

Evaluating reaganomics as a solution to the economic crises of the 1970's.

[Business](#)



HW # 83: Read pages 948-953 (" Reagan's...) Evaluate Reaganomics as a solution to the economic crises of the 1970's.

" In the 1980 election Republicans successfully exploited popular discontent over the stagflation of the Carter years- an unprecedented combination of recession, high inflation, and the highest interest rates in American history"- Out of Many. President Ronald Reagan's actions toward attempting to alleviate the economic crises of the 1970s coined the term " Reaganomics," which consisted of financial policies that cutting taxes, reducing regulation, and lessening public and government spending. Influenced by the ideals of FDR's New Deal, and fan of independent entrepreneurship, Reagan leaned toward using these strategies to encourage private businesses and investors the possibility to take incentive and grow capital to create new wealth and opportunities for other American citizens. The Economic Recovery Tax Act of 1981 was soon created to cut income and corporate taxes by \$747 billion over five years. Later on the gov't pushed through a comprehensive program of spending cuts awkwardly known as the Omnibus Reconciliation Act of 1981, authorizing cuts of \$136 billion in federal spending for the period 1982-84, affecting more than 200 social and cultural programs.

The Reagan administration clearly lacked some diplomacy toward organized labor, creating a hostile environment for unions that reduced its numbers to a similar percentage seen in the 1930s. Furthermore, Reagan's conservatives were given loose reign in order to increase business productivity, and consequently beaten regulations protecting the environments, workplace safety, and consumer protection. A main aspect of Reaganomics was the result of aiding the financially well off, as cutting <https://assignbuster.com/evaluating-reaganomics-as-a-solution-to-the-economic-crises-of-the-1970s/>

corporate taxes and personal income taxes resulted in the wealth tax being reduced from 70 % to 28%. As Reaganomics largely aided large corporations, Wall Street Brokers, investment bankers, and loan industries, labor unions and blue-collared workers suffered the blunt of America's economic handicaps with inflation and reduced spending, along with being at the disadvantage hand of immoral financial scandals who took of their free abilities.