Pearson Edexcel Level 3 GCE

Friday 23 May 2025

Morning (Time: 2 hours 15 minutes)

Paper reference **9HI0/1F**

History

Advanced

PAPER 1: Breadth study with interpretations

Option 1F: In search of the American dream: the USA, c1917–96

Extracts Booklet

Do not return this Booklet with the question paper.

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Extracts for use with Section C.

Extract 1: From John W Sloan, *The Reagan Effect: Economics and Presidential Leadership*, published 1999.

When Reagan took office the 'misery index' – the unemployment rate plus the inflation rate – was 20.7 per cent. When he left office, the 'misery index' was half that. After 1981–82, there followed an economic expansion that lasted until July 1990. Between 1982 and 1990, real disposable per capita income increased by 18 per cent, and 18.4 million new jobs had been created. In brief, Reagan's economic policies were successful in overcoming the economic difficulties of the 1970s and in providing the formula for sustainable economic growth.

The Reagan years were a period in which the rich got richer and the poor got richer. A tripling of the value of the stock market and a drop in interest rates by two-thirds produced jobs and benefits for the many, not just the few. The proportion of total tax receipts paid by the wealthiest 5 per cent of Americans went from 35 per cent in 1981 to 46 per cent in 1988. During the same period, the proportion of tax revenue contributed by the lower half of American earners dropped from 8 per cent to 6 per cent. Reagan's tax reforms also removed six million low-income families from paying income tax.

Extract 2: From Hugh Brogan, *The Longman History of the United States of America* (second edition), published 1999.

'The Reagan Revolution', as his fans called it, was not like previous attempts to restructure the United States, to rescue those who had been left behind from the selfishness and stupidity of the rich. Now the rich had a chance to strike back, and their attitude was chiefly aimed at reducing government.

Reagan had complete faith in his programme. Federal taxes were to be cut ruthlessly, to free the entrepreneurial spirit of the American people. The budget should be balanced, to stabilise the economy. Defence expenditure should be massively increased. The role of the federal government should be severely reduced by deregulation.

It did not take a genius to see that this program was contradictory. The huge military expenditures, the huge tax cuts, the huge outlays on unemployment benefits, and the failure to cut federal spending significantly meant that the deficit soared, from $58 billion in 1979 to $221 billion in 1986–87. The rich got richer and the poor got poorer. Investment slumped, especially in the country's infrastructure. In Reagan's second term, the dollar weakened, foreign investment began to leave the country, and there was a stock market crash in October 1987, which sliced $500 billion from the value of shares.

Acknowledgements:

Extract 1 from: *The Reagan Effect: Economics and Presidential Leadership*, John W. Sloan © University Press of Kansas, 1999

Extract 2 from: *The Longman History of the United States of America*, Hugh Brogan © Longman, 1999