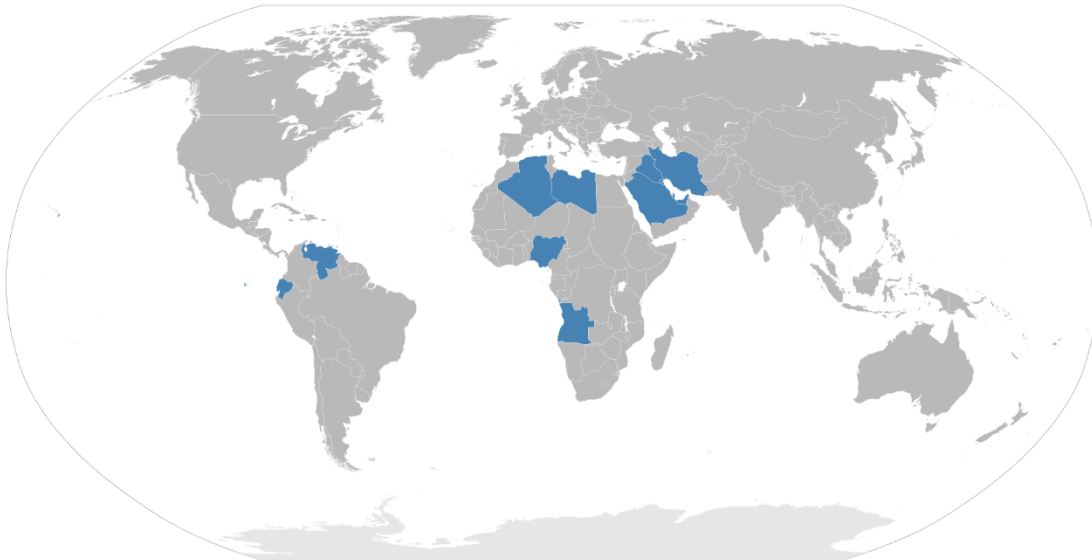
The Ford Presidency

- Gerald Ford became the next President. Ford had not even been elected as Vice-President; instead, he had been appointed by Nixon, who had now resigned in disgrace. One of Ford's first acts as President was to pardon Nixon for any crimes he had committed. The pardon came under heavy public criticism.
- **The Helsinki Accords:**
 - Ford continued Nixon's policy of detente with the Soviet Union. In 1975, the United States, Canada, the Soviet Union, and most European countries signed an international agreement known as the Helsinki Accords, recognizing post-World War II borders and promising respect for human rights.



Continuing Stagflation

- Once in office, Ford's main worries were economic ones. Economists had always believed that inflation (*rising prices*) accompanied economic growth and full employment, not recession: this was because when most workers had jobs, they would ask to raise their wages; when consumers were actively buying goods, manufacturers would tend to raise their prices. But now, Americans suffered from stagflation- high unemployment combined with inflation.
- The Organization of Petroleum Exporting Countries (OPEC) had been formed by oil-producing countries in 1960. Most OPEC members were Arab countries. In 1973, the Arab nations of OPEC used oil as a political weapon by imposing an oil embargo on the United States and Western European for siding with Israel in the 1973 war. Overnight, the price of oil shot up. Even when the war ended, the members of OPEC continued to push oil prices higher to enrich their own economies. The higher cost of energy had a significant impact on the American economy - from the cost of heating a home to the prices of food, electricity and gasoline.



The Carter Presidency

- Many Americans continued to blame Republicans for the Watergate scandal. Jimmy Carter, a former Governor of Georgia, was nominated by the Democratic Party to oppose President Ford in the 1976 election. Carter was elected as an "outsider" who promised to end corruption and "clean up" Washington.
- Like Ford, Carter's chief problem at home was the economy. The United States depended on imported oil, and oil prices continued to rise. Inflation was more than 10%. That meant that in single year, prices were ten percent higher at the end of the year than at the beginning. Interest rates rose to 20%, and unemployment remained high.



Carter's Domestic Policy

- Many banks excluded people in low-income neighborhoods from loans and other financial services. This practice was sometimes known as "redlining" because it was possible to draw a red line on a map clearly delineating these neighborhoods. The practice especially affected minorities. Carter pushed through Congress the Community Reinvestment Act (1977), which required banks to make credit available in poor communities, preventing the decay of low-income neighborhoods in inner cities.

The Energy Crisis. To deal with the crisis, Carter created the **Department of Energy**. He also increased the oil in the nation's "Strategic Petroleum Reserve." Carter sought a special tax on large automobiles, and the power to ration gas, but Congress denied him those powers.

Stagflation. Inflation and interest rates soared in 1979, partly due to the oil crisis. Carter cut federal spending, but inflation did not come down until two years later during the Reagan Presidency.

CARTER'S DOMESTIC PROGRAM

The Environment. Carter provided funds to clean up toxic dumpsites. Following an accident at the **Three Mile Island** nuclear reactor in 1979, Carter created the **Nuclear Regulatory Commission** to develop stricter standards for the peaceful use of nuclear energy.

Diversity. Carter appointed women and minority members to government posts. He also sponsored a bill requiring public schools to provide instruction to students in their native language while trying to learn English.

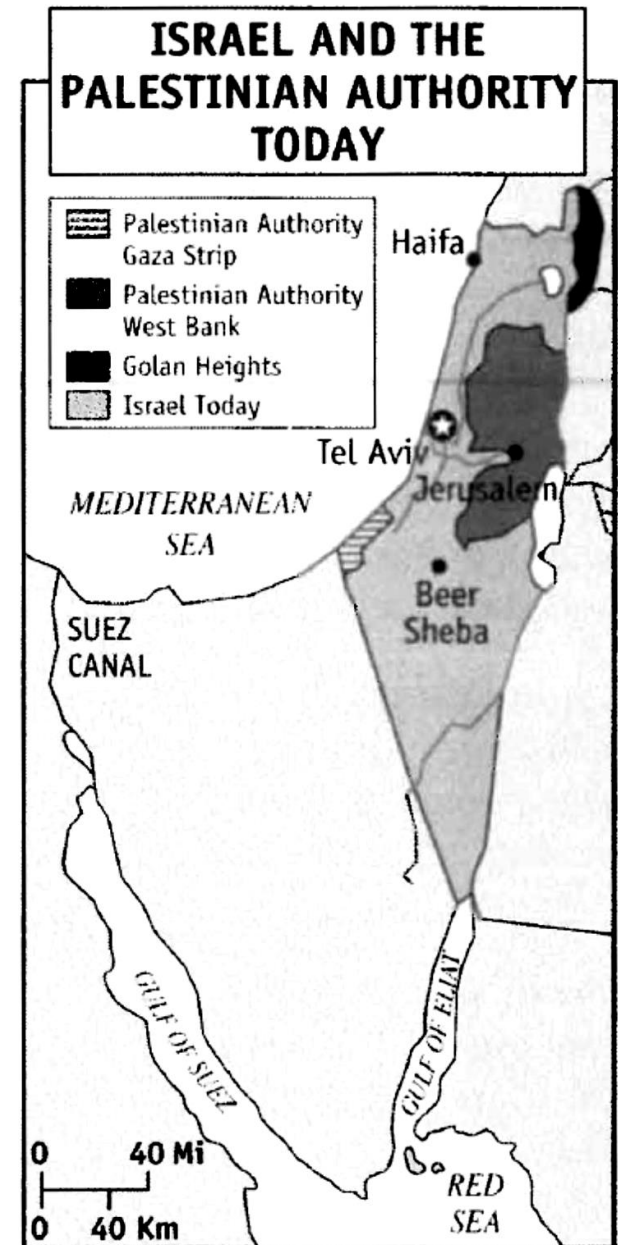
Carter's Foreign Policy

- In foreign policy, Carter wanted the United States to set a moral example for other nations. Carter made human rights a high priority: he condemned apartheid in South Africa, pressured the Soviet Union to allow its Jews to emigrate, and cut aid to dictatorships that violated human rights.
- **The Panama Canal Treaty, 1977:**
 - Carter wanted to set an example by having the United States act fairly in its dealings with Panama. He signed a treaty returning control of all of the Canal Zone, except for the canal itself, to Panama. The United States further agreed to turn over the canal to Panama by the end of the century.
- **U.S.-Soviet Relations:**
 - Carter initially continued Nixon's policy of detente with the Soviet Union. However, in 1979, the Soviet Union invaded Afghanistan. This aggressive act brought a temporary end to detente. Carter halted grain sales to the Soviets, boycotted the 1980 Olympics in Moscow, and postponed ratification of a new arms control agreement, known as SALT II.



Camp David Accords, 1977

- Israel had been established as a homeland for the Jewish people by the United Nations in 1948 in the aftermath of the Holocaust. Many Jews had already been living in the area, but there were also many Palestinian Arabs. Truman had strongly supported the creation of Israel, and ever since 1948, U.S. policy had been generally supportive of Israel, a pro-Western democracy in the Middle East. U.S.-Israeli relations were also influenced by the strong support of American Jews for Israel. Israel relied on U.S. economic and military aid for its survival.
- Egypt and Israel had fought one another in a series of wars ever since the creation of Israel back in 1948. In 1977, President Carter invited Anwar Sadat, the President of Egypt, and Menachem Begin, the Prime Minister of Israel, to the Presidential retreat at Camp David in Maryland. After face-to-face negotiations, an agreement between the two leaders was reached. Under the Camp David Accords, Israel agreed to return the Sinai Peninsula to Egypt, which Israel had taken in the Six-Day War in 1967. In exchange, Egypt offered a peace treaty and the establishment of normal diplomatic relations with Israel - ending thirty years of warfare.
- Sadat and Begin were awarded the Nobel Peace Prize, but many Arab leaders denounced the agreement for failing to provide a homeland for Palestinians. Several Arab nations temporarily broke off diplomatic relations with Egypt. Sadat was later assassinated by Muslim Fundamentalists, who opposed any peace with Israel.



Iranian Revolution & Hostage Crisis

- The Shah (ruler) of Iran was an ally of the United States. However, Shah Pahlavi was also a dictator who used brutal measures against his opponents. In the early 1960s, he had promised the people of Iran greater personal freedoms and other social reforms, but failed to deliver on his promise. In 1978, widespread demonstrations broke out across Iran against the Shah. When the Shah fled the country early in 1979, Ayatollah Khomeini and other religious leaders took control. These Fundamentalist Shiite Muslims were generally hostile to Western influence. They resented America for helping the Shah and for backing Israel.
- In October 1979, the Shah entered the United States for medical treatment. Two weeks later, angry Iranian students seized the staff of the U.S. embassy in Tehran, Iran. The hostages were blindfolded, tied up and accused of working for the CIA. Days dragged into weeks and weeks into months. The embassy staff was held hostage for more than a year.
- The United States imposed economic sanctions on Iran, and other countries around the world supported the United States. Nevertheless, America's image suffered because of its inability to free the hostages. An attempt to rescue the hostages with a surprise helicopter raid failed. Negotiations finally led to their release on the day that Carter left office and Ronald Reagan became President.



The New Conservatism

- **The Reagan & Bush Presidencies:**
 - The 1980s witnessed a resurgence of conservatism - the philosophy once championed by Barry Goldwater. Since the New Deal, the responsibilities and role of the federal government in American society had been steadily increasing. Presidents Reagan and Bush decided to cut down the size of the federal government, reducing taxes and federal regulations on business, while increasing private competition. At the same time they favored strong military establishments, expanding the size of government in one direction even as they reduced it another.
- **Roots of the New Conservatism:**
 - After the problems faced by recent Presidents, conservative beliefs suddenly enjoyed an unexpected resurgence in the United States in the 1980s. In Great Britain, Margaret Thatcher had come into office in 1979 with similar ideas - combating unions, reducing taxes, cutting government spending, and reducing the amount of government regulations. In the 1980 Presidential election, Ronald Reagan received the support of a number of leading American conservative groups.



The New Conservatism

- **National Rifle Association:**

- The NRA was begun to promote rifle shooting and marksmanship skills. After the assassinations of President Kennedy, his brother Robert, and Dr. Martin Luther King, Jr., Congress enacted the Gun Control Act of 1968. The NRA had traditionally steered clear of politics, but now it became more political. Most of its members tended to be politically conservative. In the 1980 election, the NRA endorsed Ronald Reagan, marking the first time in its history the NRA supported a Presidential candidate.



- **The Moral Majority:**

- Another highly influential conservative group that helped elect Reagan was the Moral Majority, mainly composed of Fundamentalist Christians. Begun in 1979 by evangelist Rev. Jerry Falwell, the Moral Majority favored a strict interpretation of the Bible, and an agenda that was socially conservative and anti-Communist. The group also opposed the Equal Rights Amendment. The Moral Majority made telephone calls and held rallies to help get Ronald Reagan elected as President. The group was dissolved in 1989 when Falwell announced that "our mission is accomplished."



- **Heritage Foundation:**

- Many of Reagan's policies were strongly influenced by the Heritage Foundation, a "think-tank" based in Washington, D.C. The Heritage Foundation seeks to promote conservative policies based on the principles of free enterprise, limited government, individual freedom, values, and a strong national defense. It provides an example of a non-profit lobbying group that attempts to influence legislators on various bills.



The Reagan Presidency

- A popular Hollywood actor in the years after World War II, **Ronald Reagan** became president of the actors' union before he entered politics. Originally a Democrat, he grew more conservative when he came to the conclusion, like Goldwater, that the federal government had become too powerful and intrusive. As Governor of California, he had take a tough stand against student protesters in the 1960s. Reagan lost in the race for the Republican Presidential nomination in 1968 and 1976, but won it in 1980. He picked Texas Congressman **George H. W. Bush** as his running mate. Voters faced with inflation and the Iran Hostage Crisis swept Reagan into office over Jimmy Carter.
- Reagan projected a confident, optimistic outlook. Many Americans welcomed this change after the Ford and Carter years. Reagan introduced far-reaching changes that brought a return to prosperity to many, although not to all Americans. Reagan felt that individuals and businesses were better able to solve economic problems than government agencies and reversed the trend of increased federal control that had started with the Progressive Era.



Reagan's Domestic Policy

- **Reaganomics:**

- When Reagan took office, the main problem facing the nation was still stagflation. Reagan tried to solve the problem with "supply-side economics." Previous government economists had focused on the lack of consumer demand. To increase employment, they had increased government spending to give more money to consumers. They hoped this would encourage an increased demand for goods.
- Reagan's economic advisers concentrated on supply. By reducing taxes and business regulations, they hoped to make it easier to produce more goods. They reasoned this larger supply of goods would drive down prices and stop inflation. It would also lead to fuller employment. Some called this new strategy "Reaganomics." By 1983, the economy began to come out of recession. Reagan's tax cuts, deregulation and military spending encouraged greater business activity, while new supplies of oil from Alaska and the North Sea stabilized oil prices.

Tax Cuts and Domestic Spending. Reagan cut taxes on businesses and the wealthy: he felt these groups would invest their tax savings to raise productivity and increase employment, resulting in benefits that would "trickle down" to other groups. To finance the tax cut, Reagan reduced spending in federal welfare programs.

Deregulation. Reagan eliminated many federal regulations on industry, making it easier for new companies to compete. He ordered many regulatory agencies to cut back their rule-making and to allow businesses greater freedom. He relaxed enforcement of anti-trust laws and allowed more business mergers.

REAGANOMICS

Increased Military Spending. Reagan increased military spending, which he financed through borrowing. This increased spending stimulated the entire economy, creating a demand for many goods and services.

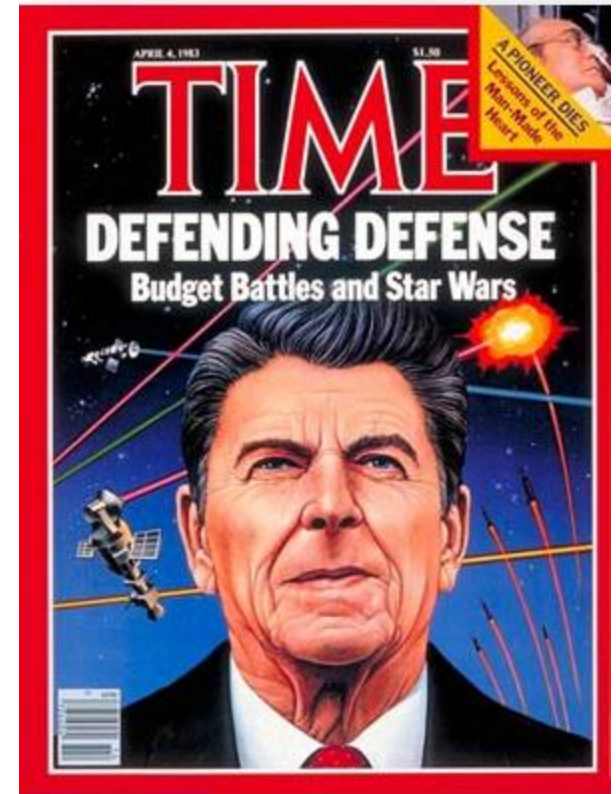
Other Factors. World oil prices stabilized. New employment patterns created new jobs, such as computer programming and health care. Reagan took steps against unions to allow more flexible work practices. He fired air traffic controllers on strike.

Reagan's Domestic Policy

- **The Federal Deficit and the National Debt:**
 - The federal deficit is the amount of money that the federal government spends beyond what it collects in taxes. Reagan had promised a budget in which government spending would be limited to the amount of taxes it raised. But because of military spending, the federal deficit actually increased greatly, and the national debt more than doubled.
- **The Trade Imbalance:**
 - During the Reagan years, Americans bought more goods and services from abroad than they sold overseas. This imbalance led to the loss of millions of jobs, the closing of steel mills and auto plants, and a drop in the disposable income of many Americans.
- **Immigration Policy:**
 - President Reagan introduced new changes to our immigration laws. To deal with the problem of illegal immigration, the Mazzoli-Simpson Act (1986) "legalized" illegal aliens who had lived continuously in the United States since 1981.
- **Sandra Day O'Connor:**
 - In 1981, President Reagan nominated Sandra Day O'Connor as the first woman Justice on the U.S. Supreme Court. Born in El Paso, Texas, she studied in California before moving to Arizona. O'Connor had served as Arizona's Assistant Attorney General, State Senator, and a Superior Court Judge. During her early years on the U.S. Supreme Court she was a conservative who preferred "judicial restraint." She emerged in the late 1990s as a swing vote between the conservative and liberal groups on the Court.

Reagan's Foreign Policy

- Reagan set out to rebuild American confidence in the aftermath of Vietnam, Watergate, and the Iran Hostage Crisis. He believed that the United States had to continue to act as the world's principal defender of freedom and democracy.
- **The Reagan Doctrine:**
 - In 1983, Reagan sent U.S. Marines to the small Caribbean island of **Grenada** after Communists had taken control in order to protect Americans on the island and to prevent Cuba from attempting to export Communism elsewhere. This intervention showed Reagan's willingness to use force against Communism. In 1985, Reagan announced the **Reagan Doctrine**. He stated that the United States would not simply confine itself to the containment of Communism. It would also attempt to "roll-back" Communism by aiding anti-Communist "freedom fighters" in Afghanistan, Angola, Nicaragua, and Cambodia.
 - Reagan strongly believed in a policy of **Peace through Strength**- "Let he who desires peace prepare for war." Under this policy, Reagan felt the best way to prevent war was to make America's enemies think that the United States had both the means and the will to stop aggression. To carry out this new foreign policy, Reagan sharply increased military spending. He also proposed research into an anti-ballistic defense system, the Strategic Defense Initiative (also known as **Star Wars**), using lasers to shoot down missiles in order to prevent a nuclear attack. Reagan's repeated announcements disturbed Soviet leaders, who feared the expense of developing their own system.



Reagan's Foreign Policy

- **Threat of Terrorism:**

- In 1982, an Israeli force invaded Lebanon, setting off a civil war between Christians and Palestinian refugees. Lebanon requested a multinational force of U.S. Marines and French paratroopers to restore order. In 1983, a suicide bomber attacked the American and French barracks in Beirut, the capital city of Lebanon. As a result, 241 U.S. Marines and 58 French paratroopers were killed. Shortly thereafter, President Reagan withdrew American forces from Lebanon.
- Reagan announced that he would not negotiate with terrorists and even bombed two cities in Libya in 1986 when he thought its leader, Muammar Gaddafi, had supported terrorist activities that had caused an explosion in Berlin. Libya had admitted it was responsible for blowing up a Pan Am flight over Scotland in 1988.

- **Iran-Contra Affair:**

- The **Iran-Contra Affair** arose out of a secret foreign policy operation by officials in the Reagan White House. In 1986, officials in the Reagan Administration acted against the policy of refusing to negotiate with terrorists by secretly selling arms to Iran as part of a deal in exchange for the release of American hostages in Lebanon. Profits from the sales of the arms to Iran were then diverted to support the anti-Communist "Contra" rebels fighting the Communist government of Nicaragua. This was done even though Congress had specifically prohibited any U.S. aid to the Contras.
- When the affair was revealed, it shocked the nation since the Reagan administration had denounced Iran as a supporter of global terrorism. An investigation cleared the President of any direct wrongdoing, although he had failed to monitor the actions of some of his top officials. Several officials were convicted of lying to Congress and sent to prison. The Iran-Contra Affair greatly tarnished America's credibility in the world. After the Watergate Scandal, it led many citizens to seriously question their trust in their government officials. Nevertheless, President Reagan continued to enjoy strong support among many members of the American public.

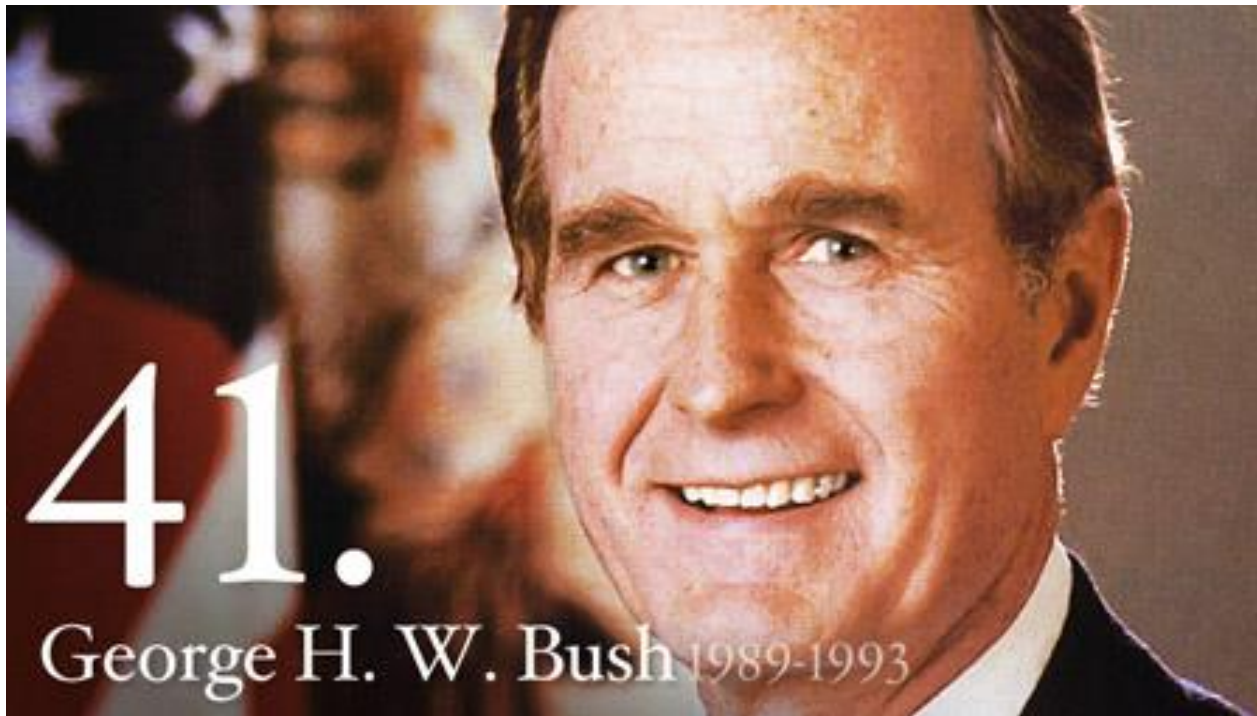
Triumph of Democracy

- The final years of the Reagan Presidency saw the beginnings of the end of the Cold War. Early in his Presidency, Reagan had called the Soviet Union an "Evil Empire." **Mikhail Gorbachev** became head of the Soviet Communist Party in 1985. The failure of the Soviet economic and political system forced Gorbachev to introduce reforms inside the Soviet Union. Gorbachev also agreed to withdraw Soviet troops from Afghanistan and to allow peaceful changes to take place in Eastern Europe. Reagan and Gorbachev then held a series of conferences, and even signed an agreement dismantling thousands of nuclear missiles.
- Historians hold conflicting views on Reagan's role in winding down the Cold War. His critics contend that Reagan was an accidental beneficiary of Gorbachev's reforms, and that he does not deserve credit for winning the Cold War. Reagan's supporters believe he played an essential role in this process. They point to Reagan's forthright defense of freedom and democracy, his policy of "roll-back," and the threat of the Star Wars program, all of which placed so much economic and military pressure on Soviet leaders that they felt compelled to reform their system.



The George H.W. Bush Presidency

- The next President, **George H.W. Bush**, had served two terms as Reagan's Vice President. Bush promised to continue Reagan's policies, but with greater compassion in dealing with the homeless and the poor. He also promised to improve education and fight drug use.
- Bush's previous experience had mainly been in foreign policy, but he faced several important challenges at home. His greatest domestic challenge was to reduce the growing budget deficit. Events in Eastern Europe and the Soviet Union permitted cuts in military spending. In late 1990, Bush agreed to increase income taxes on the wealthy, but he was never able to make a significant reduction in the budget deficit.



Bush's Domestic Policy

- **The Impact of Defense Spending on the U.S. Economy:**

- Experts disagree on the impact that military spending can have on a country's economy. It can provide a short term stimulus, pushing the nation through the business cycle from recession to prosperity. For example, military expenditures in World War II helped achieve full employment after the Great Depression. On the other hand, military spending can divert, or "crowd out," resources from other more productive uses, and may thus slow long-term economic growth. Heavy military spending can mean less investment in peacetime projects, higher budget deficits, and more borrowing or higher taxes. Less money will be available, for example, for education. When President Johnson increased American involvement in Vietnam, he thus had to cut back on many Great Society programs.

- **Supreme Court Appointments:**

- President Bush made several appointments to the Supreme Court, leading to a conservative majority on the Court. The new Supreme Court toughened the rules for criminal defendants, reduced the scope of abortion rights, and introduced other important changes.

- **The Recession:**

- The United States gradually moved back into a recession by 1990. Economists blamed the economic downturn on reduced spending by consumers, corporations, and federal and state governments. In addition, greater foreign competition led to less demand for some American products. This resulted in lay-offs in several key industries.

Bush's Domestic Policy

- **The Recession Continued:**

- While the 1970s and 1980s witnessed increases in population in the Sunbelt, the opposite was true of the "**Rust Belt**"-- areas of the Northeast and Midwest with coal and iron resources, which had once been the center of American industry. With the collapse of the U.S. steel industry, cities such as Gary (Indiana), Detroit (Michigan), and Milwaukee (Wisconsin) have suffered a steady loss of manufacturing jobs to Mexico and overseas.

- **Civil Rights and Civil Unrest:**

- Although great progress had been made in civil rights, the recession was especially hard on young African Americans. Riots erupted in Los Angeles and other cities in 1992, when a jury found policemen not guilty even though they were videotaped beating a young African American, Rodney King. Seventy people were killed in the disturbances. The riots highlighted the plight of minorities and continuing racial tensions.

- **Americans With Disabilities Act of 1990:**

- President Bush signed this landmark act which prohibited discrimination against people with disabilities in employment and in public accommodations. The act guaranteed that they be given equal treatment. Restaurants, hotels, and theaters had to install accessible areas for those in wheelchairs. Employers had to make special "accommodations" (*arrangements*) wherever possible, to permit disabled Americans to work.



Bush's Foreign Policy

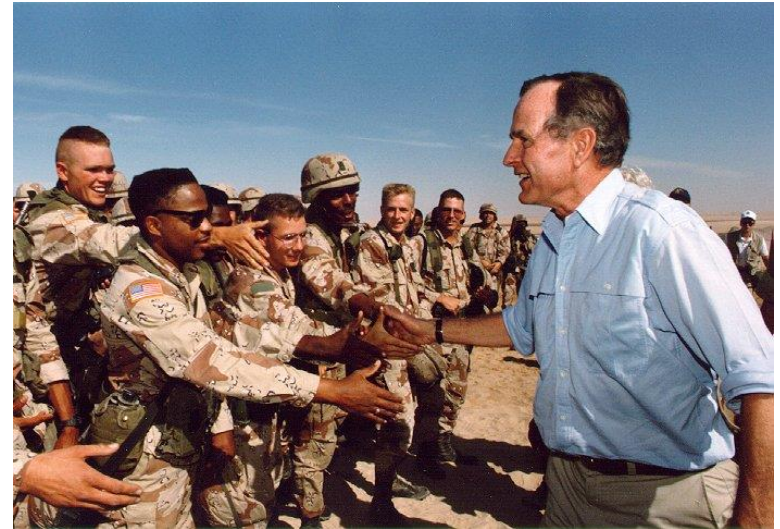
- Bush proved more successful in his foreign affairs than in his domestic policy.
- **The Invasion of Panama, 1989:**
 - Shortly after becoming President, Bush took steps against Panamanian dictator and drug-dealer Manuel Noriega. He sent U.S. forces to Panama, where they restored democratically elected leaders. Noriega was captured and taken back to the United States, where he was tried and convicted on drug charges.
- **The End of the Cold War, 1989-1991:**
 - The most important event of the Bush Presidency was the end of the Cold War. During Reagan's Presidency, Mikhail Gorbachev had initiated reforms that set in motion a series of key events. From 1989 to 1991, Eastern Europe moved from Communism to democracy, the Berlin Wall was tom down, and Germany was reunited. In 1991, the Soviet Union itself dissolved and was replaced by the Commonwealth of Independent States. Bush recognized Russia and the other newly independent republics and offered them economic assistance.
- **Somalia:**
 - In 1992, President Bush began a humanitarian airlift of food and supplies to war-tom Somalia in northeast Africa, where millions of people faced starvation. When local warlords and bandits continued to steal and threaten food shipments, Bush sent in U.S. troops in the final month of his Presidency.



Bush's Foreign Policy

- **The Gulf War, 1990:**

- The Gulf War was Bush's greatest single foreign policy success. In August 1990, Iraqi leader Saddam Hussein invaded Kuwait, capturing its vast oil wealth and extending Iraq's borders. Hussein refused requests by the United Nations to withdraw. Some feared he might next invade Saudi Arabia. In response, U.N. forces, under U.S. leadership, launched an attack against Iraq. The invasion succeeded in only a few days. In February 1991, Hussein agreed to remove all Iraqi troops from Kuwait and to pay Kuwait for damages.



The Clinton Presidency

- Bill Clinton came from a poor Arkansas background. He studied as a Rhodes scholar in England and attended Yale Law School, where he met his wife Hillary Clinton. After law school, Clinton entered politics. He was elected Governor of Arkansas. The Presidential election of 1992 saw Clinton successfully unite different groups within the Democratic Party as well as attract independent voters. Many Americans believed Bush was not doing enough to fight the recession. The criticisms of a third-party candidate, Ross Perot, further weakened Bush's authority. Perot received about 20% of the total vote, making him one of the most successful third-party candidates in history.
- Clinton promised Americans an ambitious agenda of reform. However, like many Presidents, he found difficulty in obtaining Congressional support for many of his proposals. Although Democrats controlled Congress during the first two years of his Presidency, Clinton had difficulty passing his early budgets. His first budget limited federal spending, increased income taxes to 40% on the richest Americans, cut taxes for low-income Americans, and introduced a federal gasoline tax.



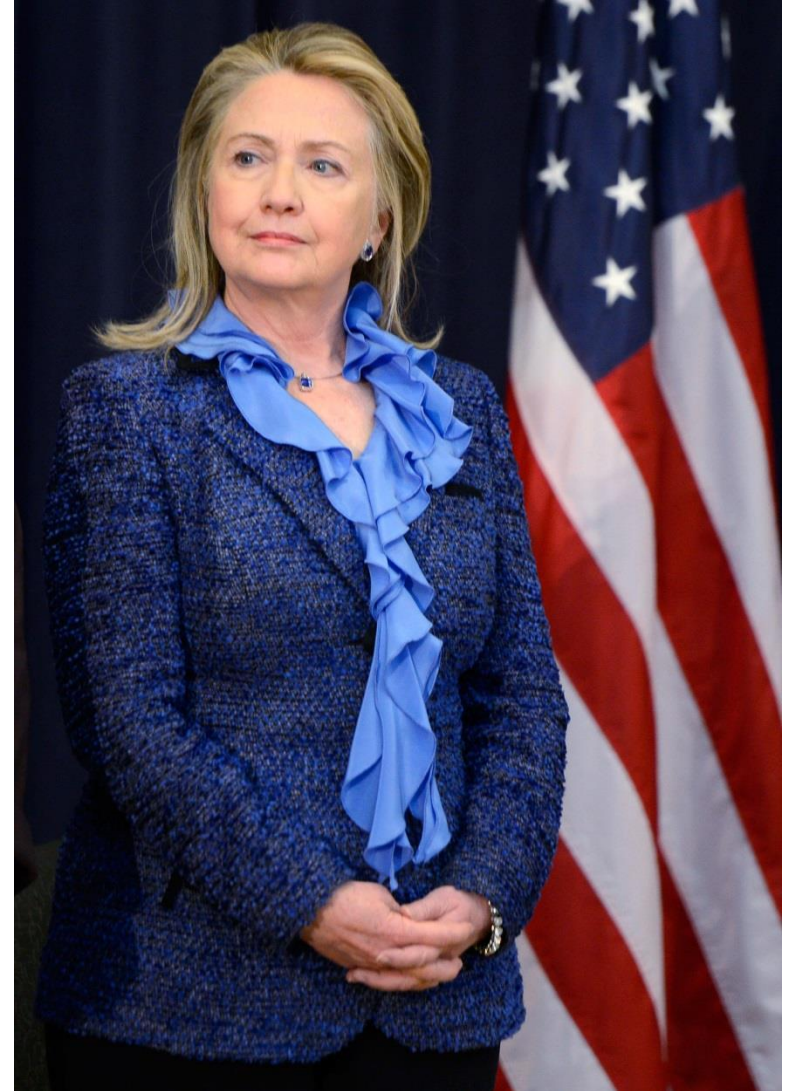
Clinton's Domestic Policy

- **Health Care Reform:**

- In the election campaign, Clinton had promised to reform health care. He proposed to give every American guaranteed health insurance. Clinton appointed his wife, Hillary, to head a task force on health care. Ms. Clinton established herself as a leading advocate for better health care for uninsured and underinsured Americans. Many alternative plans were proposed, but no single plan was passed by Congress. Opponents feared that Clinton's proposals might lead to long waits and health care rationing. Supporters found it shocking that many Americans still lacked health care. The failure to pass health care reform in Congress was a major defeat for Clinton.

- **Other Policies:**

- President Clinton was a "New Democrat" who supported welfare reform, free trade, lower taxes on the middle class, and tough measures on crime. For example, he was successful in passing a bill that increased funds for police departments, introduced a five-day waiting period for buying handguns, increased federal money for prisons, and banned sales of assault weapons.



Clinton's Domestic Policy

- **Economic Recovery:**

- Clinton made it easier to export computers and other high-tech goods abroad by eliminating Cold War restrictions. Clinton's policies and the achievements of the nation's growing computer-related industries helped to restore the nation's economy. A reduction of military spending and the closing of military bases at the end of the Cold War also boosted the civilian economy. By the end of Clinton's Presidency, unemployment was down, consumer spending was up, and business profits were at all time highs. The economy was enjoying its best period in U.S. history. By 1999, Clinton had balanced the nation's budget and could even point to a surplus of revenues over expenditures.

- **The Contract with America:**

- In 1994, Newt Gingrich, Republican Speaker of the House, proposed a program of conservative principles in the Contract with America. This book-length contract was endorsed by most Republican candidates in an attempt to win control of the House of Representatives during the mid-term elections. Gingrich argued the federal government was too large and was no longer responsive to the people it served: federal programs, he claimed, had taken away personal responsibility from families and individuals. The contract sought to restore the balance between government and its citizens. It was essentially a promise by Republican candidates to the American people, stating what they would do if elected. Many of its provisions concerned the conduct of Congress.

Impeachment & Scandal

- President Clinton became the subject of a major scandal in his second term of office. In 1999, for the second time in history, the Senate conducted an impeachment trial of a President. An independent prosecutor had uncovered a sexual affair between Clinton and a White House intern. After finding that Clinton had lied about the affair under oath, the prosecutor recommended impeachment. Removing the President from office requires a formal accusation, or impeachment, by the House of Representatives, and a trial and conviction by the Senate. Impeachment requires a majority vote of the House; conviction is more difficult, requiring a two-thirds vote in the Senate. Voting along party lines, the Republican House of Representatives impeached the President. In the Senate, the Republicans fell short of the required two-thirds votes needed to remove the President. Once again, Americans felt they could not trust their elected leaders.



Clinton's Foreign Policy

- **Yugoslavia, Bosnia, and Kosovo:**
 - Yugoslavia was a country in the Balkan Peninsula formed by joining several ethnic groups together after World War I. Catholic Croats lived in the southwest; Bosnian Muslims occupied the southeast; while Orthodox Christian Serbs were in the north. The end of the Cold War saw renewed ethnic tensions in Yugoslavia, which divided into several separate states. The dissolution of Yugoslavia was accompanied by fierce fighting between Muslim Bosnians and Christian Serbs.
 - Some Serbs attempted to massacre Muslim civilians in parts of Bosnia and Kosovo in a policy of "ethnic cleansing," in order to eliminate Muslims to regain these areas for themselves. Europeans were shocked when it appeared as though genocide, like the Holocaust, might be repeated again.
 - President Clinton helped negotiate a peace in Bosnia and afterwards spearheaded the use of NATO air strikes against Serbia to stop attacks in Kosovo. President Clinton's intervention led to a compromise peace and an end to the bloodshed and killing.



Participations in International Organizations

- Originally negotiated by President Bush, Clinton pushed NAFTA, or the North American Free Trade Agreement, through Congress. It created a new trade association with Mexico and Canada, which is gradually phasing out tariffs between the three countries. Most economists believe that free trade between nations actually helps to stimulate the economies of the nations involved. Each nation is able to produce those goods it makes best and import others. Critics say free trade has led to the loss of manufacturing jobs to countries where labor is cheaper. Such countries, critics contend, often have an unfair advantage since they do not have to worry about environmental laws, social services or paying workers a minimum wage.
- GATT, or the General Agreement on Tariffs and Trade, was formed in 1947 to further trade by reducing tariff levels on many commodities. In 1994, GATT was replaced by the World Trade Organization, an international organization that establishes rules for global trade and helps to settle trade disputes. Formation of the WTO has accelerated globalization.



Participations in International Organizations

- The U.S. has also participated in other international organizations besides NAFTA and the WTO. These organizations include the U. N. and regional associations such as NATO, SEATO (*Southeast Asia Treaty Organization*), APEC (*Asia Pacific Economic Cooperation*), and the OAS (*Organization of American States*). Do the benefits outweigh the risks?

BENEFITS OF PARTICIPATION IN INTERNATIONAL ORGANIZATIONS

Global cooperation helps all countries improve their economies and security. It promotes peace in the nuclear age.

Participation provides the United States with a place to state its views.

Cooperation in organizations strengthens the relationship of the United States to other members.

International cooperation is required to tackle many global problems, such as the environment.

Participation helps Americans spread their brand of democracy around the world.

COSTS/RISKS OF PARTICIPATION IN INTERNATIONAL ORGANIZATIONS

Participation in international organizations may place voluntary limits on a nation's own sovereignty.

International organizations involve the United States in problems around the world.

International organizations cost the United States billions of dollars to support.

Participation in International Organizations

- At first, President Clinton tried to protect human rights in China by proposing to link U.S. trade with China to the promotion of democracy and human rights. He abandoned this policy when it appeared to have no effect on China except hurting U.S. economic interests. Although Clinton continued to press China for human rights reform, he separated this demand from trade issues. In 1999, U.S. missiles accidentally hit the Chinese embassy in Yugoslavia. Chinese nationalists, suspicious that this incident was no accident, marched on the U.S. embassy in Beijing, throwing rocks and chanting anti-U.S. slogans. U.S.-Chinese relations suffered a setback, but there was no attempt to halt U.S.-Chinese trade. By the end of the year, U.S. officials even helped China join the World Trade Organization, further cementing economic ties.

PRESIDENT CLINTON'S OTHER FOREIGN POLICY INITIATIVES

Russia. Both George H.W. Bush and Bill Clinton followed a policy of maintaining friendly relations with Russian President Boris Yeltsin.

Israel. The Clinton Administration followed Bush's lead in working towards peace between Israel and its earlier opponents, the PLO and Jordan.

Somalia. American and United Nations forces were unable to end the fighting between rival war lords in Somalia. President Clinton withdrew U.S. troops when no further progress was in sight.

Haiti. Haitian military leaders threw out Jean-Bertrand Aristide, a priest who had won U.N.-supervised free elections in 1990. Clinton sent U.S. troops to Haiti, resulting in the return of Aristide to power in 1994.

Iraq. Clinton airlifted U.S. troops to the Middle East to pressure dictator Saddam Hussein to withdraw Iraqi troops from along the Kuwait border. Later he took steps to force Hussein to allow U.N. inspectors to enter Iraq to continue their inspections for nuclear and biological weapons.

Achieving the American Dream

- The "American Dream" refers to the idea that any American can be successful through the right combination of ambition, talent and hard work. Even today, the United States continues to hold out the possibility of wealth and success. This can be seen by looking at the lives of the following entrepreneurs:
- **Bill Gates:**
 - Bill Gates, co-founder of Microsoft, created one of the most recognized brands in the computer industry. Like Steve Jobs, Gates was among the first to recognize the potential of the personal computer. In the 1980s, he obtained a contract from IBM to produce the software operating all of their personal computers. Today, Microsoft's software is a part of nearly every personal computer in the world.
- **Sam Walton:**
 - In 1962, Sam Walton started his own five-and-dime store in Arkansas. His vision *was* to create a chain of stores offering a large variety of products at Low prices. Through hard work and determination, Walmart and Sam's Club grew to become the world's Largest retailer.



Achieving the American Dream

- **Estee Lauder:**

- Estee Lauder, a Jewish New Yorker, founded a cosmetics company with her husband. She pioneered the "giveaway promotion" in cosmetics. Much of her early success came from word-of-mouth advertising. Eventually, she invested in Larger marketing concepts, such as using beautiful models to sell her products.

- **Robert Johnson:**

- Robert Johnson, the first African-American billionaire, was the founder of Black Entertainment Television. He grew up in Illinois and attended Princeton University. In 1980, Johnson borrowed enough money to Launch BET, a cable network. BET became the first African-American managed company Listed on the New York Stock Exchange. In 1998, he sold BET for \$1.5 billion. In 2003, he became the owner of the Charlotte Bobcats, a new NBA franchise.

- **Lionel Sosa:**

- Lionel Sosa saw the potential in the Hispanic market. He identified this cultural group as an important target for advertising and politics. Sosa founded the Largest Hispanic advertising agency in the United States. Sosa has motivated Latinos to successfully "compete and win."

