Exam focus (AS Level)

Below is a sample high-level AS Level essay. Read the question and the accompanying extracts, as well as the essay and the comments around it.

Historians have different views about the extent of the success of ‘Reaganomics’. Analyse and evaluate the extracts and use your knowledge of the issues to explain your answer to the following question.

How far do you agree with the view that ‘President Reagan set the USA on the road to economic recovery’?

**EXTRACT 1**

*From Paul Johnson, A History of the American People (1997)*

There were limits to what Reagan could do to get the country back on the rails. The Democrats still controlled Congress and would not cut welfare spending. During his first term, spending still increased annually by 3.7 percent. But at least it was less than the 5 percent annual increase under Carter. At the same time, Reagan made good his promise to cut taxes. The Economic Recovery Tax Act of 1981, the work of Congressman Jack Kemp and Senator William Roth, with Reagan’s full backing, reduced the highest tax rate to 28 per cent and included across-the-board tax reductions of 25 percent. There were other reductions in taxes on capital gains, estates, and gifts. It was followed by the Tax Reform Act of 1986, which greatly simplified the entire tax structure. This success, together with a massive programme of deregulation, acted as a potent stimulant to business. Reagan took over in January 1981 and by the beginning of 1983 the nation was in full recovery. The growth continued throughout Reagan’s second term, then into his successor’s and well into the 1990s, the longest continual expansion in American history. Inflation, which had been 12.5 percent under Carter, fell to 4.4 percent in 1988. Unemployment fell to 5.5 percent as 18 million new jobs were created.

**EXTRACT 2**


Taxes had been drastically cut, yet in 1988 Americans paid only marginally less of their GNP in taxation than in 1980; the proportion of GNP that went on federal expenditure hardly altered during the period, and Reaganomics failed to reduce the scale of government intervention in the economy, though it may have checked its earlier expansion. And while Reagan presided over the longest economic recovery in the country’s history, his successive tax cuts and massive military spending generated unprecedentedly large budget deficits. During the Reagan years the national debt more than doubled, reaching $2.2 trillion in 1989. At the same time, partly in consequence of the budget deficits, America’s trade deficit, which had been only $20 billion in Carter’s last year, soared to $150 billion in 1988. To be sure, most Americans prospered as the economy expanded but millions did not. During the Reagan years there was a widening of differentials in both income and wealth on a scale not seen since the Great Depression, though the proportion of Americans living below the poverty line actually fell from 13 percent in 1980 to 12.8 percent in 1989.

Extract 1 and Extract 2 offer different interpretations about the extent to which Reagan set America on the road to economic recovery. Extract 1 argues that he most definitely did, claiming that recovery had begun by the start of 1983 and continued well into the 1990s. Extract 2 is more guarded in its praise for Reagan. It accepts that he had some success, presiding over ‘the longest economic recovery’ in the USA’s history. However, it also argues that there were some serious failures, not least the rocketing national debt and the fact that if the rich got richer this did not necessarily result in wealth trickling down to the poor. This essay will claim that Extract 2’s version of events is the correct one. Reagan’s economic record was a mixed bag – some successes but as many failures. Nor was Reagan always sure on which road he was travelling. Some of his successes were more luck than judgement.
There is general consensus among historians that Reagan inherited a deplorable economic situation in 1981. His predecessors – Nixon, Ford and Carter – had failed to tackle the problem of ‘stagflation’ – high inflation and high unemployment, the worst of both economic worlds. Reagan had a solution – a solution he had preached for many years. That solution was to cut taxes and to encourage American business. He claimed that this would encourage enterprise which would eventually bring in more – not less – revenue. He did not seem particularly concerned about government expenditure. He was committed to cutting some aspects of welfare spending. But he was totally committed to increasing government spending on defence: ‘defence is not a budget item … you spend what you need’. His critics, including many in the Republican Party, thought his policies were irresponsible. George Bush, who became Reagan’s vice president, described Reagan’s proposed policies as ‘voodoo economics’ in 1980. John Anderson, the independent candidate in 1980, said that Reagan’s economic plans would have to be done with ‘blue smoke and mirrors’. There was much truth in this. The conjuring trick was not worrying about the government deficit. Right-wing Reagan essentially adopted left-wing Keynesian economic policies – a fact not admitted by either his liberal opponents or his conservative admirers. Extract 1 suggests that Reagan’s version of Keynesian magic worked. The US economy expanded big time after 1983. But, as Extract 2 points out, this was at the cost of more than doubling the national debt – a debt that would have to be paid by future generations of Americans. There was something of a quick fix about Reaganomics – in so far as there was anything that deserves the name Reaganomics. Get rich now but don’t worry about the future.

Extract 1 suggests strongly that economic recovery came about largely because of Reagan’s tax cuts. It stresses the importance of the Economic Recovery Tax Act (1981) and the Tax Reform Act (1986). What it does not say, unlike Extract 2, is that the tax cuts were part of Reagan’s ‘smoke and mirrors’ game. He gave the impression he was cutting taxes but in reality, especially in 1982, worried by his administration’s overspend, he increased taxes on quite a considerable scale. The result, as Extract 2 points out, is that by 1988 Americans were paying a similar amount in taxation to what they had been paying in 1980. Extract 1 gives credit to Reagan for reducing inflation and perhaps Extract 2 should have done the same. This was one of his achievements. However, this had as much to do with falling world oil prices as Reagan’s economic policies. Reagan simply got lucky. If not one of America’s best presidents, he was certainly one of its luckiest.

Extract 1 praises the fact that 18 million jobs were created by Reagan. It fails to say anything about the fact that many of these jobs were created in the hugely expanding defence industries, which were a major part of the reason for the massive budget deficits. Nor does it point out that many were in poorly paid service jobs. This resulted in the rich getting richer and the poor not getting much richer. Extract 2 stresses that under Reagan there was the greatest widening of differentials ‘in both income and wealth’ since 1929. The fact that more Americans were employed in service rather than manufacturing industries did not help the USA reduce its balance of trade deficit. This had been $20 billion in 1980. By 1988 it had soared to $150 billion.

Extract 1 does not concern itself with the massive budget deficit – the greatest in the USA’s history. Extract 2 does mention it. It also stresses that, as with taxation, Reagan was far from consistent or honest with the truth. He came into power pledging to cut government overspending – although how he was going to do this when he was committed to massive defence expenditure he never made clear. Once in power, he spent liberally – not only on defence but also on welfare, social security and health, the budgets of which generally expanded. Probably without realising it, he pursued a form of Keynesian economics – and

This paragraph interprets the extracts with confidence and discrimination, analysing the issues raised.

This paragraph integrates issues raised by the extracts and embellishes them with relevant own knowledge. It does well to point out what one of the extracts does not say.
was successful. His conservative admirers did not blame him for pursuing what had long been seen as liberal overspends; his critics did not praise him (which they perhaps should have done: it might have embarrassed him!). By carrying out a policy to which he was far from committed, Reagan did put the USA on the road to recovery.

In conclusion, there is no doubt that the United States was in a stronger position economically in 1988 than it had been in 1980. Most Americans did feel better off. But this had been achieved at a cost. By 1988, the national debt had risen to near three trillion dollars. The interest on the debt, which took up the first 10 per cent of the budget receipts in 1980, had risen to 15 per cent. Perhaps this did not matter. But perhaps it did. Reagan gave the impression throughout his presidency that his economic success was the result of bold tax-cutting (as affirmed by Extract 1) and reduction in government spending and involvement in the economy. The truth was very different. As Extract 2 stresses, Reagan had barely reduced taxation and had massively increased government spending. Reaganomics was almost the opposite of what he claimed it to be! Did he realise this? Probably not. Thus, more by luck than judgement, Reagan had set the USA on the road to economic recovery, although his policies ensured there would be a few road blocks ahead.

This essay is an analytical response integrating own knowledge with understanding of the extracts. It is well structured and very well written. It presents a sustained evaluative argument, reaching a fully substantiated judgement on the interpretations of both extracts.

**What makes a good answer?**

You have now considered two high-level interpretation-based essays. Use these essays to make a bullet-pointed list of the characteristics of a top-level essay. Use this list when planning and writing your own practice exam essays.