

SECTION
2

Conservative Policies Under Reagan and Bush

MAIN IDEA

Presidents Reagan and Bush pursued a conservative agenda that included tax cuts, budget cuts, and increased defense spending.

WHY IT MATTERS NOW

The conservative views of Reagan and Bush created policies and priorities that affect government spending and budgeting today.

Terms & Names

- Reaganomics
- supply-side economics
- Strategic Defense Initiative
- Sandra Day O'Connor
- deregulation
- Environmental Protection Agency (EPA)
- Geraldine Ferraro
- George Bush

One American's Story

Throughout the 1980 presidential campaign and in the early days of his administration, President Reagan emphasized the perilous state of the economy during the Carter administration. In a speech to the nation on February 5, 1981—his first televised speech from the White House—Reagan announced his new economic program. He called for a reduction in income tax rates for individuals and a big reduction in government spending.

A PERSONAL VOICE RONALD REAGAN

“I’m speaking to you tonight to give you a report on the state of our nation’s economy. I regret to say that we’re in the worst economic mess since the Great Depression. . . . It’s time to recognize that we’ve come to a turning point. We’re threatened with an economic calamity of tremendous proportions, and the old business-as-usual treatment can’t save us. Together, we must chart a different course.”

—televised speech to the nation, February 5, 1981

President Reagan would deal with these problems by consistently stressing a sweeping package of new economic policies. These economic policies, dubbed “**Reaganomics**,” consisted of three parts: (1) budget cuts, (2) tax cuts, and (3) increased defense spending.



President
Ronald Reagan

“Reaganomics” Takes Over

As soon as Reagan took office, he worked to reduce the size and influence of the federal government, which, he thought, would encourage private investment. Because people were anxious about the economy in 1980, their concern opened the door for new approaches to taxes and the federal budget.