

SECTION C

Deregulation

Study Extracts 1 and 2 in the Extracts Booklet before you answer this question.

role of
government

- 5 Historians have different views about the impact of the Reagan presidency on the USA. Analyse and evaluate the extracts and use your knowledge of the issues to explain your answer to the following question.

welfare
tax

How far do you agree with the view that the Reagan presidency transformed the USA in the years 1981–96?

(20)

Reagan did transform the USA because of his new policies and approach to welfare and tax. Extract 1 obviously believes Reagan was did transform the USA as it describes him as a 'transformational leader' and the extract points to Reagan's deregulation policies and his legacy continuing with the Bush and Clinton. Extract 2 believes that the transformation of the USA was happening in the 1970's and his policies do not have 'sufficient stature'.

Extract 2 shows believes that Reagan's policy of deregulation created 'more creative market approaches' this can be seen with the General Electric company who set up in 1897 just selling electrical appliances. But Reagan's deregulation policy allowed them to move into the water and gas market. This has helped a business to diversify and make more profit. This provides strength to extract 1 as it



(Section C continued) accurate about the ~~positive~~ transformation that deregulation caused as it allowed a business to transform completely. However Extract 2 argues that the 1970's started the 'trend to deregulation'. This is also accurate as Carter had already deregulated air travel and railways. This shows that Reagan rather continued the transformation. ~~But~~ Therefore this limits the argument that Reagan transformed the USA with deregulation as this process had already started however he still significantly contributed to the transformation as he made it the norm.

Extract 2 argues that Reagan's policies on ~~welfare~~ ^{Tax} were 'not of sufficient stature'. This is an inaccurate interpretation of the significance of how Reagan's policies transformed the USA. This is because his ERTA Policy which cut income tax by 23% across the board, and no cooperation tax for businesses and a 20% reduction in the top income bracket transformed America. As it made Reagan extremely popular with those who ~~make~~ had money. This meant that other



(Section C continued) however it was bad for those with money and widened the gap between rich and poor. The 20s, poorest income fell by a tenth and the 20s, richest income increased by a fifth. This highlights a significant transformation in the distribution of wealth in USA.

Extract 2 looks at how 'Bush and Clinton followed' this is pointing to how these two were forced to continue Reagan's ideas of low inflation, low taxes and high unemployment. This adds strength to ~~extract~~ extract one as it is accurate about identifying Reagan's legacy that transformed presidents policies. The transformation's significance can be seen through how 'New Democrats' formed. This was where the Democrats had to continue the successful policies of Reagan. This highlights the great extent to which Reagan transformed USA economy in terms of policies.

In conclusion Extract 2 is a more accurate interpretation than Extract 1 because Extract one 1 recognises the extent of transformation Reagan caused due to Bush



(Section C continued) and Clinton following his policies. However extract 2 is accurate too as recognises that Carter started deregulation however extract 1 is also accurate about how deregulation transformed businesses like the general electric. Overall extract shows a more complete interpretation. ~~So~~ On the balance it goes that Reagan transformed the USA because his legacy is so strong as his policies were continued after his term as President.

