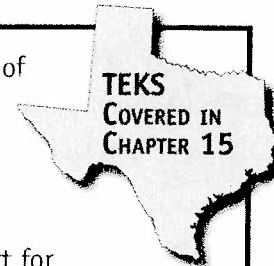




CRISIS AND RESURGENCE, 1969–2000



- **History 10(A)** Describe Richard M. Nixon's leadership in the normalization of relations with China and the policy of détente.
- **History 10(B)** Describe Ronald Reagan's leadership in domestic and international policies, including Reaganomics and Peace Through Strength.
- **History 10(C)** Compare the impact of energy on the American way of life over time.
- **History 10(D)** Describe U.S. involvement in the Middle East such as support for Israel, the Camp David Accords, the Iran-Contra Affair, Marines in Lebanon, and the Iran Hostage Crisis.
- **History 10(E)** Describe the causes and key organizations and individuals of the conservative resurgence of the 1980s and 1990s, including Phyllis Schlafly, the Contract with America, the Heritage Foundation, the Moral Majority, and the National Rifle Association.
- **History 10(F)** Describe significant societal issues of this time period.
- **History 11(A)** Describe U.S. involvement in world affairs, including the end of the Cold War, the Persian Gulf War, [and] the Balkans Crisis.
- **History 11(B)** Identify significant social and political advocacy organizations, leaders, and issues across the political spectrum.
- **Geography 13(A)** Analyze the causes and effects of changing demographic patterns resulting from migration within the United States, including ... the Rust Belt to the Sun Belt.
- **Geography 14(B)** Identify the roles of governmental entities and private citizens in managing the environment such as the Environmental Protection Agency (EPA), and the Endangered Species Act.
- **Economics 17(C)** Describe the economic impact of defense spending on the business cycle and education priorities from 1945 to the 1990s.
- **Economics 17(E)** Describe the dynamic relationship between U.S. international trade policies and the U.S. free enterprise system such as the Organization of Petroleum Exporting Countries (OPEC) oil embargo, the General Agreement of Tariffs and Trade (GATT), and the North American Free Trade Agreement (NAFTA).
- **Economics 18(A)** Discuss the role of American entrepreneurs such as Bill Gates, Sam Walton, Estée Lauder, Robert Johnson, Lionel Sosa, and millions of small business entrepreneurs who achieved the American dream.
- **Government 19(C)** Describe the effects of political scandals, Watergate and Bill Clinton's impeachment, on the views of U.S. citizens concerning trust in the federal government and its leaders.
- **Government 19(D)** Discuss the role of contemporary government legislation in the private and public sectors such as the Community Reinvestment Act of 1977.
- **Government 19(E)** Evaluate the pros and cons of U.S. participation in international organizations and treaties.
- **Government 21(A)** Analyze the effects of landmark U.S. Supreme Court decisions, including ... *Tinker v. Des Moines* [and] *Wisconsin v. Yoder*.
- **Citizenship 24(B)** Evaluate the contributions of significant political and social leaders in the United States such as Sandra Day O'Connor and Hillary Clinton.

In this chapter, you will learn about American society in the last 30 years of the twentieth century. Under President Nixon, the United States withdrew from Vietnam and opened diplomatic relations with Communist China. In the 1970s, U.S. prestige suffered from Watergate and the Iran Hostage Crisis. Under Presidents Reagan and Bush, America moved toward greater conservatism in government. Under President Clinton, Americans saw an end to the Cold War and enjoyed economic prosperity from the growth of the computer industry.

— IMPORTANT IDEAS —

- A. **Richard Nixon** established relations with Communist China and began a policy of *détente* with the Soviet Union. He withdrew U.S. troops from South Vietnam.
- B. 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**.
- C. **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.
- D. 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.
- E. President Ford faced the new problem of **stagflation** — inflation (*rising prices*) and stagnation (*sluggish economy*). Rising oil prices contributed to the problem.
- F. 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.
- G. 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**.
- H. **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**.
- I. Reagan was a firm believer in **Peace through Strength**. He increased both military spending and the federal deficit, which helped stimulate the economy.

— IMPORTANT IDEAS (continued) —

- J. 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.
- K. Reagan introduced the **Strategic Defense Initiative (Star Wars)**, a research program to protect America from nuclear attack by the Soviet Union.
- L. **Iran-Contra Affair**: Officials sold weapons to Iran to free hostages; the proceeds helped to supply Contras in Nicaragua, despite a Congressional ban.
- M. President **George H.W. Bush** continued Reagan's policies. The Cold War ended during his Presidency. Bush sent troops into Panama, Kuwait and Somalia.
- N. 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.
- O. **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**.
- P. A talented and hard working group of diverse entrepreneurs — including **Bill Gates, Sam Walton, Estée Lauder, Robert Johnson, and Lionel Sosa** — helped the American economy.

KEY TERMS AND PEOPLE IN THIS CHAPTER

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

ESSENTIAL QUESTIONS

- Did the U.S. Presidency become unmanageable in the 1970s?
- How well did American leaders deal with the challenge of stagflation?
- Does America have a moral responsibility to be the world's policeman?

THE NIXON PRESIDENCY, 1969-1974

THE IMPERIAL PRESIDENCY

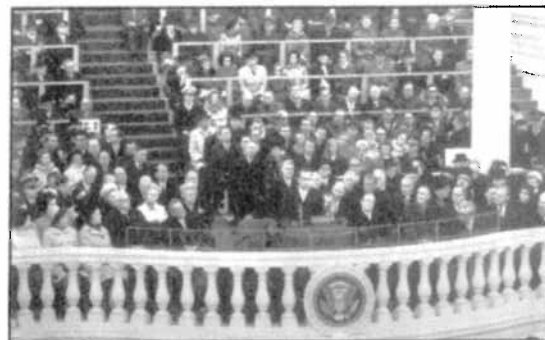
The authors of the U.S. Constitution had attempted to strike a balance between the separate branches of government, but since the 1930s, Presidential power has increased greatly. During the Great Depression, the New Deal gave the President an expanded role in managing the national economy. The two World 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.

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.



Nixon delivers his inaugural address.

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.

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.

THE 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.

THE 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.



Phyllis Schlafly

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 *détente* 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.



Mao Zedong greets Nixon in 1972 on his visit to China.

DÉTENTE WITH THE SOVIET UNION, 1972

President Nixon believed in pursuing a policy of **détente** — a relaxing of tensions. Nixon introduced the policy of *détente* 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.



Nixon meets the leader of the Soviet Union to sign a nuclear arms treaty.

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 **Twenty-fifth 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.



Woodward (r) and Bernstein won a Pulitzer for their investigative reporting in the case.

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.



Instead of the tapes, Nixon offered up transcripts of the 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.

NIXON RESIGNS

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.



Nixon leaves the White House for the last time.

ACTING AS AN AMATEUR HISTORIAN



In a televised address, Nixon spoke to the nation on August 8, 1974:

“I have never been a quitter. To leave office before my term is completed is opposed to every instinct in my body. But as President, I must put the interests of America first. America needs a full-time President, particularly at this time with [the] problems we face at home and abroad. To continue to fight through the months ahead for my personal vindication would totally absorb the time of both the President and the Congress.... Therefore, I shall resign the Presidency effective at noon tomorrow.”

Did Nixon tell the truth when he made this statement resigning the Presidency? Use the Internet or your library to review newspaper editorials or Congressional speeches given in July and August 1974 to research public opinion about whether Nixon should have continued as President. Summarize your findings in a presentation to the class.

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.

APPLYING WHAT YOU HAVE LEARNED

Make a cartoon strip or dialogue dealing with President Nixon. Include three episodes: (1) domestic policies; (2) Vietnam, China, and détente; and (3) Watergate.

THE FORD PRESIDENCY, 1974-1977

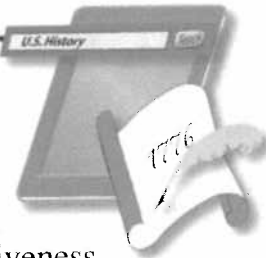
Gerald Ford became the next President. Ford had not even been elected as Vice-President; instead, he had been appointed by Nixon, who had now resigned in disgrace. One of Ford's first acts as President was to pardon Nixon for any crimes he had committed. The pardon came under heavy public criticism.

ACTING AS AN AMATEUR HISTORIAN

Ford later said he intended to spare Mr. Nixon and the nation from further turmoil as a result of the Watergate scandals. In his *Autobiography* he wrote:

“I simply was not convinced that the country wanted to see an ex-President behind bars. We are not a vengeful people; forgiveness is one of the roots of the American tradition. And Nixon, in my opinion, had already suffered enormously But I wasn’t motivated by concern over the state of his health. It was the state of the country’s health at home and around the world that worried me”

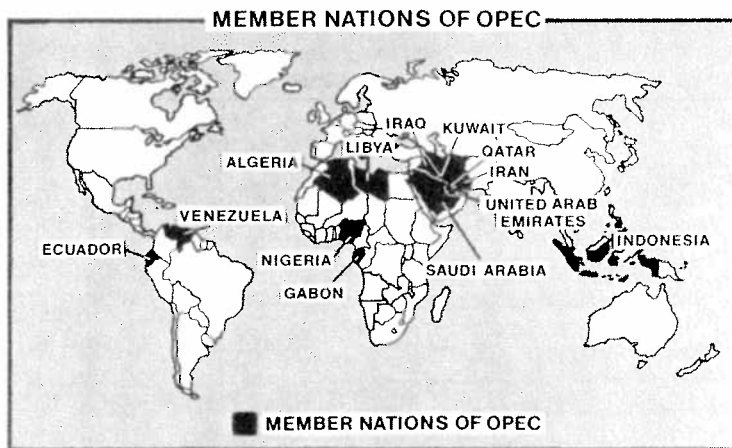
- ★ Do you think President Ford was truthful when said he was more concerned with the health of the country than that of Nixon? Explain your answer.
- ★ Do you think President Ford, in pardoning Nixon, did the right thing? Explain your answer.



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.



Drivers line up to buy gas during the embargo.

THE HELSINKI ACCORDS

Ford continued Nixon's policy of détente 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.

APPLYING WHAT YOU HAVE LEARNED

Pretend you are a student living in the late 1970s. Write a letter to a friend about the new problem of stagflation. Describe what it is and explain why it has surprised economists. You might add details like the rising price of gasoline.

THE CARTER PRESIDENCY, 1977-1981

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.



Jimmy Carter

DOMESTIC POLICY

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. In the face of such troubles, Carter took the following steps:

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.

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.

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.

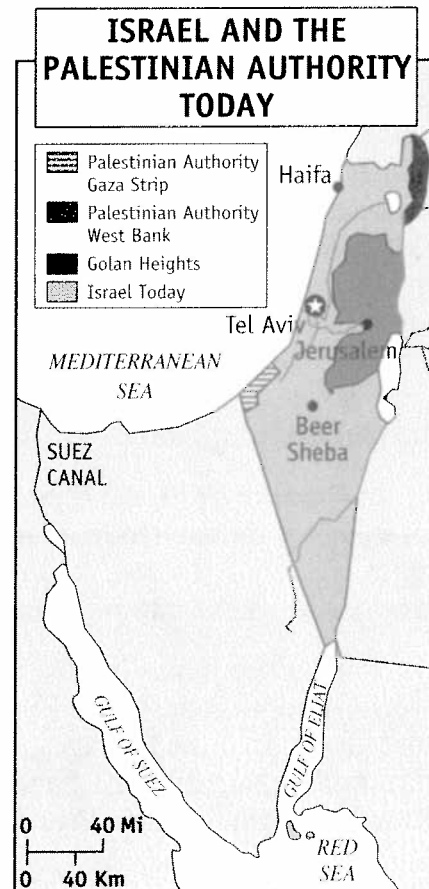
THE PANAMA CANAL TREATY, 1977

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.

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.



*Peace treaty signing at the White House.
Sadat (L), Carter (C) and Begin (R)*

U.S.-SOVIET RELATIONS

Carter initially continued Nixon's policy of détente with the Soviet Union. However, in 1979, the Soviet Union invaded Afghanistan. This aggressive act brought a temporary end to détente. 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**.

THE IRANIAN REVOLUTION AND HOSTAGE CRISIS

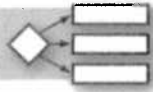
The Shah (*ruler*) of Iran was an ally of the United States. However, Shah Pahlavi was also a dictator who used brutal measures against his opponents. In the early 1960s, he had promised the people of Iran greater personal freedoms and other social reforms, but failed to deliver on his promise. In 1978, 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.



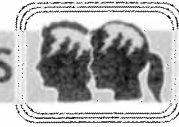
*In 1979, a U.S. hostage is paraded in front
of the U.S. Embassy.*

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.



LEARNING WITH GRAPHIC ORGANIZERS



The 1970s were a time of crisis and achievement for American Presidents. Complete the balance sheet below by describing some of the problems and accomplishments of the Nixon, Ford and Carter Presidencies.



| Accomplishments | Problems/Crises |
|---|----------------------------------|
| <input type="radio"/> Opening of Red China. | Watergate Scandal. |
| <input type="radio"/> Détente with Soviets. | Stagflation. |
| <input type="radio"/> Panama Canal Treaty. | Fall of Saigon. |
| <input type="radio"/> Camp David Accords. | Iran Hostage Crisis. |

THE NEW CONSERVATISM: THE REAGAN AND 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.

THE REAGAN PRESIDENCY, 1981-1989

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 taken 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.



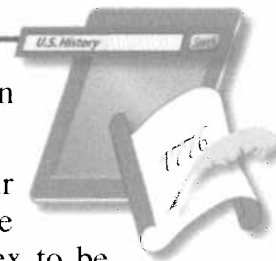
President Reagan and Vice President Bush.

ACTING AS AN AMATEUR HISTORIAN

In his Inaugural Address of 1981, Reagan explained his views on government:

“In this present crisis, government is not the solution to our problem; government is the problem. From time to time we’ve been tempted to believe that society has become too complex to be managed by self-rule, that government by an elite group is superior to government for, by, and of the people. Well, if no one among us is capable of governing himself, then who among us has the capacity to govern someone else? All of us together, in and out of government, must bear the burden. The solutions we seek must be equitable, with no one group singled out to pay a higher price.”

- ★ Based on his Inaugural Address, how did Reagan view government? Support your answer with evidence from his speech.
- ★ Why does Reagan’s view of government continue to appeal to many citizens today?

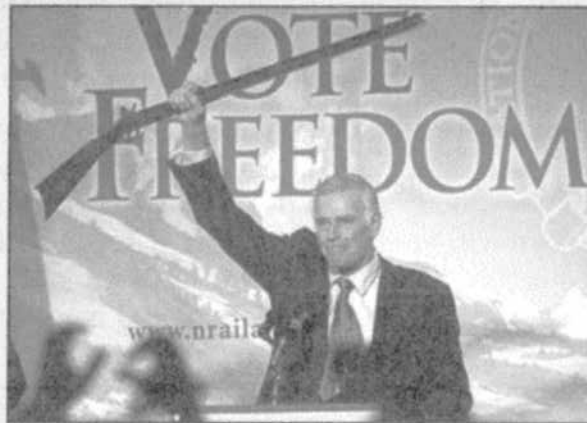


ROOTS OF THE NEW CONSERVATISM

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:

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.



*Reagan supporter Charlton Heston
later became President of the NRA.*

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.”



Jerry Falwell

HERITAGE FOUNDATION

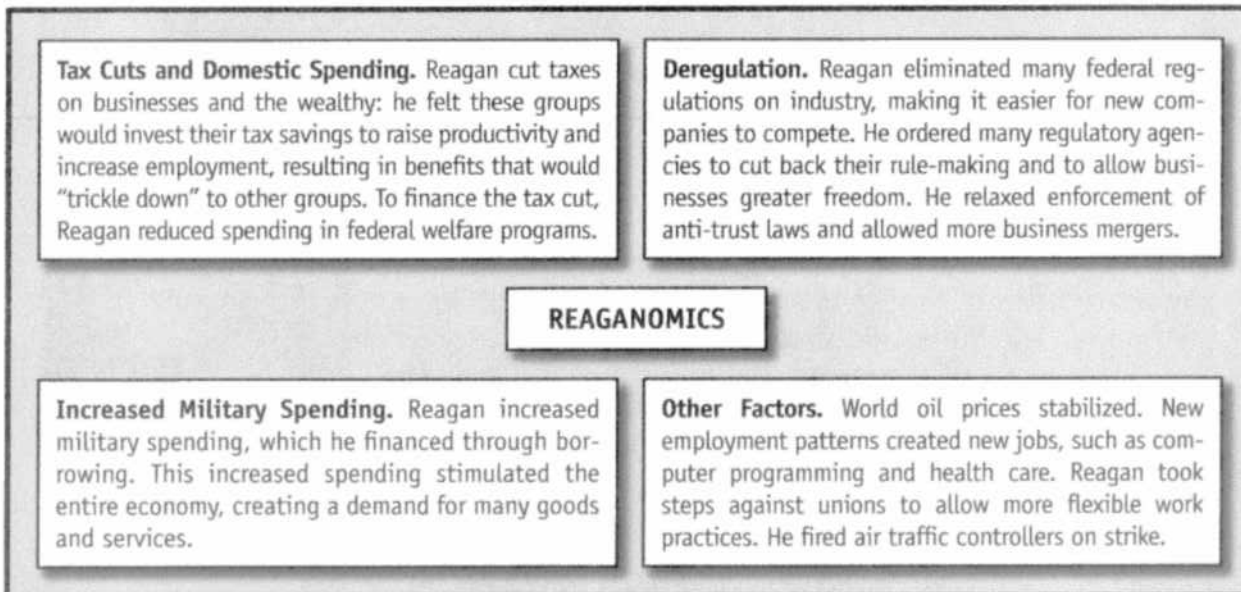
Many of Reagan’s policies were strongly influenced by the **Heritage Foundation**, a “think-tank” based in Washington, D.C. The Heritage Foundation seeks to promote conservative policies based on the principles of free enterprise, limited government, individual freedom, values, and a strong national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

DOMESTIC POLICY

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.

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.



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.

THE IMPACT OF GEOGRAPHY ON HISTORY

Until the 1970s, most Americans lived in the Northeast and Midwest, with its hot summers and cold winters. The Southeast was considered too hot and humid in summers, while the West was too dry and remote.

A number of technological developments altered this situation. Government-built dams made more water available to Western cities. With rising oil prices, more Americans preferred mild winters over frigid and snowy ones. Lastly, air conditioning and hydro-electric power made it possible to keep homes, offices, and factories cool in the summer.

As a result, the West and South, known as the “**Sun Belt**,” saw a sharp rise in their populations. Since the 1960s, when air conditioning first came in wider use, the Northeast and Midwest have increased in population just 27%, while the South and West have grown more than four times as much. California and Texas have become the nation’s largest states, while urban regions like Atlanta and Las Vegas are the nation’s fastest growing urban centers.

As the population density of cities in the Sun Belt grew, the environment of the area changed. Shopping malls and factories sprang up in place of grasslands, mountains, and deserts. Cities demanded more scarce supplies of water and energy, which sometimes had to be brought from great distances, placing a greater burden on the environment.



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.

THE THREAT OF TERRORISM

Terrorism refers to the use of bombing, assassination, kidnapping, or other acts of terror to ensure that a political group's voice is heard, and even that governments will yield to their demands.

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.



U.S. Marines being rescued after their barracks were bombed in Beirut.

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.

THE 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 wrong-doing, 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.

THE TRIUMPH OF DEMOCRACY

Reagan’s second term witnessed the triumph of democracy in many parts of the world. In the Philippines and Latin America, dictatorships and military governments were suddenly replaced by democratically-elected civilian governments.

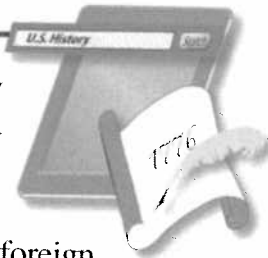
The final years of the Reagan Presidency saw the beginnings of the end of the Cold War. Early in his Presidency, Reagan had called the Soviet Union an “Evil Empire.” **Mikhail Gorbachev** became head of the Soviet Communist Party in 1985. The failure of the Soviet economic and political system forced 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.



Reagan speaks at the Berlin Wall in Germany.

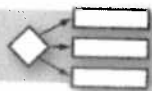
ACTING AS AN AMATEUR HISTORIAN



In June 1987, Reagan gave a speech near the Berlin Wall. Many saw this address as the beginning of the end of the Cold War and the fall of Communism:

“We hear much from Moscow about a new policy of reform and openness. Some political prisoners have been released. Certain foreign news broadcasts are no longer being jammed. Some economic enterprises have been permitted to operate with greater freedom. Are these the beginnings of profound changes in the Soviet state? Or are they token gestures, intended to raise false hopes in the West? We welcome change and openness; for we believe that freedom and security go together. There is one sign the Soviets can make that would be unmistakable, [and] advance the cause of freedom and peace. General Secretary Gorbachev, if you seek peace, if you seek prosperity for the Soviet Union and Eastern Europe: Come here to this gate! Mr. Gorbachev, tear down this wall! ...”

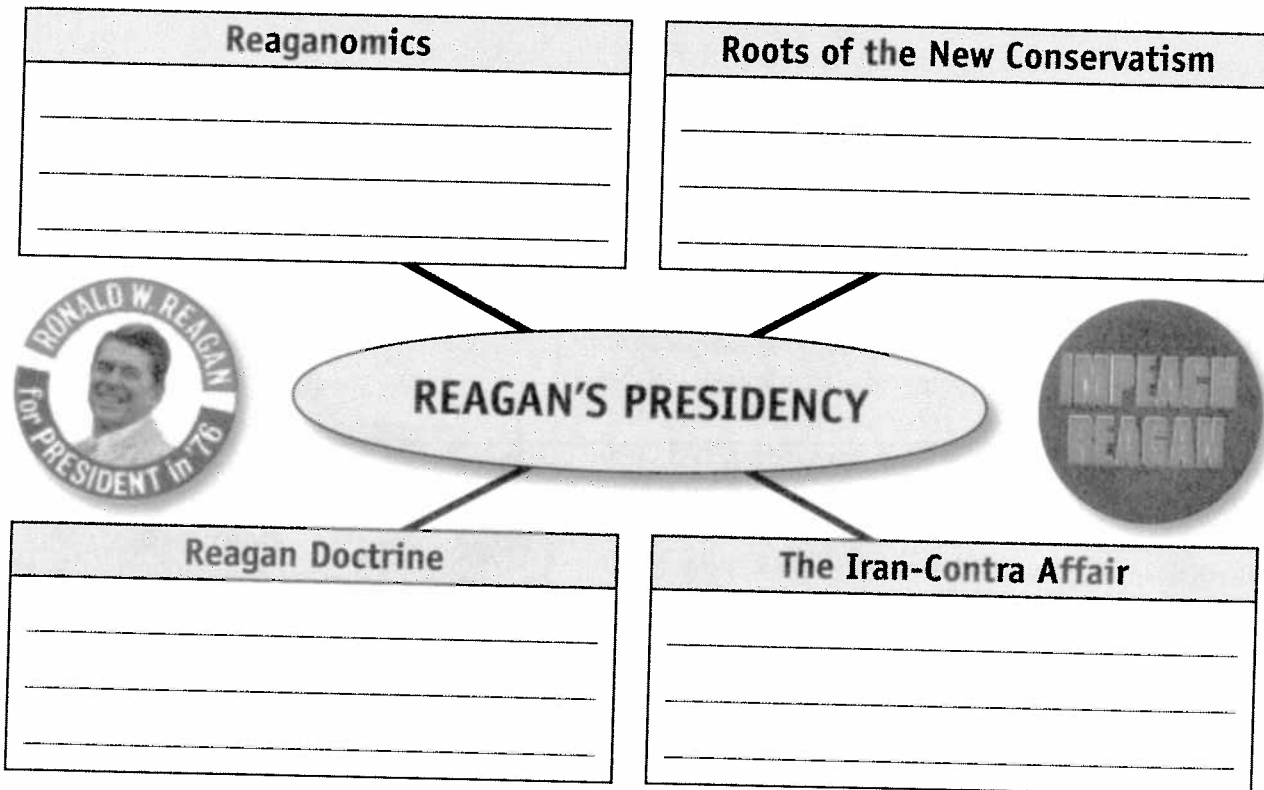
What did President Reagan say he wanted to happen in Europe? Explain his statement.



LEARNING WITH GRAPHIC ORGANIZERS



Complete the graphic organizer below describing some of the main developments that took place during the Presidency of Ronald Reagan.



THE GEORGE H.W. BUSH PRESIDENCY, 1989–1993

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.



President Bush

DOMESTIC POLICY

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.

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.

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.

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 torn 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.

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.



A U.S. tank division spearheads the invasion of Iraq.

President Bush declared a cease-fire but refused to go further by removing Saddam Hussein from power. The crisis was significant as the first major challenge to world order after the end of the Cold War. American prestige in the Middle East was greatly enhanced by its success in the war. Bush used America's new stature to initiate peace talks between Israel and its Arab neighbors in late 1991.

Somalia. In 1992, President Bush began a humanitarian airlift of food and supplies to war-torn 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.

APPLYING WHAT YOU HAVE LEARNED

Select one incident or aspect of the domestic or foreign policy of President George H.W. Bush and create a graphic organizer describing it in greater detail.

THE CLINTON PRESIDENCY, 1993–2001

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.



President Clinton addresses Congress.

DOMESTIC POLICY

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.

Name _____

350 MASTERING THE TEKS IN UNITED STATES HISTORY SINCE 1877

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.



Hillary Clinton was a major supporter of health care reform.

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.

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.



Americans experienced a period of economic prosperity under Clinton.

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.

ACTING AS AN AMATEUR HISTORIAN



The first Republican Speaker of the House of Representatives in 40 years, Newt Gingrich wrote about the Contract with America, that “there is no comparable Congressional document in our two-hundred-year history.”

“We intend to restore accountability to Congress. On the first meeting of Congress, the new Republican majority will immediately pass the following reforms, aimed at restoring the trust of the American people in their government:

First, require all laws that apply to the country also apply equally to Congress;

Second, select an independent auditing firm to conduct a comprehensive audit of Congress for waste, fraud or abuse;

Third, cut the number of House committees, and cut committee staff by one-third;

Fourth, limit the terms of all committee chairmen;

Fifth, require committee meetings to be open to the public.

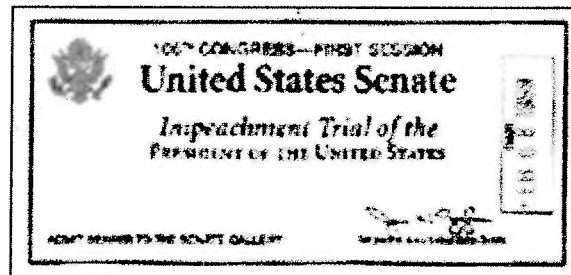
Sixth, require a three-fifths majority vote to pass a tax increase;

★ Which of these do you think was most important? Explain your choice.

★ Would our current U.S. Congress benefit from a similar contract today? Explain your answer.

IMPEACHMENT AND 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



A ticket to the Clinton impeachment trial.

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.

FOREIGN POLICY

Unlike Bush, Clinton came to the White House with little experience in foreign affairs. Nevertheless, some of his greatest successes were in 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.



Muslim refugees in Kosovo flee the fighting.

PARTICIPATION 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.

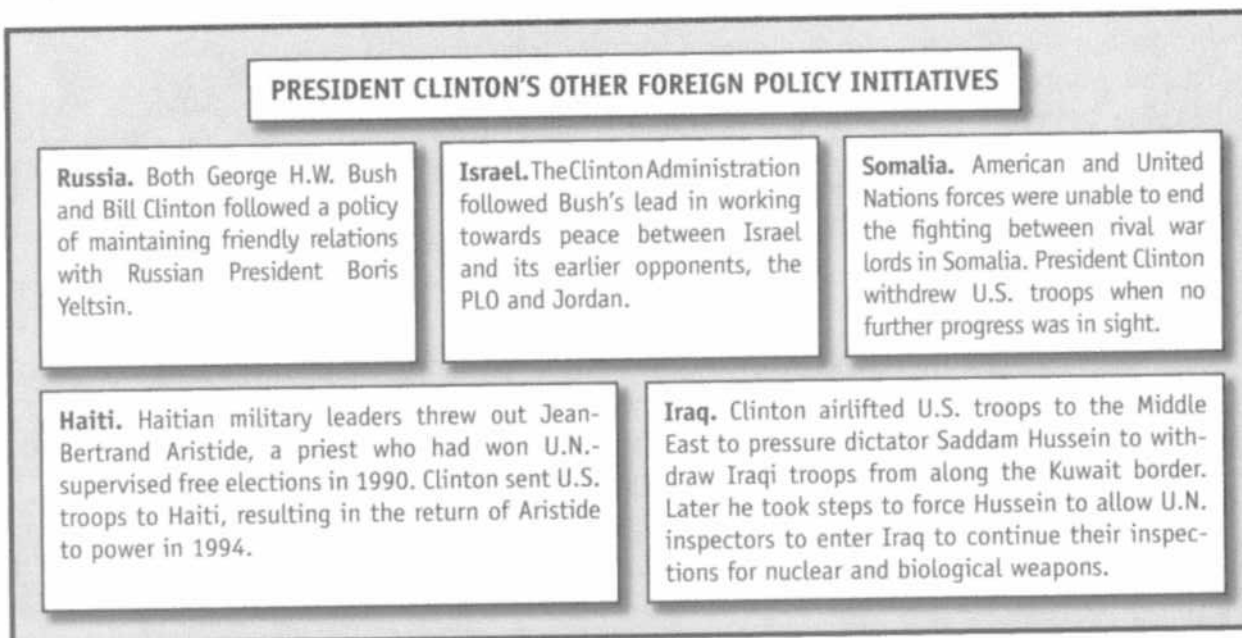
GATT, or the General Agreement on Tariffs and Trade, was formed in 1947 to further trade by reducing tariff levels on many commodities. In 1994, GATT was replaced by the **World Trade Organization**, an international organization that establishes rules for global trade and helps to settle trade disputes. Formation of the WTO has accelerated **globalization**.

The United States has also participated in other international organizations besides NAFTA and the WTO. These organizations include the **United Nations** 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?



China. 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.



ACHIEVING THE AMERICAN DREAM

In Chapter 4, you read about Alexis de Tocqueville's impressions when he visited the United States in the 1830s. Even then, there was the feeling that there were more opportunities and greater freedom in the United States than elsewhere in the world. For two centuries, immigrants have been drawn to this nation by this hope. 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, 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.

Estée 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.

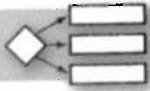
Robert Johnson, the first African-American billionaire, was the founder of Black Entertainment Television. He grew up in Illinois and attended Princeton University. In 1980, Johnson borrowed enough money to launch BET, a cable network. BET became the first African-American managed company listed on the 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.



Robert Johnson

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." As a political consultant, he has also advised several Republican Presidents.

This group of diverse entrepreneurs, along with millions of other small business owners, shows that through hard work and determination the American dream continues to be attainable even today.



LEARNING WITH GRAPHIC ORGANIZERS



Complete the graphic organizer below by describing some of the key developments of the Reagan, Bush and Clinton Presidencies.


THE REAGAN, BUSH, AND CLINTON PRESIDENCIES

President Ronald Reagan

Reaganomics: _____

Star Wars: _____

Iran-Contra Affair: _____




President George H.W. Bush

Persian Gulf War: _____

End of the Cold War: _____

Americans with Disabilities Act: _____

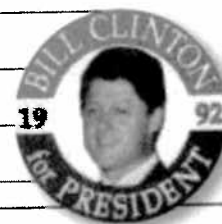


President Bill Clinton

Economic Recovery: _____

Balkan Crisis: _____

Impeachment: _____



CHAPTER STUDY CARDS

The Nixon Presidency, 1969–1974

- ★ **Imperial Presidency.** Growth in Pres. powers.
- ★ **Domestic Policy.**
 - Created **Environmental Protection Agency.**
 - **Endangered Species Act (1973).**
 - **Equal Rights Amendment** fails. **Phyllis Schlafly** outspoken critic of the ERA.
 - V.P. Agnew: Corruption led to his resignation.
- ★ **Foreign Policy.**
 - Reopened relations with Red China, 1972.
 - Followed détente with the Soviet Union.
- ★ **Watergate Crisis (1972).**
 - Nixon claimed executive privilege.
 - **Watergate Tapes.** Revealed Nixon's role.
 - Resigned rather than be impeached.

The Ford Presidency, 1974–1977

- ★ Only President appointed, not elected.
 - ★ Pardon to Nixon was very unpopular.
 - ★ **OPEC Oil Boycott (1973).**
 - ★ **Helsinki Accords (1975).**
- The Carter Presidency, 1977–1981
- ★ **Stagflation.** Inflation and unemployment.
 - ★ Created a Department of Energy.
 - ★ **Community Reinvestment Act (1973).**
 - ★ Seeks morality in foreign policy.
 - ★ **Panama Canal Treaty.** U.S. gave up canal.
 - ★ **Camp David Accords.** Between Prime Minister Begin (Israel) and President Sadat (Egypt).
 - ★ **Iran Hostage Crisis (1979).**
 - U.S. embassy officials held for 444 days.

The Reagan Presidency, 1981–1989

- ★ **Reaganomics.**
 - Reversed trend of large government.
 - Supply-side economics to end stagflation.
 - Deregulation of many industries.
 - Tax cuts and cuts in domestic spending.
- ★ **Sandra Day O'Connor** first woman appointed to U.S. Supreme Court (1981).
- ★ People fled the **Rust Belt** for the **Sun Belt.**
- ★ **Iran-Contra Affair.** Negotiated with Iran to free hostages in Lebanon. Sold arms to Contras.

The Bush Presidency, 1989–1993

- ★ **Domestic Policy.**
 - Faced a growing budget deficit.
 - Civil unrest after Rodney King beating.
 - **Americans with Disabilities Act, 1990.**
- ★ **Foreign Policy.**
 - **Cold War Ends.** Soviet Union dissolves.
 - **Invasion of Panama.**
 - **Berlin Wall** torn down (1989).
 - **Persian Gulf War.** U.S. forces sent to prevent invasion of Kuwait by Iraq.
 - **Somalia:** Humanitarian airlift of food.

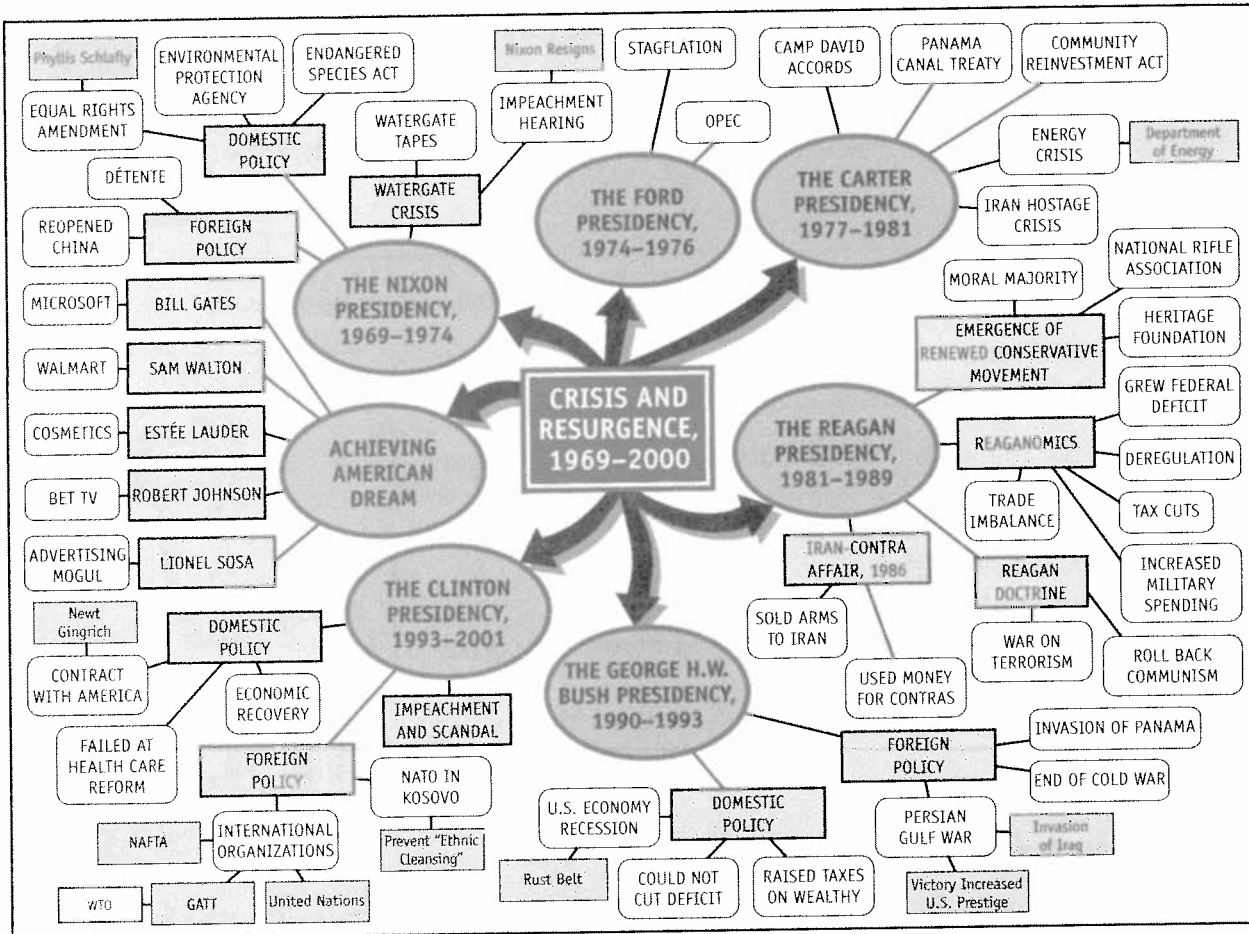
The Clinton Presidency, 1993–2001

- ★ **Domestic Policy.**
 - Cut federal spending; raised taxes on rich.
 - Proposed health care reform; failed to pass.
 - **Contract with America.** Newt Gingrich.
 - Computer industry success and "peace dividend" led to economic prosperity.
 - **Impeachment** proceedings along party lines.
- ★ **Foreign Policy.**
 - **NAFTA** Treaty gradually phased out tariffs.
 - **War in Kosovo.** U.S. forces sent as part of a NATO coalition to halt "ethnic cleansing."
 - **China.** Helped China join World Trade Organization. His efforts failed to end human rights abuses.

Notable Entrepreneurs

- ★ **Bill Gates.** Microsoft founder, and one of the first to recognize the potential of the personal computer.
- ★ **Sam Walton.** Founder of Walmart, the five-and-dime department store that grew to become a worldwide chain.
- ★ **Estée Lauder.** Founder of one of the world's largest cosmetic lines.
- ★ **Robert Johnson,** African-American Entrepreneur. Founder of BET (Black Entertainment Television).
- ★ **Lionel Sosa.** Hispanic advertising genius who saw the enormous potential of the U.S. Hispanic market.

CHAPTER 15 CONCEPT MAP



CHECKING YOUR UNDERSTANDING

Directions: Put a circle around the letter that best answers the question.

Use the passage and your knowledge of social studies to answer the following question.

“I think it will be a safer world and a better world if we have a strong [and] healthy United States, Europe, Soviet Union, China, Japan, each balancing the other, not playing one against the other, an even balance.”

— Richard Nixon, 1972

- 1 President Nixon put this idea into practice by —
- A expanding relations with Communist nations
 - B abandoning his policy of détente
 - C declaring an end to the Korean War
 - D ending collective security agreements

Hist 10(A)

EXAMINE the question. This question tests your understanding of President Nixon's foreign policy. The quotation indicates that Nixon wanted to rebuild relations with China and the Soviet Union to be able to balance the leading powers in the international system. **RECALL what you know.** You should recall that Nixon, aided by Henry Kissinger, re-opened relations with Communist China and sought a *détente*, or easing of tensions, with the Soviet Union. **APPLY what you know.** The best answer is **Choice A**.

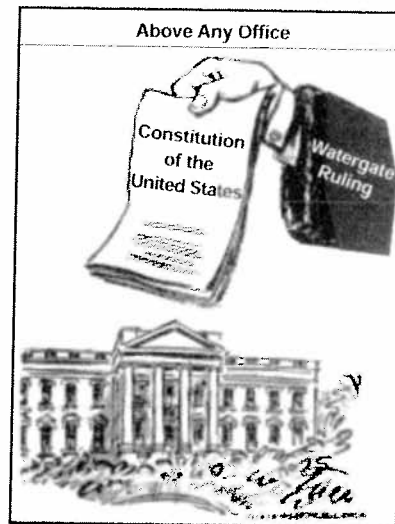


Now try answering some additional questions on your own.

Use the cartoon and your knowledge of social studies to answer the following question.

- 2 What is the main idea of this cartoon from the Watergate era?
- F The Supreme Court presides over a Presidential impeachment trial.
 - G Congress has to obey the Constitution.
 - H The President has the final word involving constitutional issues.
 - J Even the President is bound by the rules of the Constitution.

Govt 19(C)



- 3 U.S. participation in the United Nations and the North Atlantic Treaty Organization (NATO) in the post-World War II period demonstrated that the United States —
- A believed in the principle of hemispheric isolation
 - B participated in international organizations to enhance its security
 - C returned to the foreign policy it had followed after World War I
 - D embraced a postwar policy of strict neutrality to avoid entangling alliances
- 4 The Camp David Accords, negotiated by President Carter, were significant because they led to —
- F the end of the Vietnam War
 - G a lasting arms-reduction treaty with the Soviet Union
 - H the first peace agreement between Israel and an Arab nation
 - J the establishment of a worldwide human rights policy
- 5 Why was President Nixon's visit to Communist China in 1972 so important?
- A It convinced the Chinese to abandon Communism.
 - B It decreased U.S. dependence on Chinese exports.
 - C It led to the unification of Taiwan and Communist China.
 - D It reduced tensions between the United States and Communist China.

Govt 19(E)

Hist 10(D)

Hist 10(A)

Use the passage and your knowledge of social studies to answer the following question.

“U.S. interests in the Persian Gulf are vital to our national security. These interests include access to oil and the security of key states in the region. The United States will defend its vital interests in the area, through the use of force if necessary, against any power with interests [unfriendly] to our own. The United States will support the defense of friendly countries in the area to enable them to play a more active role in their own defense. The United States will encourage the participation of our allies and other friendly states to promote our mutual interests in the Persian Gulf region”

— Nat'l Security Directive, “U.S. Policy in Response to the Iraqi Invasion of Kuwait,”

- 6 Based on the reasoning in this directive, why did the United States become involved in the Persian Gulf War in 1991?
- F The United States was forced into the war by its treaty obligations. Hist 11(A)
 - G The United States sought to end violations to the rights of the Iraqi people.
 - H The United States sought to remove Saddam Hussein from power in Iraq.
 - J The United States saw the invasion of Kuwait as a threat to its national interests.
-
- 7 The North American Free Trade Agreement (NAFTA) and the General Agreement on Trade and Tariffs (GATT) have encouraged countries to — Econ 17(E)
- A engage in more international trade
 - B create a uniform international currency
 - C accept similar wage and price controls
 - D regulate multinational corporations from the Middle East
- 8 What did the events of the Persian Gulf War and the Balkan Crisis in the 1990s indicate about the foreign policy goals of American leaders? Hist 11(A)
- F They desire greater stability in the Middle East.
 - G They wish to expand trade with Middle Eastern nations.
 - H They want to help maintain peace and stop oppression around the world.
 - J They only act where American access to scarce resources is at stake.

Use the information in the boxes and your knowledge of social studies to answer the following question.

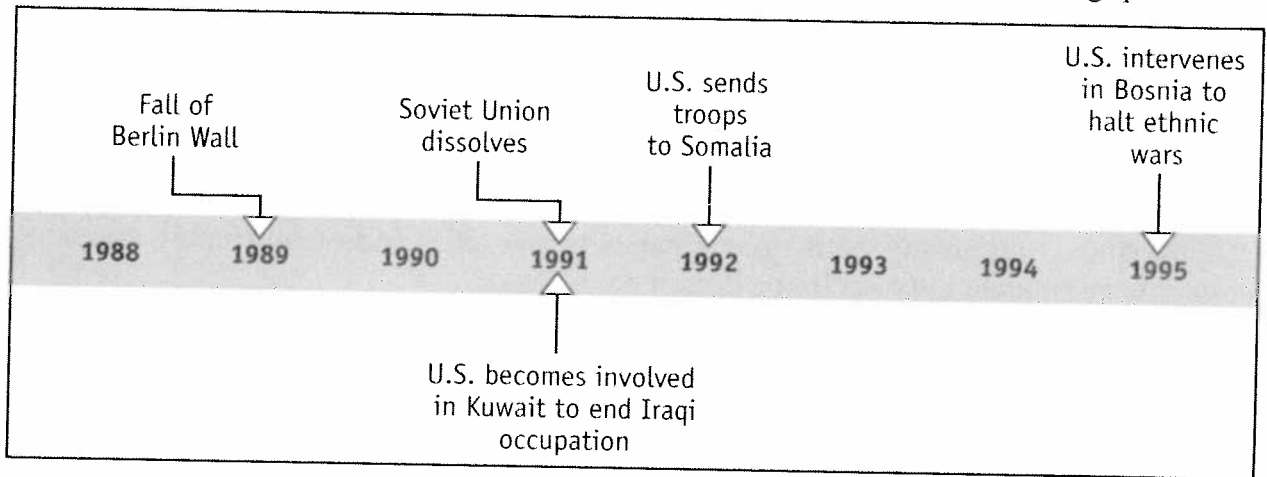
Reopening of diplomatic relations with Communist China

Introduction of a policy of détente with the Soviet Union

President Clinton orders U.S. forces to Bosnia and Kosovo

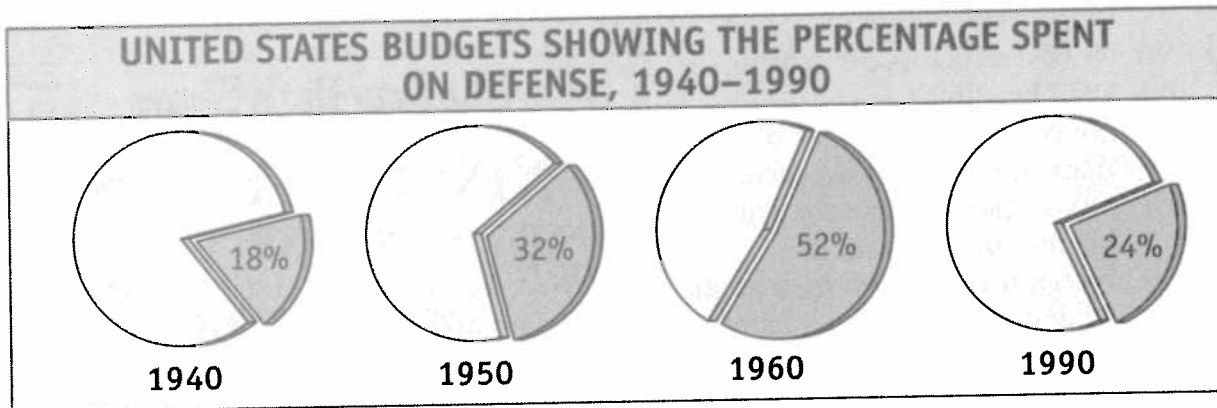
- 9 The events shown above illustrate attempts by the United States to — Hist 11(A)
- A further the interests of peace in the world
 - B protect its interests in the Middle East
 - C deliver humanitarian aid to Europe
 - D contain the spread of Communism in Asia

Use the timeline and your knowledge of social studies to answer the following question.



- 10 The events on this timeline demonstrate that in the years immediately after the Cold War —
- F the United States sought to acquire a colonial empire Hist 11(A)
 - G Americans continued to take an active role in foreign affairs
 - H Americans were faced with a rising threat of Communism
 - J Americans adopted a policy of isolationism in foreign affairs
-
- 11 What was one effect of the Camp David Accords (1977)?
- A They led to freedom for the embassy hostages being held in Iran. Hist 10(D)
 - B They led to the restoration of U.S. grain sales to Egypt and Israel.
 - C They led to a lack of American interest in Middle Eastern affairs.
 - D They led to a peace treaty between Egypt and Israel.
- 12 The Environmental Protection Act and the Endangered Species Act both illustrated the federal government's commitment to —
- F allowing certain issues to be decided by private citizens Geog 14(B)
 - G protecting natural areas and their resources for the public good
 - H permitting unlimited exploitation of the nation's natural resources
 - J leaving all decisions on the use of natural resources to state and local agencies
- 13 What was the purpose of the Community Reinvestment Act of 1977?
- A help low-income, minority areas to obtain loans and credit Govt 19(D)
 - B prevent banks from making risky loans in low-income areas
 - C stop the practice of some banks making high-interest loans
 - D encourage banks to compete with local businesses in providing credit
- 14 What was the importance of the appointment of Sandra Day O'Connor to the U.S. Supreme Court?
- F It showed a desire to appoint a strongly anti-Communist Justice. Citi 24(B)
 - G It was the first time a woman was appointed to the Supreme Court.
 - H It illustrated Reagan's intent to limit judicial activism on the Court.
 - J It showed a desire to appoint Justices without legal training.

Use the graphs and your knowledge of social studies to answer the following question.



- 15 What does the trend shown in these graphs indicate? Econ 17(C)
- A The Cold War had a great impact on defense spending.
 - B The federal government was working to reduce the unfavorable balance of trade.
 - C Increasing benefits to the military would be too expensive for American taxpayers.
 - D There has been little support for a reduction in defense spending.
- 16 What is the function of the Environmental Protection Agency (EPA)? Geog 14(B)
- F to develop America's natural resources
 - G to reduce air and water pollution and protect the environment
 - H to protect Americans from acts of terrorism
 - J to manage the nation's parks and forests
- 17 What has been an important consequence of the invention of air conditioning, the construction of federal highways, and the building of dams and aqueducts? Geog 13(A)
- A Farmers have been unable to irrigate their crops.
 - B "Rust Belt" cities have been able to resume their manufacturing.
 - C The American population has shifted towards the South and West.
 - D The U.S. population has shifted from the South to the Midwest.
- 18 Which American entrepreneur helped to develop the software running most computers today? Econ 18(A)
- F Lionel Sosa
 - G Bill Gates
 - H Robert Johnson
 - J Sandra Day O'Connor
- 19 How did President Ronald Reagan believe he could tackle the problem of stagflation facing the American economy in 1980? Hist 10(B)
- A increasing public spending on education and infrastructure
 - B raising the taxes of wealthier Americans
 - C reducing taxes and relaxing federal regulations so that producers would create a larger supply of goods
 - D increasing tariffs so that consumers would be encouraged to "Buy American."

Use the newspaper headline and your knowledge of social studies to answer the following question.

- 20 Which best explains the reason for this 1974 headline?
- F Nixon was convicted of participating in a serious crime.
 - G Nixon faced impeachment for his role in a scandal.
 - H Nixon was opposed by a group of anti-war activists, students, and women.
 - J Nixon failed to achieve victory in Vietnam.

Govt 19(C)



- 21 Why did Phyllis Schlafly oppose the Equal Rights Amendment?
- A She thought it discriminated against certain religious beliefs.
 - B She thought the ERA violated women's freedom of speech.
 - C She believed the ERA harmed women who preferred a more traditional lifestyle.
 - D She claimed that more changes were needed than the ERA had proposed.
- Hist 10(E)
- 22 In what way were the Heritage Foundation, the Moral Majority, and the National Rifle Association similar?
- F They opposed the election Ronald Reagan.
 - G They were united in their opposition to prayer in schools.
 - H They represented a resurgence of conservatism in America.
 - J They wanted the Endangered Species Act to be declared unconstitutional.
- Hist 10(E)
- 23 Which of the following was a significant issue faced by Americans throughout the 1980s and 1990s?
- A Should the U.S. military be racially integrated?
 - B Should President Nixon have resigned before impeachment?
 - C Should the degree of business regulation by the federal government be reduced?
 - D Should the United States re-open diplomatic relations with China?
- Hist 10(F)
- 24 Which woman entrepreneur made her fortune by developing new ways to promote a line of cosmetics?
- F Hillary Clinton
 - G Phyllis Schlafly
 - H Sandra Day O'Connor
 - J Estée Lauder
- Econ 18(A)