Short Quiz / Exit Slip: President Ronald Reagan: Trickle Down Economics and Cold War Defense Spending

Part A: Multiple Choice: Instructions: Choose the option that answers the question or completes the sentence.

1. All of the following were economic tactics of President Ronald Reagan EXCEPT:
   a. Reduce funding for social programs
   b. Reduce taxes, especially on the very wealthy
   c. Increase spending on defense
   d. Increase funding for social programs

2. Which of the following is an example of deregulation?
   a. The government splits up a monopoly.
   b. The government adds strict rules for trading stocks.
   c. The government buys crops from farmers and sells them for a low price to the public at large.
   d. The government reduces the amount of rules a television company has to follow to operate.

3. All of the following were critiques that many Democrats offered toward the Strategic Defense Initiative EXCEPT:
   a. It was too expensive.
   b. It was not needed, since the USSR ceased practicing Communism in 1980.
   c. It received funding, while funding for various social programs was reduced.
   d. They asserted it was unrealistic and would not work.

4. Which person below would most likely support Reagan’s appointment of Antonin Scalia, Anthony Kennedy, and Sandra Day O’Conner to the Supreme Court?
   a. A Democrat living in the North.
   b. A supporter of the Pro-Choice Movement.
   c. A member of Jerry Falwell’s Moral Majority Group.
   d. An American who supported the liberal court decisions that persisted in the mid-20th century.

5. What tactic, pursued by President Ronald Regan, contributed to a budget deficit?
   a. Supporting the Moral Majority.
   b. Reducing funding for free and reduced lunch in schools.
   c. Securing the release of American hostages from Iran.
   d. Greatly funding defense in the government’s budget.

Part B: Short Answer: Instructions: Answer the question below.

1. President Ronald Reagan believed America’s government budget needed reduced to bring tax relief to many Americans. If the government funded less programs, then Americans would pay less in taxes. Yet, Ronald Reagan heavily funded defense while in office. In fact, he funded defense so heavily that it led to a budget deficit. If Reagan was for reducing government spending, why did he increase spending in the department of defense?
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   President Ronald Reagan, a Republican, elected in 1980, supported an economic theory dubbed Trickle Down Economics. This meant he wanted to lower taxes and reduce funding for government programs. His concept was that, when the government heavily taxed citizens, to pay for social programs, it meant less money was being used in the economy to purchase services and goods. Reagan believed that, if the government reduced taxes, especially on the rich, the money people were then allowed to keep would be spent and create an economic boom. Likewise, the rich would invest more and start businesses that would create jobs. Then the wealth of the rich would “trickle down” to the Middle Class and Poor through job creation. Reagan cut funding to programs such as cheap student loans to college students, free school lunches, welfare, food stamps, job training, Medicaid, and other social programs. Reagan cut funding to many social programs that provided economic assistance to the middle class and poor. Yet, the Cold War was still a focus for the USA. Reagan pumped huge amounts of money into defense spending to ensure the USA remained more powerful than the Soviet Union of Russia, in terms of military might. He was willing to spend a lot in this area to be more powerful than the USSR.