

1980s Domestic Policy



1980 election



Religious Right



"Reaganomics"



Space shuttle Columbia



Supreme Court nominees



AIDs



Martin Luther King, Jr. holiday



1984 election



Challenger



War on Drugs



Reparations



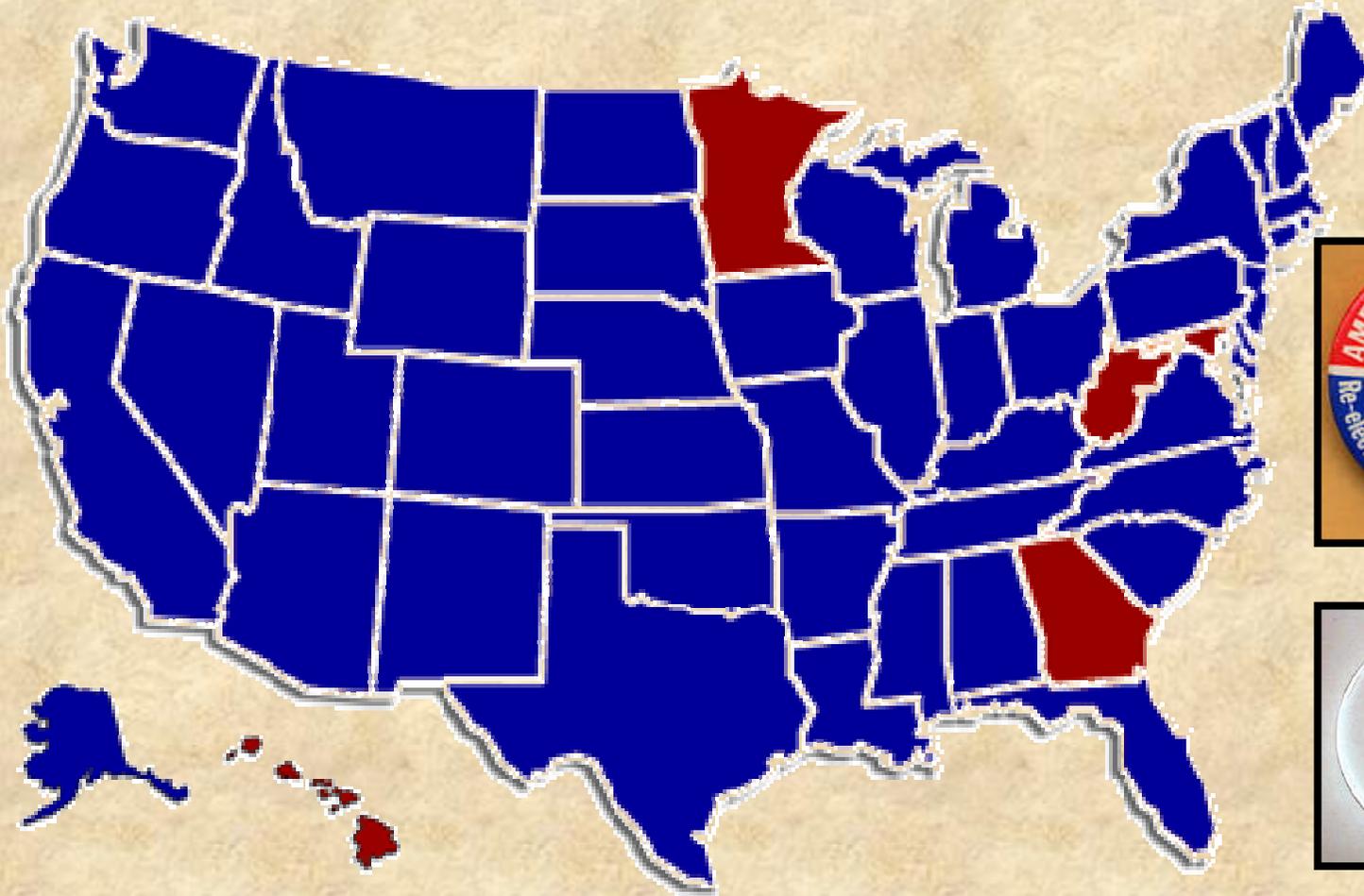
1988 election



Savings and loan crisis

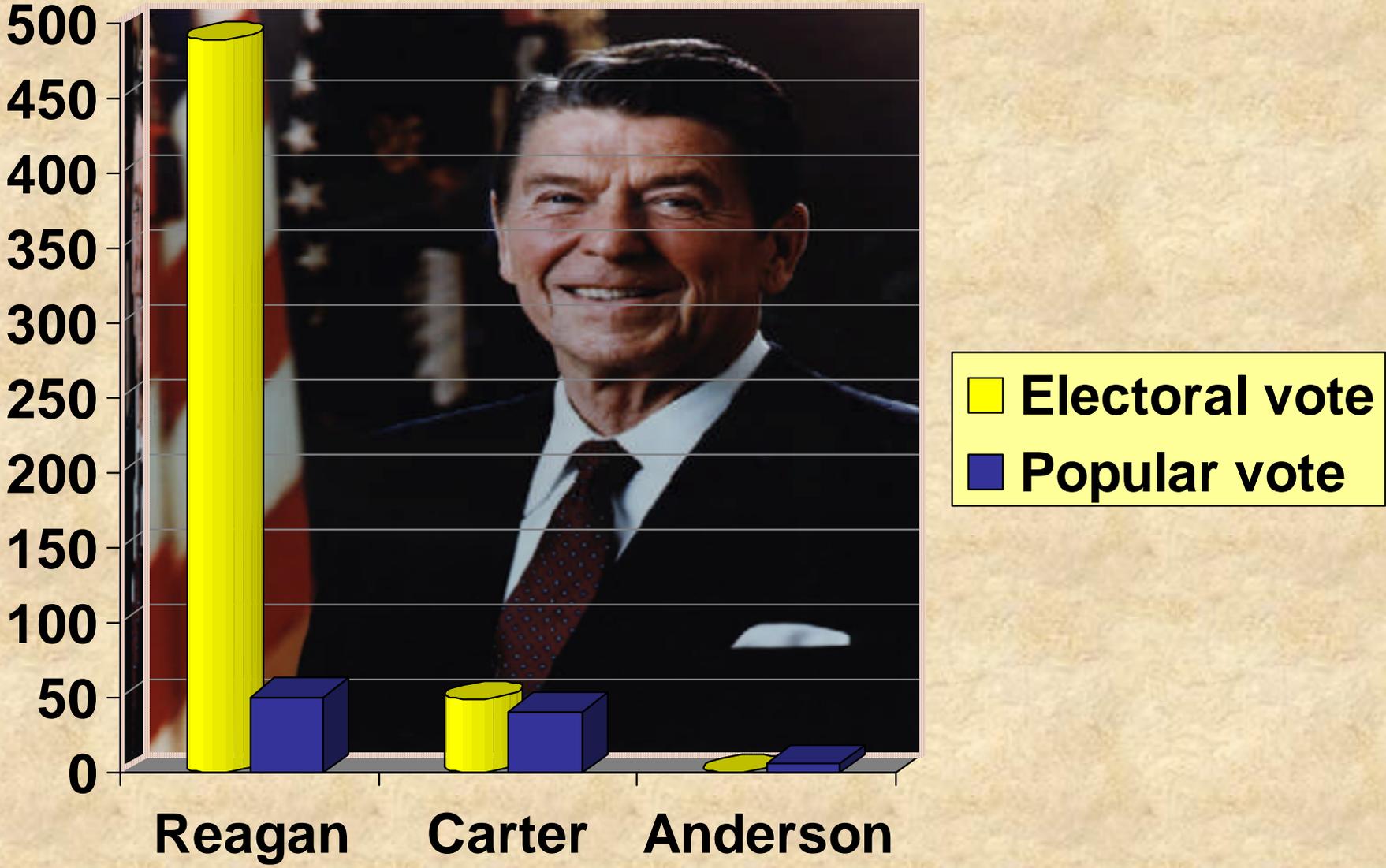


The 1980 election: Carter vs. Reagan



Political Party	Presidential Nom.	VP Nom.	Electoral Votes		Popular Votes	
			#	%	#	%
 Republican	Ronald Reagan	George Bush	489	90.9	43,904,153	50.7
 Democratic	Jimmy Carter	Walter Mondale	49	9.1	35,483,883	41
 National Union	John Anderson	Patrick Lucey	0	0.0	5,720,060	6.6

Ronald Reagan won





Ronald W. Reagan became the 40th President of the U.S. The Iranian hostages were released shortly after his inauguration.



Ronald Reagan

- **Reaganomics or “trickle-down theory” of economics**
- **Increased defense spending**
- **Cut taxes**
- **Reduced funding of social welfare programs**
- **Tripled the debt**
- **Iran-contra scandal**
- **Helped end the Cold War**



Reagan's first Cabinet



Front row: Alexander Haig, Secretary of State; President Reagan; Vice President Bush; Caspar Weinberger, Secretary of Defense

Neoconservatives and the Religious Right

Liberals believe that inequities in society can best be fixed through intervention by the federal government.

Conservatives believe that the role of the federal government in people's lives should be small, taxes should be low, and the bureaucracy shrunk.

Neoconservatives agree with conservatives on the above but also tend to have stronger convictions. They believe that there are some problems that the government cannot fix and that businesses should be deregulated so that they can flourish.

The religious right, also known as the Christian Coalition, strives to codify biblical laws. Although President Carter was a Born-again Christian, he was unable to secure their support in the 1980 election. Instead they supported Reagan.



Reagan gave a speech at a convention of Evangelicals

Supply-side economics or “Reaganomics”

Ever since the New Deal, Keynesian economics was the dominant economic doctrine. According to that theory the best way to stimulate the economy was through government spending, a situation that necessitated higher taxes.



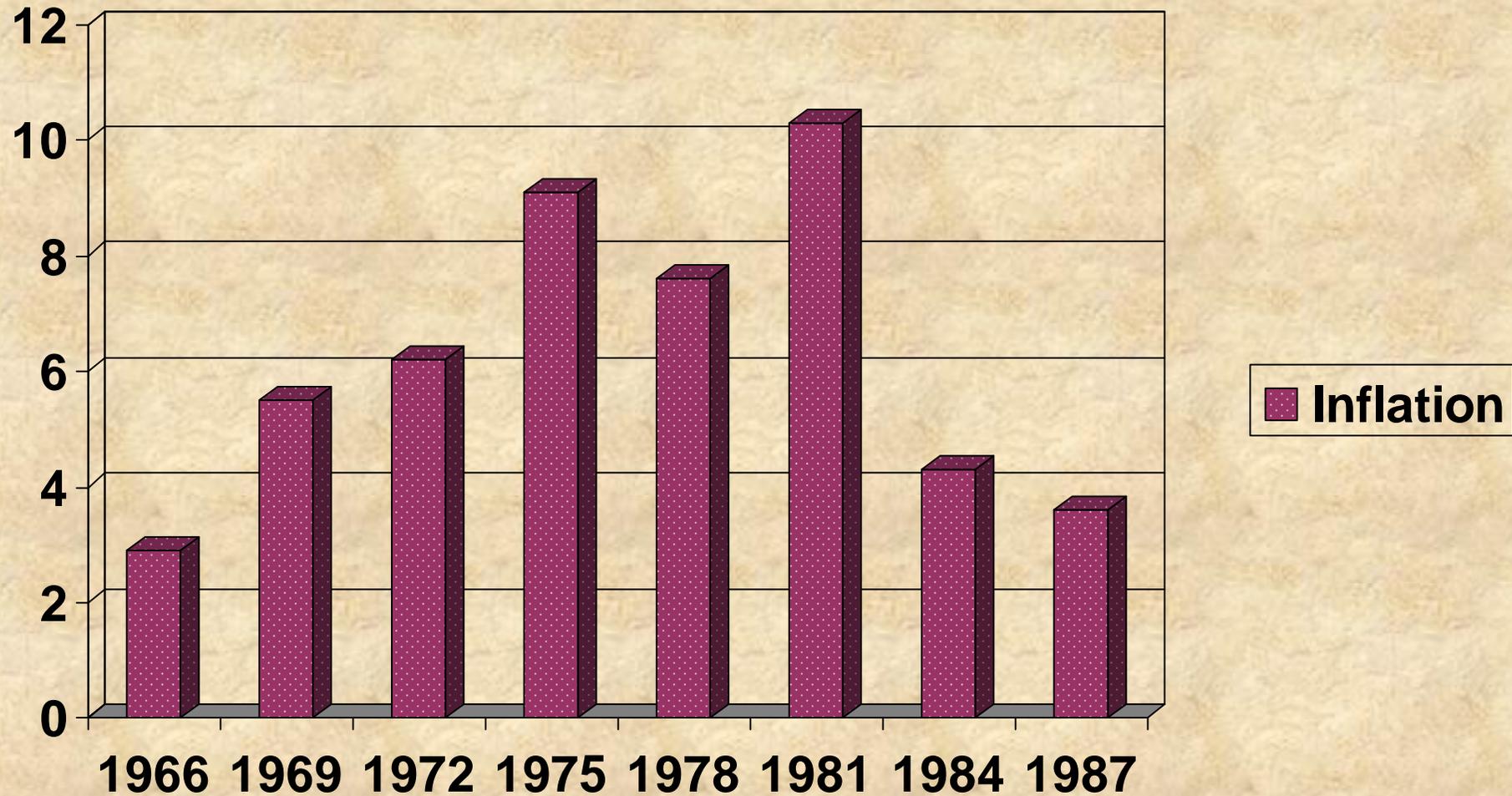
President Reagan, however subscribed to supply-side economics, a theory based on the belief that high taxes takes money away from the people and businesses that the economy needs; money that would be spent on investments in factories, equipment, and research. Cutting taxes and offering tax benefits to corporations and wealthy individuals would stimulate the economy.

The second aspect of this theory involved cutting federal spending to reduce inflation and cut unnecessary programs.

Theoretically this should have put more into the economy, however high interest rates prevented most people from borrowing money.

This policy led to 2 years of recession because productivity declined. Concurrent to this economic policy Reagan also increased defense spending, which greatly increased the deficit.

A major success of Reagan's economic policies was the reduction of inflation



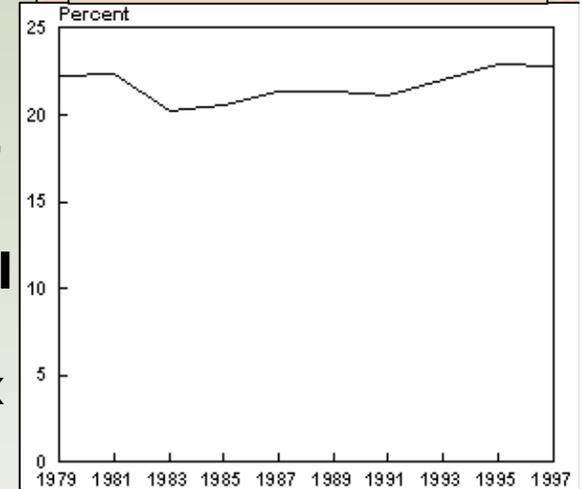
Reagan tax cut

The Economic Recovery Tax Act of 1981 featured a 25 percent reduction in individual tax brackets, phased in over 3 years, to bring the top tax bracket down to 50 percent.

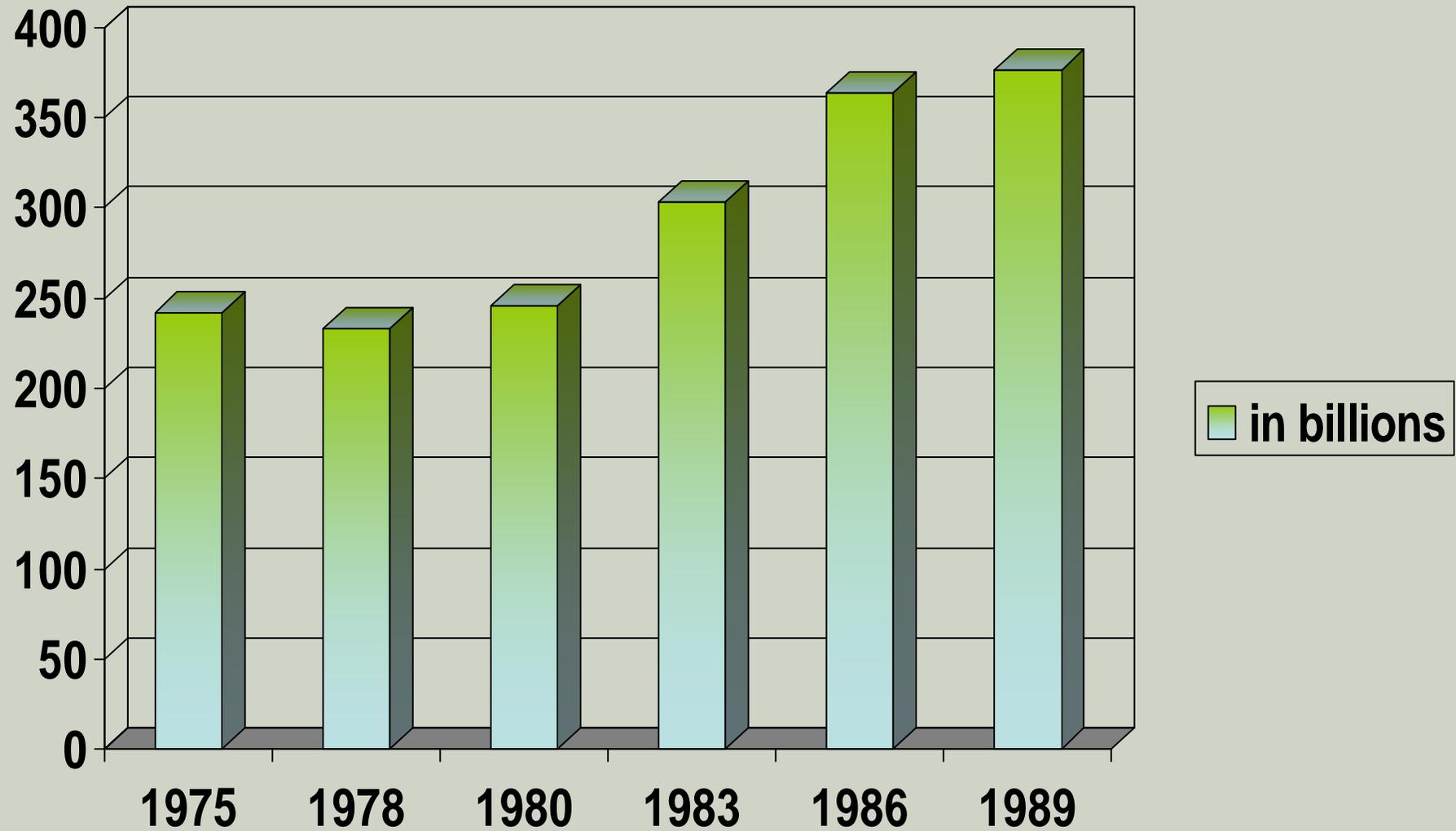
At the same time the Federal Reserve Board altered monetary policy to bring inflation under control. This brought inflation down faster and further than was expected, and the economy fell into a deep recession in 1982.

The Tax Reform Act of 1986 brought the top tax rate down from 50 percent to 28 percent while the corporate tax rate was reduced from 50 percent to 35 percent. The number of tax brackets was reduced and the personal exemption and standard deduction amounts were increased and indexed for inflation, which relieved millions of taxpayers of any Federal income tax burden. The law shifted some of the tax burden from individuals to businesses. A major effect was a downturn in the real estate markets, which played a significant role in the subsequent collapse of the Savings and Loan industry.

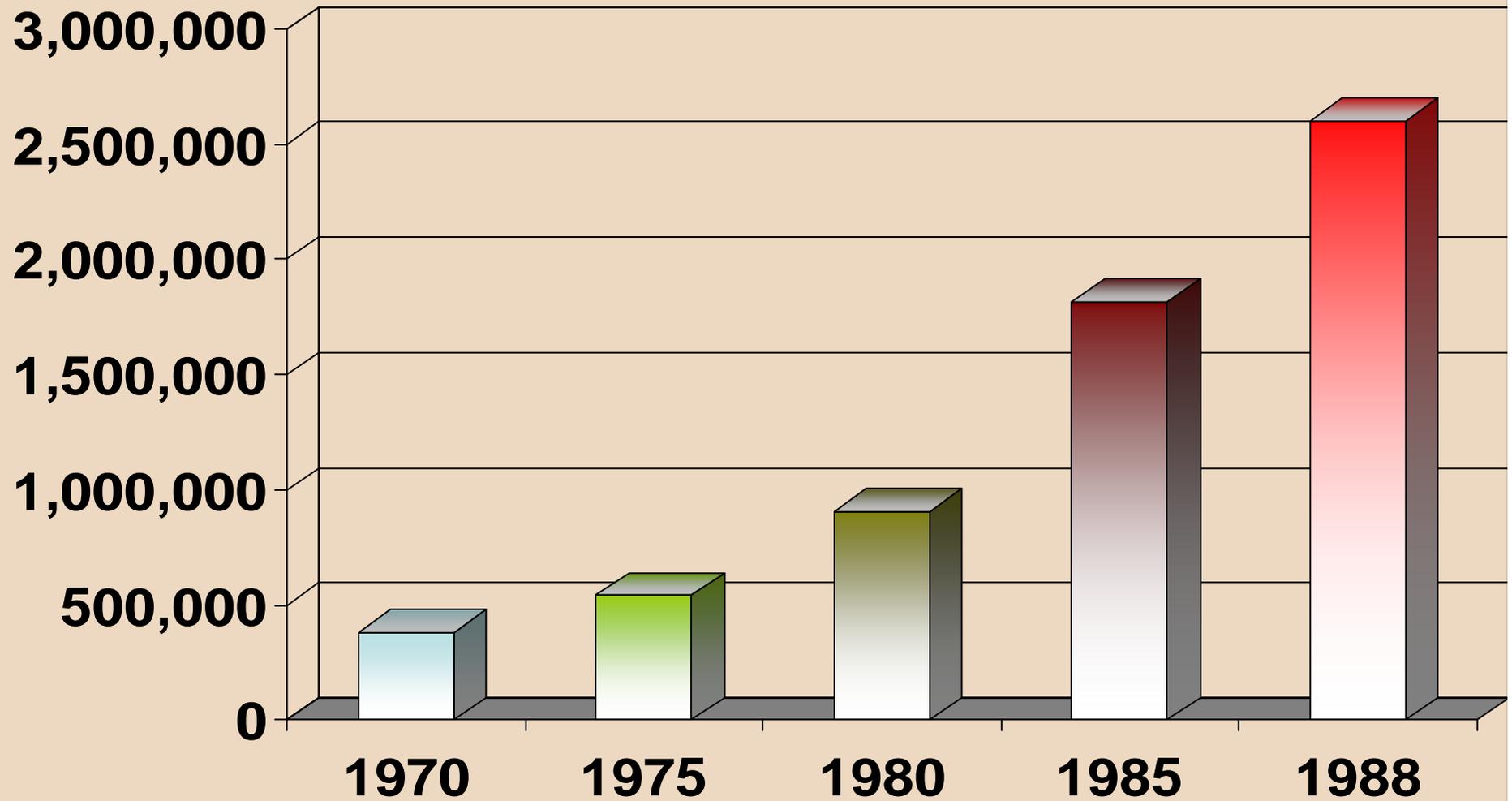
Federal tax rates
1979-1997



Military spending increased under Reagan



The national debt tripled under Reagan



Deregulation

Definition: to relax controls over businesses and industries.

Advocates believe this sparks growth because businesses are freed from governmental standards that are often costly and therefore make businesses less profitable.

President Carter deregulated the airline industry, which meant there were fewer controls on fares and routes.

President Reagan deregulated the auto industry (standards for fuel-efficiency and safety), as well as the cable industry.

One negative effect was the relaxing of standards set in the 1970s regarding environmental protection. Reagan often sided with businesses, claiming that sometimes profits came at the expense of a little environmental damage.



Carter signed the Airline Deregulation Act of 1978



Automobile manufacturing

The Superfund was created to fund environmental cleanup projects throughout the nation.

Superfund was created on December 11, 1980 when Congress enacted the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). This law created a tax on the chemical and petroleum industries and allowed the Federal government to respond to releases or potential releases of hazardous wastes that might harm people or the environment. The tax went to a Trust Fund for cleaning up abandoned or uncontrolled hazardous waste sites. CERCLA was amended by the Superfund Amendments and Reauthorization Act (SARA) on October 17, 1986.



The East Ditch, located at the south end of Bowers Landfill, contained discarded tires and debris.



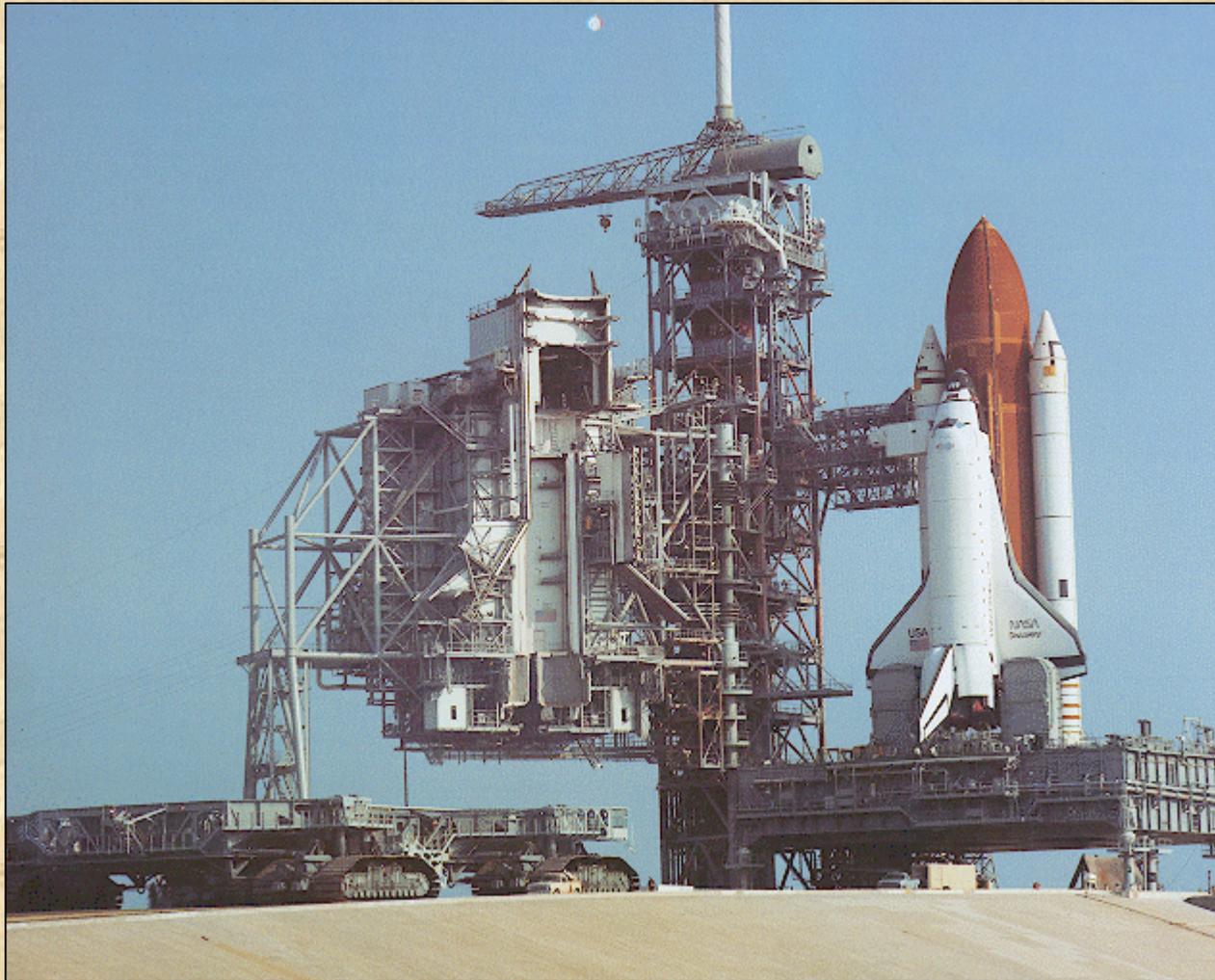
1993: After excavating soil, the west field was graded and seeded to support wetlands.



1997: Wetlands that were created during the cleanup flourish with a variety of plants and wildlife.

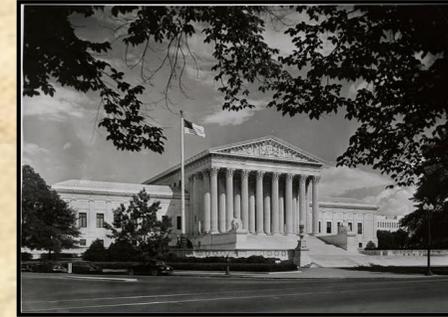
Pictures show the before, during and after a project at Bowers Landfill in Pickaway County, Ohio.

The first space shuttle, Columbia, flew into the Earth's orbit April, 1981

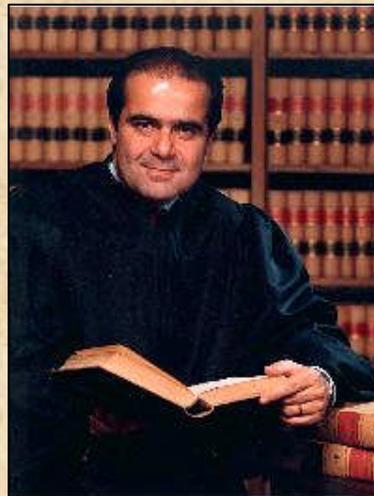


Reagan's Supreme Court nominations

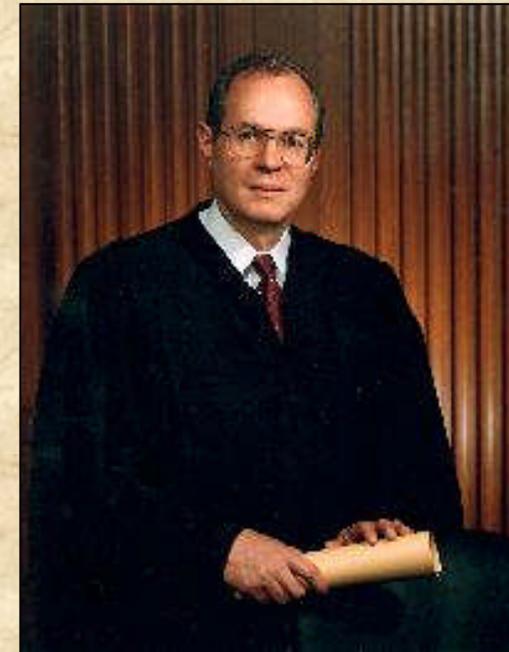
**The first female Justice,
Sandra Day O'Connor
September 25, 1981**



**William Rehnquist
Chief Justice,
September 26, 1986**



**Antonin Scalia
September 26, 1986**



**Anthony Kennedy,
February 18, 1988**

Human Immuno-Deficiency Virus, HIV

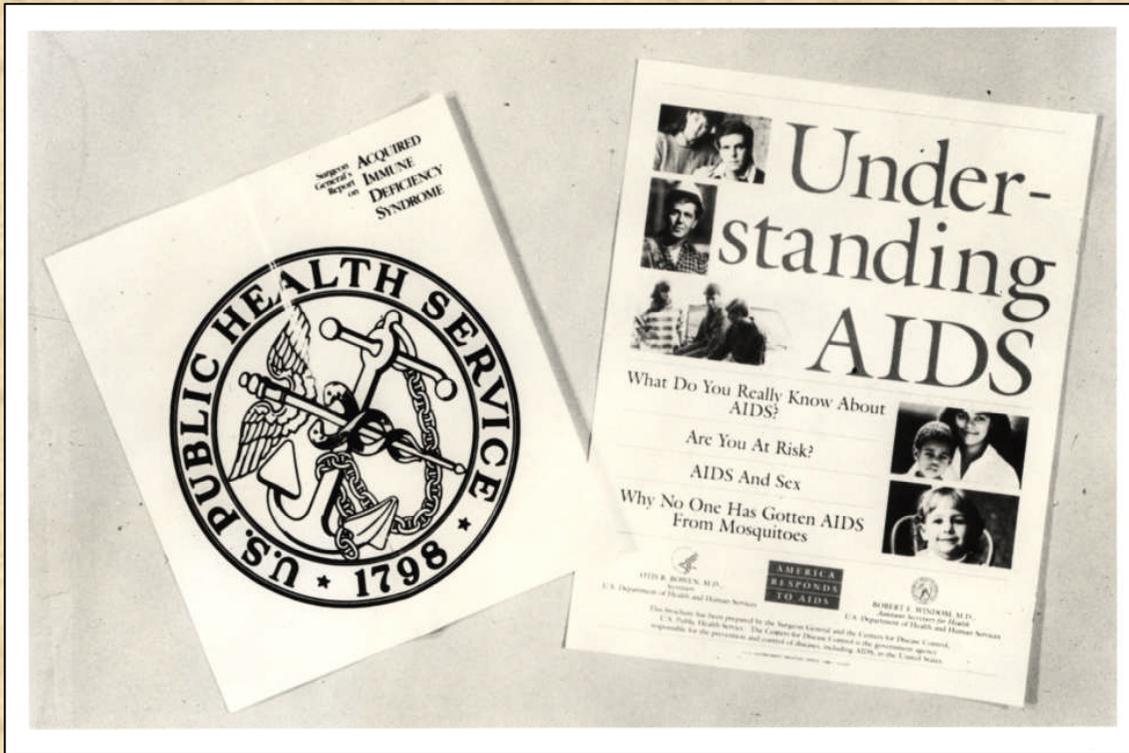
Acquired Immune Deficiency Syndrome, AIDS

HIV is the virus that causes AIDS. Research suggested that HIV had "crossed over" into the human population from a particular species of chimpanzee, probably through blood contact that occurred during hunting and field dressing of the animals.

The virus has existed in the United States, Haiti and Africa since at least 1977-1978. In 1979, rare types of pneumonia, cancer and other illnesses were being reported by doctors in Los Angeles and New York. The common thread was that these conditions were not usually found in persons with healthy immune systems.

In 1982 the Centers for Disease Control and Prevention (CDC) officially named the condition AIDS (Acquired Immune Deficiency Syndrome). In 1984 the virus responsible for weakening the immune system was identified as HIV (Human Immunodeficiency Virus).

(Source: Centers for Disease Control - CDC)



Pamphlet from the National Institute of Health

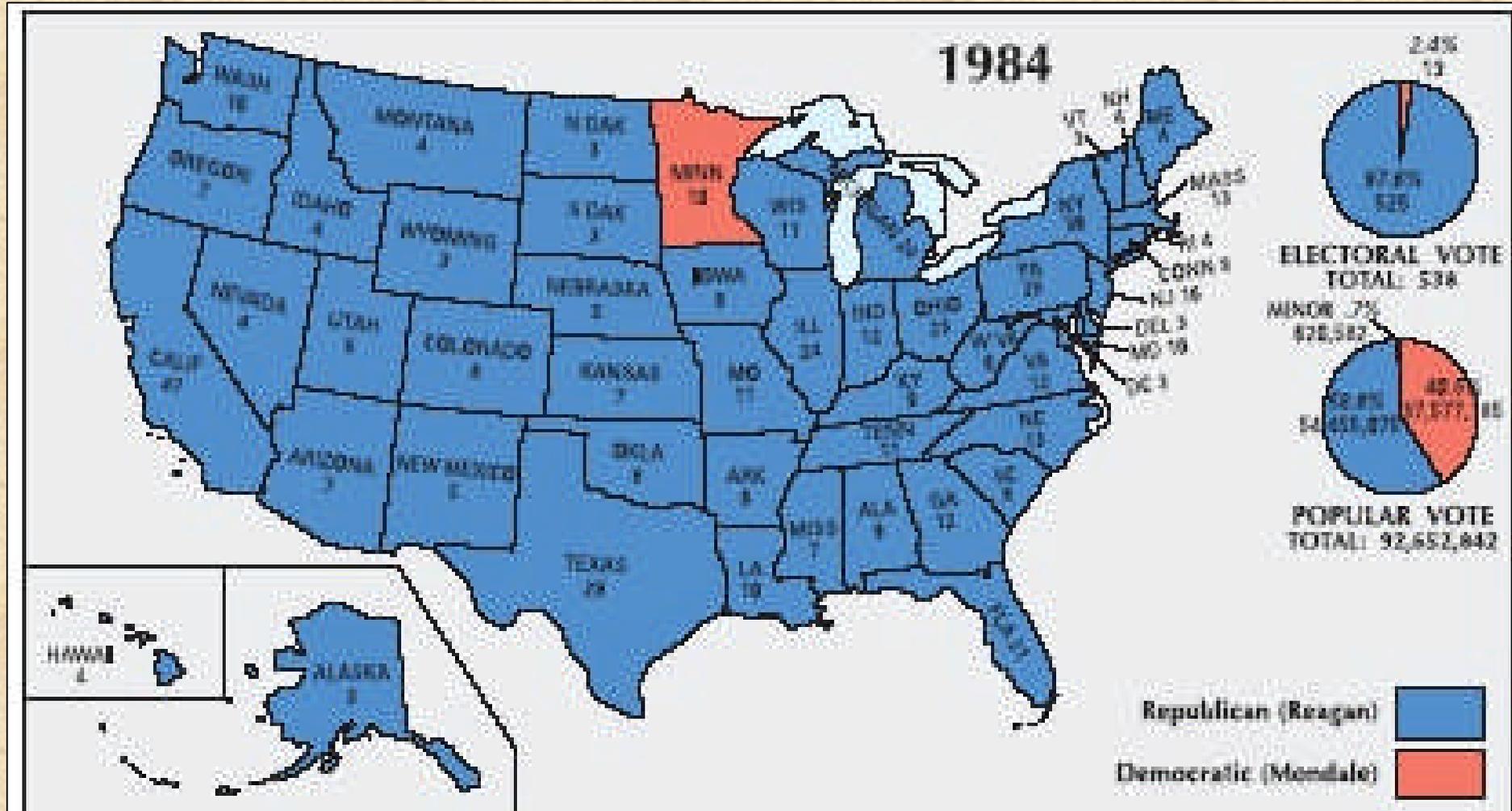


AIDs quilt

Martin Luther King, Jr. holiday was created in November, 1983 after 15 years of lobbying efforts. It was the first new federal holiday since Memorial Day was created in 1948.



The Election of 1984



Ronald Reagan won in a landslide

1984 Cabinet



Challenger exploded

On January 28, 1986 the ship exploded soon after takeoff, killing all seven crew members, including a teacher, Christa McAuliffe. President Reagan and others watch the explosion on television.



Click to play video



"War on Drugs"

President Nixon introduced the concept of a war against illegal drug use in the U.S. in 1971. Reagan renewed the effort while president. He assigned Vice President Bush to a drug task force and First Lady Nancy Reagan toured the nation with her "Just say no" campaign.

In 1988 the Office of National Drug Control Policy was created as part of the Executive Office of the President. The agency's actions have centered around four areas: treatment, prevention, domestic law enforcement, and interdiction and international efforts.

There is much debate about what the agency ought to focus on, some argue prevention among youth, others argue the halting of importation of drugs in to the country, and still others push for treatment and punishment of drug offenders.



Nancy Reagan

Congress approved a \$20,000 reparation payment for each of the 60,000 Japanese surviving victims of the relocation centers in October of 1988.



President Reagan signed into law the Civil Liberties Act of 1988.

THE WHITE HOUSE

WASHINGTON

October 1, 1993

Over fifty years ago, the United States Government unjustly interned, evacuated, or relocated you and many other Japanese Americans. Today, on behalf of your fellow Americans, I offer a sincere apology to you for the actions that unfairly denied Japanese Americans and their families fundamental liberties during World War II.

In passing the Civil Liberties Act of 1988, we acknowledged the wrongs of the past and offered redress to those who endured such grave injustice. In retrospect, we understand that the nation's actions were rooted deeply in racial prejudice, wartime hysteria, and a lack of political leadership. We must learn from the past and dedicate ourselves as a nation to renewing the spirit of equality and our love of freedom. Together, we can guarantee a future with liberty and justice for all. You and your family have my best wishes for the future.

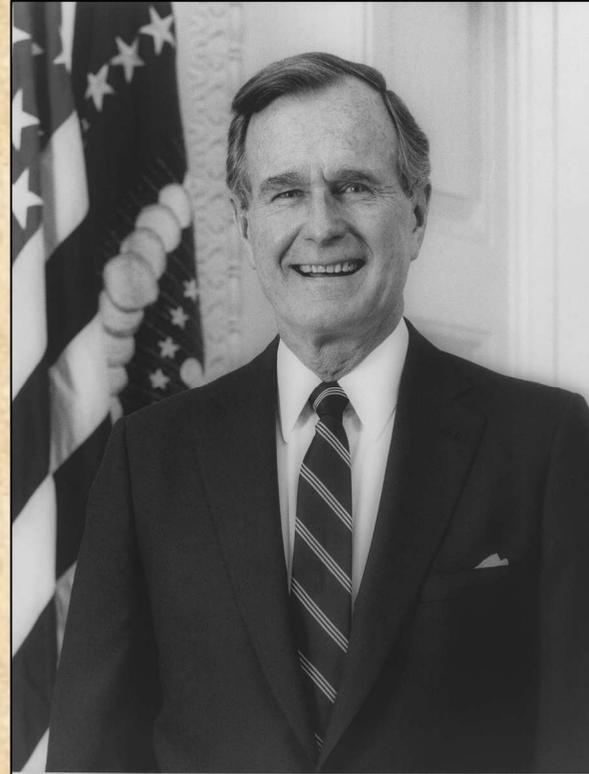
Ron Clinton

Apology letter sent with the checks.

Candidates for the election of 1988



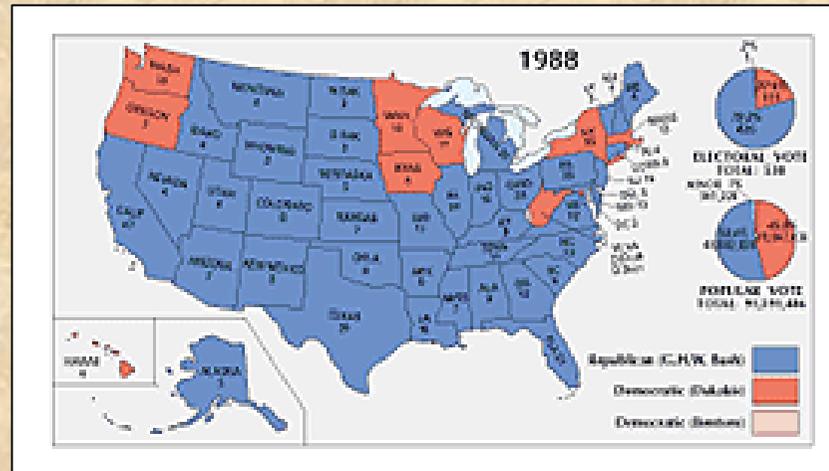
**Democrat
Massachusetts
Governor Michael
Dukakis**



**Republican Vice
President George
H.W. Bush**

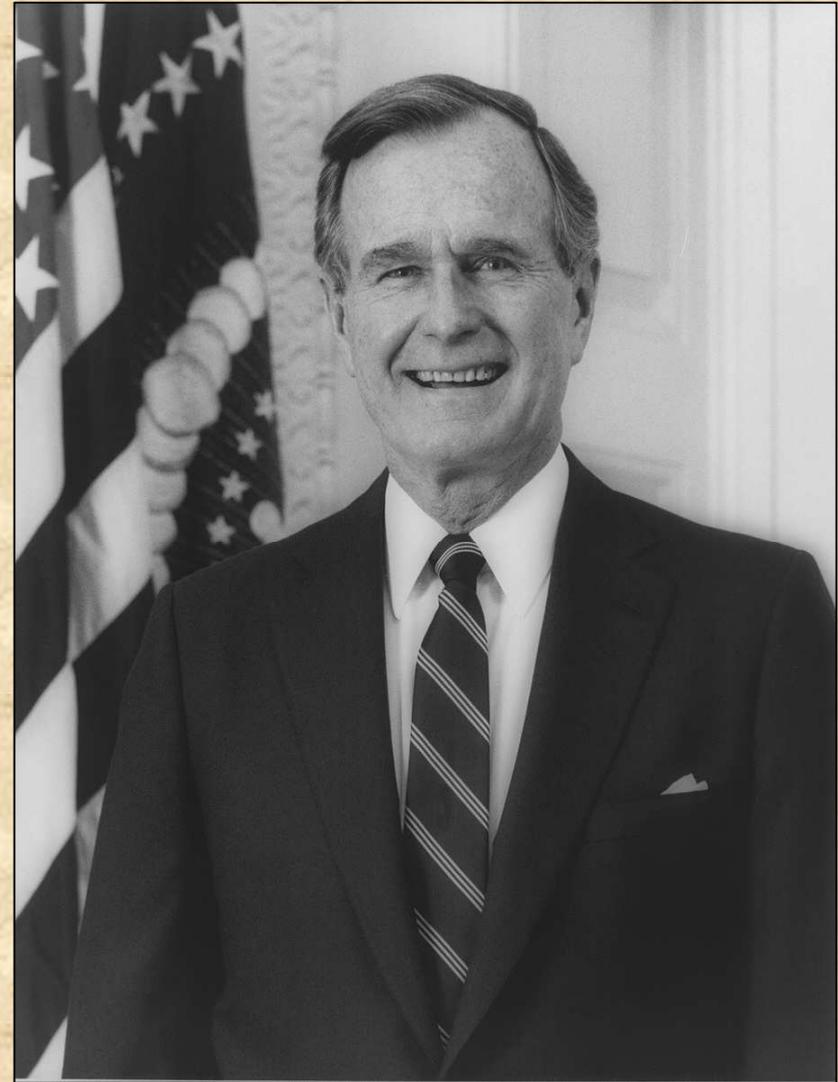
1988 Election

**President Bush
and
Vice President
Quayle won**



President George H.W. Bush

- **Member in the House of Representatives, 1966-70**
- **Ambassador to the United Nations in 1971**
- **Chairman of the Republican National Committee in 1973**
- **Envoy to China in 1974**
- **Director of Central Intelligence in 1976**
- **Vice President under Reagan 1980-1984**
- **Raised taxes**
- **Passed ADA Act**
- **Liberated Kuwait from Iraqi invasion**



Bush's Cabinet



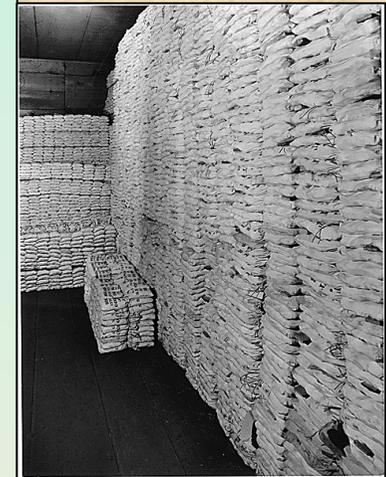
Savings and loan crisis in the late 1980s

After the banking crisis in the 1920s and 30s
FDR put in place major restrictions on the
industry:

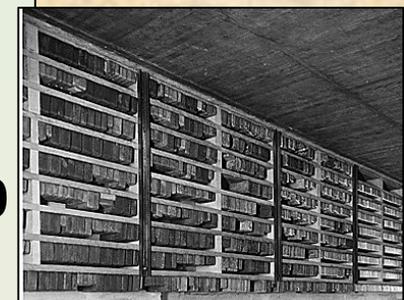
1. Savings and loans were required by law to take short term household savings accounts and invest that money in long term 30 year mortgages
2. The mortgages had fixed interest rates for the duration of the loan, which meant banks could only make a predetermined amount on their investment in a mortgage, their only allowable source of income
3. Banks were limited to loaning money to only a 50 miles radius of the home institution
4. The Federal Savings and Loan Insurance Corporation insured deposits of up to \$40,000 to make people feel safe about their money



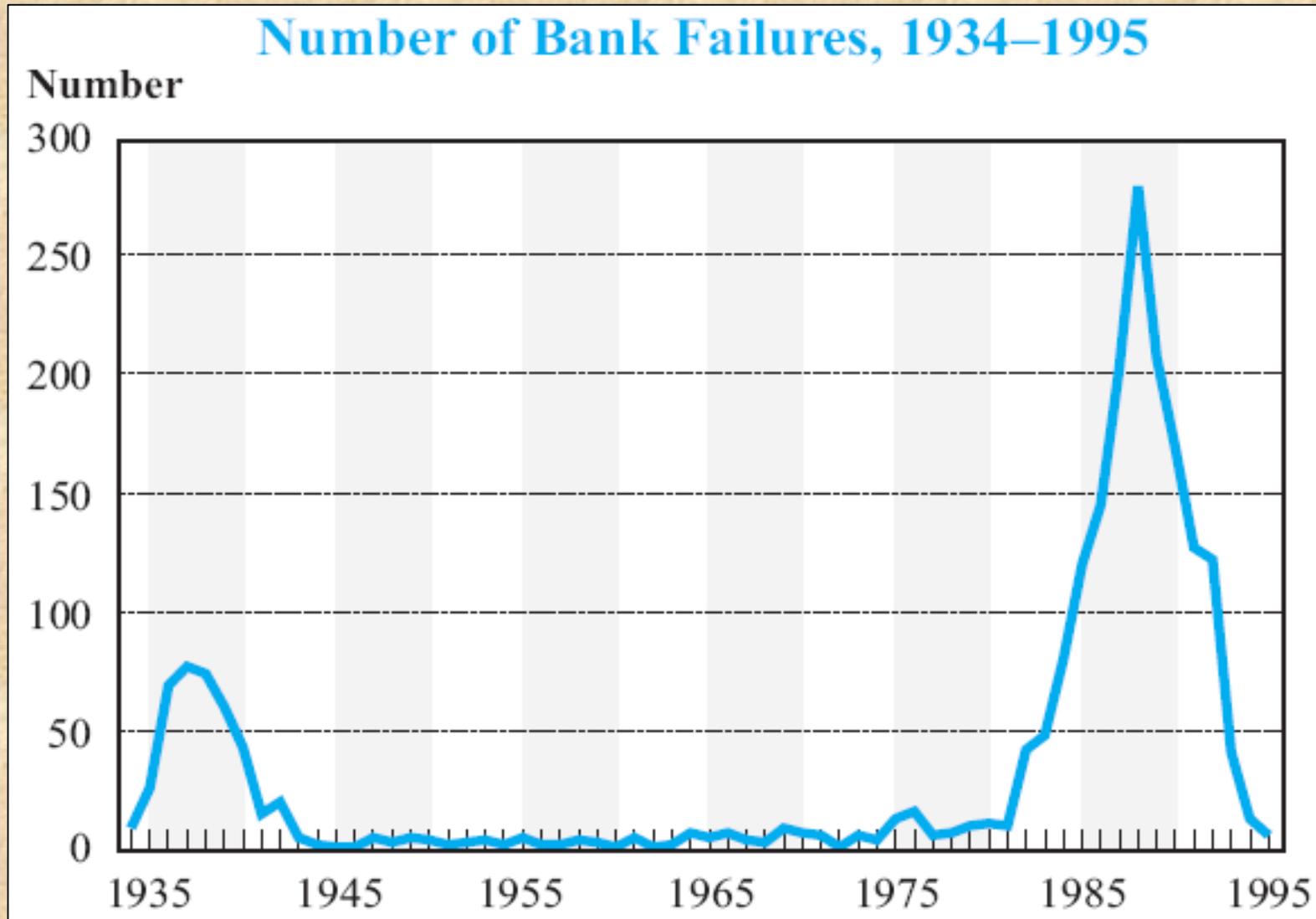
Roosevelt



coins above,
gold bars below



Government regulation of the banking industry led to stability for several decades



This system worked well as long as there were continual investments in the real estate industry and low inflation; however in the 1970s inflation rose which caused a halt in the housing sector. People delayed buying their first home and homeowners did not sell because a new mortgage rate would have been too high. This meant savings and loans lacked income from new mortgages. At the same time a new type of account emerged: money market mutual funds. These accounts allowed investors to pool their money in accounts which had no regulations on interest rates, therefore people received higher returns on their money than in traditional savings accounts at savings and loans, which caused them to lose many clients. The government responded by deregulating the industry in a few important ways:

- 1. Adjustable mortgage rates could be given to homeowners**
- 2. Savings and loans were allowed to make short term consumer loans, issue credit cards, and invest in commercial real estate projects**
- 3. Savings and loans were allowed to fund projects regardless of geographical proximity to bank headquarters**
- 4. The FDIC raised the insurance on deposits from \$40,000 to \$100,000**

This deregulation of the savings and loan industry allowed saving and loans to take more risks. Previously they had been restricted to 30 year mortgages at fixed rates, which was the safest investment a bank could make. Now savings and loan companies expanded their ability to make money in various ventures while at the same time they were insured by the federal government for \$100,000 per individual accounts.

This caused people to feel safe depositing their money in any savings and loan, regardless of their successfulness as a business since the government guaranteed a depositor's money under all circumstances.

All of this deregulation, the halt of new mortgages and new income, newly allowable investments, new technology to invest nationwide, inflation in the 1970s, and competition for depositor's money created a recipe for disaster.



Total savings and loans/bank closures 1983-1994

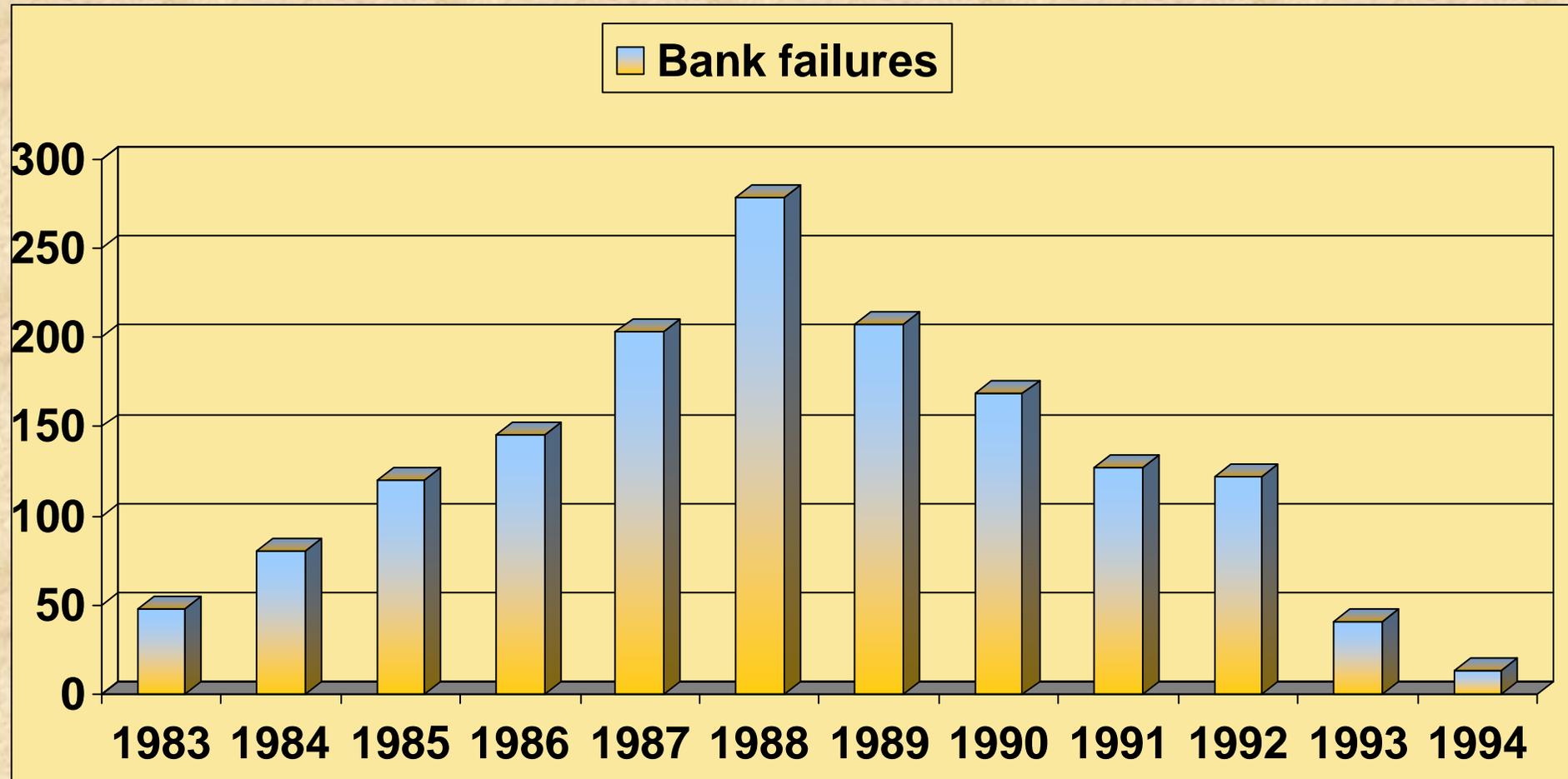
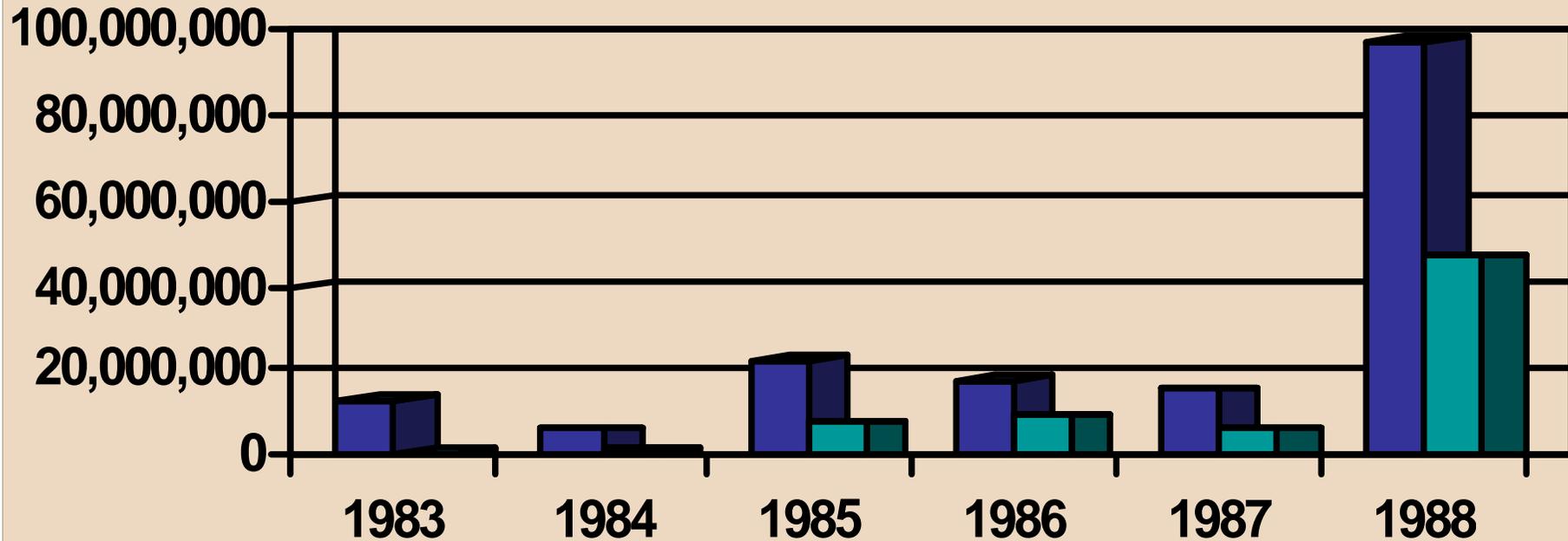


Chart depicts the number of savings and loan failures along with the cost to the federal government, 1980-1988 in millions.



■ Total loss to bank
■ Cost to the federal government

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Civil War

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