Chapter 29: Limits of a Superpower, 1969-1980

1. Richard Nixon’s Foreign Policy
   a. called an “imperial presidency” b/c he isolated himself in White House
   b. national security adviser, Henry Kissinger, helped him reduce Cold War tensions
   c. Vietnam
      i. objective: wanted to reduce US war involvement without conceding defeat
      ii. “Vietnamization”
         1. wanted to gradually withdraw troops from Vietnam then give South Vietnam the money, weapons and training
   2. Nixon Doctrine- Asian allies would receive US support but without the extensive use of US ground forces
   iii. Opposition to Nixon’s war policies
      1. reduced number of antiwar protests at first, but then invaded Cambodia to destroy Communist bases
      2. college campus protests killed four people and two blacks
      3. in response, US Senate voted to repeal the Gulf of Tonkin Resolution
      4. learned about massacre of women and children by US troops in My Lai
   5. Pentagon Papers- documented mistakes and deceptions of government policy-makers in dealing with Vietnam
   iv. Peace talks, bombing attacks and armistice
      1. Kissinger was secretly meeting with Le Duc Tho, but to no avail
      2. North Vietnamese didn’t compromise, so bombed until they compromised

d. Detente with China and the Soviet Union
   i. detente- deliberate reduction of Cold War tensions
   ii. visit to China which initiated diplomatic exchanges
   iii. led to US recognition of Communist government
   iv. used new relationship with China to make Soviets agree to treaty limiting antiballistic missiles
   v. Strategic Arms Limitations Talks (SALT I)- secured Soviet consent to freeze on ballistic missiles carrying warheads

2. Nixon’s Domestic Policy
   a. The New Federalism
      i. wanted to slow growth of Great Society with Family Assistance Plan, reform of welfare system
      ii. shifted social program responsibility from federal to state/local levels
      iii. compromise due to Democratic majority became local governments given block money to address local needs
      iv. but Nixon decided not to spend the money allotted for social programs
      v. courts decided it was an abuse of executive powers because he just had to enforce, not to judge Congress’ decision
   b. Nixon’s Economic Policies
      i. experienced stagflation
         1. economic stagnation- economic slowdown
         2. inflation
      ii. response
         1. adopted Keynesian economics and deficit spending to protect middle-class and
blue-collar Americans
2. imposed wage and price freeze
3. took dollar off gold standard which helped devalue it
4. taxed all imports to improve balance of trade

iii. automatic increases for Social Security benefits based on annual rise in cost of living
   1. protected those who received Social Security
   2. but contributed to budget problems in the future

c. Southern Strategy
   i. silent majority- voters who stopped caring because of antiwar protests, black militants, school busing and youth counterculture excesses
   ii. to win the South, president asked federal courts to delay integration plans and busing orders
   iii. nominated two southern conservatives to the SC, but rejected by Senate
   iv. vice president authorized to make verbal assaults against war protesters and the liberal press

d. The Burger Court
   i. first two conservative appointments were rejected
   ii. instead appointed moderate Harry Blackmun, Lewis Powell and William Rehnquist
   iii. ironically would deny his claims to executive privilege and ordered him to turn over Watergate tapes

e. The Election of 1972
   i. strategy paid off in next election-- Nixon won again
   ii. reasons:
      1. foreign policy successes
      2. George Wallace paralyzed
      3. Democrats nominated very liberal candidate

3. Watergate
   a. humiliated Nixon and jailed 26 White House officials
   b. paralyzed political system when leadership was needed most
   c. White House Abuses
      i. hired Republicans broke into Democratic national headquarters
      ii. also attempted to bug them
      iii. plumbers prevented information leaks and discredited opponents, like Daniel Ellsberg who leaked the Pentagon Papers
         1. also created list of enemies to be investigated
   d. Watergate Investigation
      i. no clear proof that Nixon ordered any of these illegal activities
      ii. but Nixon did engage in cover-up to avoid scandal
      iii. aides resigned to protect Nixon
      iv. taping system in Oval Office discovered

4. Other Developments in 1973
   a. War Powers Act
      i. authorized 3,500 secret bombing raids in Cambodia, a neutral country
      ii. Congress used outrage to limit Nixon's power over military
      iii. required military action to be reported within 48 hours after
      iv. Congress has to approve of any military action longer than 60 days
   b. October war and oil embargo
      i. Syrians and Egyptians launched surprise attack on Israel to recover lands lost in Six-Day War of 1967
ii. $2 billion airlifted to Israel to stem retreat and eventually gave Israelis the win
iii. as a result, Arab members of OPEC placed embargo on oil sold to Israel’s supporters
iv. caused oil shortage and long lines at gas stations
v. in turn caused inflation, loss of manufacturing jobs (switched to Japanese cars)
vi. Congress enacted speed limit and approved pipeline to save gas

c. Resignation of a President
i. Nixon fired Archibald Cox, the special prosecutor assigned to the Watergate investigations
ii. attorney general resigned in protest
iii. SC decision forced Nixon to reveal Watergate tapes
iv. wanted to impeach Nixon based on:
   1. obstruction of justice
   2. abuse of power
   3. contempt of Congress
v. resigned and Gerald Ford became president
vi. some felt that it showed that the system of checks and balances worked
vii. others felt that it showed that the presidency had too much power
viii. loss of faith in federal government for all

5. Gerald Ford in the White House
a. Pardoning of Nixon
   i. full and unconditional pardon extended to Nixon for any crime he might have been committed
   ii. given to prevent prolongment of national nightmare
   iii. prevented truth of Nixon’s deeds
b. Investigating the CIA
   i. investigated by Democratic Congress
   ii. accused of assassinating foreign leaders
   iii. Bush chosen to reform the agency
c. Failure of US Policy in Southeast Asia
   i. Saigon, the US supported government in Vietnam, fell
   ii. Vietnam became one country under the rule of Communist Hanoi
   iii. US supported government in Cambodia fell to Khmer Rouge, which was radical Communist faction that conducted genocide
   iv. Cambodian naval base attack -- lives saved = lives lost
   v. seemed to support Eisenhower’s domino theory, but the other countries became economic tigers
da. The Economy and Domestic Policy
   i. tried to combat inflation using voluntary measures
   ii. but had to use Democratic package to stimulate economy
e. The Election of 1976
   i. Jimmy Carter won b/c people didn’t like the corruption of the presidency

6. Jimmy Carter’s Presidency
a. informal style impressed average Americans but dismayed experienced Congressmen
b. though intelligent and dedicated, too inexperienced
c. Foreign Policy
   i. Human rights diplomacy
      1. oppression of black majority in South Africa and Zimbabwe challenged
      2. human rights violations by Argentina and Chile --> no more US aid
   ii. Panama Canal given back to Panama by 2000
iii. **Camp David Accords (1978)**

1. Egyptian and Israeli leaders invited to Camp David to negotiate peace settlement
2. Egypt became first nation to recognize Israel
3. Egypt withdrew troops from the land taken in Six-Day War

iv. **Iran and the hostage crisis**

1. Islamic fundamentalists in Iran led by **Ayatollah Khomeini** overthrew the dictatorial government
2. shah had given oil to West, but under fundamentalists, oil production stopped, causing next oil shortage
3. releasing the Teheran hostages was a failure

v. **Cold War**

1. stopped recognizing Taiwan, instead sending ambassadors to China
2. **SALT II** was negotiated with SU to limit the size of each superpower’s nuclear delivery system, but not ratified by Senate b/c of Afghanistan problem

---

d. **Domestic Policy: Dealing with Inflation**

i. inflation became almost out of control despite oil conservation efforts and attempts at reviving the US coal industry
ii. slowed economic growth b/c unable to afford high interest rates
iii. inflation pushed middle-class taxpayers into higher tax brackets, which led to “taxpayers’ revolts”

---

e. **loss of popularity**

i. blamed for weak and indecisive leadership

---

7. **American Society in Transition**

a. half of all Americans lived in South and West
b. fastest growing age group was senior citizens over 65
c. minority groups increasing
d. cultural pluralism replacing melting pot culture
e. **Growth of Immigration**

i. most immigrants not from Europe but from Latin America and Asia

---

ii. **Immigration Act of 1965** ended ethnic quota acts of 1920s favoring Europeans

---

iii. rise in illegal immigration led to **Immigration Reform and Control Act of 1986** which penalized employers for hiring illegal immigrants while also granting amnesty to illegal immigrants arriving by 1982

f. **Demands for Minority Rights**

i. **Hispanic Americans**

1. Mexican workers encouraged to come to US to take low-paying agricultural jobs
2. exploited before **United Farm Workers Organization** gained collective bargaining rights for farm workers
3. Chicano (Mexican American) activists won bilingual education for Hispanic children

---

ii. **Native American movement**

1. in 1950s, Eisenhower unsuccessfully encouraged assimilation
2. natives resisted assimilation because of loss of cultural identity

---

3. **American Indian Movement (AIM)** founded to achieve self-determination and revival of tribal traditions; became militant in taking over prisons
4. successful in several acts:

---

a. **Indian Self-Determination Act of 1975**- gave reservations and tribal lands greater control over internal programs, education and law enforcement
b. Tribally Controlled Community College Assistance Act of 1978-improved education
   5. films like Dances with Wolves improved public opinion

iii. Asian Americans
   1. dedicated to education so well represented in colleges and universities
   2. still discriminated against though

iv. Gay liberation movement
   1. Stonewall riots sparked the gay rights movement
   2. no longer classified as mental illness
   3. able to be employed by Civil Service
   4. “don’t ask, don’t tell” policy adopted as compromise for gays and lesbians in military

g. The Environmental Movement
   i. Earth Day first celebrated in 1970 and reflected concerns over pollution and environmental destruction
   ii. after Chernobyl nuclear explosion, Three Mile Island power plant accident and Exxon Valdez tanker spill, public opinion began to question technological progress
   iii. in response, Clean Air Act passed and Environmental Protection Agency created

h. led to greater stress and conservative reaction

Chapter 30: A New Global Era, 1980- Present
642
1. The Rise of Conservatism
   a. became more and more conservative
   b. coalition of economic and political conservatives, religious fundamentalists, and political action committees opposed to big govt, liberalism, gun control, feminism, gay rights, welfare, affirmative action, sexual permissiveness, abortion and drug use
   c. Leading Issues
      i. wanted lower taxes, improved morals and reduce emphasis on affirmative action
      ii. taxpayers’ revolt
         1. Proposition 13 sharply cut property taxes in California
         2. believed that tax cuts would promote economic growth
      iii. moral revival
         1. religion became part of politics
         2. used to unseat liberal members of Congress
         3. wanted prayer and creationism in schools
      iv. “reverse discrimination”
         1. Johnson started affirmative action
         2. white males blamed stagflation on the “reverse discrimination”
            3. Regents of the University of California v. Bakke decided that college admissions could not be based on race alone
   d. Ronald Reagan and the Election of 1980
      i. Reagan used the Tehran hostage situation and worsening stagflation to win the election against Carter
      ii. broke up the blue-collar vote and won a majority in Congress

2. The Reagan Revolution
   a. Supply-Side Economics (“Reaganomics”)
      i. tax cuts reduced govt spending --> more private sector investment --> increased production, jobs and prosperity-- trickle-down economics
ii. opposed to Keynesian economics, which relied on govt spending
iii. Federal tax reduction
   1. corporate income, capital gains, gift and inheritance taxes cut, which benefited the upper-income taxpayers
   2. **Individual Retirement Accounts** allowed investors to invest up to $2,000 a year without paying taxes on money
iv. Spending cuts
   1. money cut from domestic programs given to military spending
   2. retirement age for social security system increased and benefits paid to upper-income recipients taxed
b. Deregulation
   i. federal regulations (savings and loan institutions, mergers, takeovers, environmental etc.) on business and industry reduced
   ii. federal lands opened for coal and timber production
c. Labor Unions
   i. anti-union policies like firing workers and hiring strike replacements reduced union membership
   ii. also decreased wages
d. Recession and Recovery
   i. worst recession since the 1930s, but reduced inflation rate
   ii. recovery widened income gap between rich and poor
   iii. rich became richer while middle class standard of living remained the same/declined
e. Social Issues
   i. appointed conservatives to the Supreme Court
   ii. scaled back affirmative action
   iii. limited Roe v. Wade by allowing certain restrictions on minors
f. Ronald Reagan won the election of 1984 easily against Mondale
g. Budget and Trade Deficits
   i. tax cuts with increases in military spending created huge federal deficits and debts
   ii. tax cuts did not stimulate investments-- only increased consumption of foreign made luxury/consumer items
   iii. trade imbalance caused US to become debtor nation
   iv. **Gramm-Rudman-Hollings Balanced Budget Act** cut spending across-the-board-- was partially successful
h. Impact of Reaganomics
   i. contained the growth of the welfare state
   ii. deficits caused future politics to be about which programs to cut and by how much, not about new programs
3. Foreign Policy During the Reagan Years
   a. first term, wanted to use military force to intensify the Cold War with the SU
   b. second term, became more flexible
c. Renewing the Cold War
   i. military buildup
      1. more weapons systems and greater navy
      2. **Strategic Defense Initiative** was proposed high-tech system of lasers and particle beams to destroy enemy missiles
      3. budget almost doubled
   ii. Central America
      1. supported right-wing dictators to keep out communism
2. gave support to “contras” in Nicaragua who fought against the Sandinistas in power

3. **Boland Amendment** passed by Democrats to prohibit further aid to the contras
   
   iii. Grenada
   
   1. pro-Cuban regime established in coup
   
   2. but Reagan invaded to reestablish friendly government

   iv. Iran-contra affair
   
   1. sold arms to Iran and used profits to fund contras
   
   2. violation of Boland Amendment and congressional budget authority
   
   3. only temporarily dropped Reagan’s approval ratings

d. Lebanon, Israel, and the PLO
   
   i. Israel invaded southern Lebanon to deal with PLO (terrorists sort of)
   
   ii. US embassy bombed, so US pulls out
   
   iii. but civil war resolved and leader of PLO recognized Israel

e. Improved US-Soviet Relations
   
   i. had intensified due to Reagan’s policies
   
   ii. **Gorbachev**’s policies
   
   1. glasnost- less political repression and greater freedom for Soviet citizens
   
   2. perestroika- freer Soviet economy

   iii. INF agreement- remove and destroy all intermediate-range missiles

   iv. pullout Soviet troops from Afghanistan

   v. Reagan administration claimed it was the military buildup that caused SU to abandon Cold War

   vi. others credited containment policy and Gorbachev’s initiative

4. **President George H. Bush and the End of the Cold War**

a. The Election of 1988
   
   i. Republican Bush won against expressionless Dukakis
   
   ii. pledged no new taxes
   
   iii. but Democrats retained majority in Congress

b. The Collapse of Soviet Communism and the Soviet Union
   
   i. Tiananmen Square prodemocracy protests were crushed by the Chinese Communist government
   
   ii. Gorbachev said he wouldn’t militarily support the satellite states anymore
   
   iii. Communist party fell out of power in many countries, starting with Poland
   
   iv. countries all declared independence from SU and formed a new confederation called the **Commonwealth of Independent States**
   
   v. new leader was **Boris Yeltsin**
   
   vi. **START I** agreement reduced the number of nuclear warheads to under 10,000 for each side

   vii. **START II** reduced it to 3,000 each
   
   viii. civil wars broke out in satellite states

c. Invasion of Panama
   
   i. invaded to remove autocratic **Manuel Noriega**
   
   ii. supposedly to prevent his country’s use as a drug pipeline to US
   
   iii. troops remained until elections established better government

d. Persian Gulf War
   
   i. Iraq’s dictator, Saddam Hussein, invaded oil-rich Kuwait
   
   ii. **Desert Storm** was military attack that forced Iraq to lose, but did not drive Hussein out of power
Domestic Problems

i. controversially conservative Clarence Thomas was still confirmed for the Supreme Court

ii. paying savings and loans back and saving S & L institutions would cost taxpayers a lot

iii. felt betrayed when Bush increased taxes

iv. Americans with Disabilities- prohibited discrimination against citizens with physical and mental disabilities in hiring, transportation, and public accommodation

v. cut federal programs in response to recession, which did not help lower-income people

5. The Clinton Years, 1993-2001: Prosperity and Partisanship

a. greater disillusionment with government

b. wanted to impose term limits on elected officials, but US Term Limits Inc. v. Thorton ruled that states could not limit tenure of federal lawmakers without constitutional amendment

c. 27th amendment prevented members of Congress from raising their own salaries

d. Clinton won the election of 1992 by focusing on economic issues like jobs, education and health care, while Bush seemed out of touch, focusing on foreign policy

e. Clinton’s First Term (1993-1997)

i. laws were filibustered in the Senate

ii. health care reform rejected by insurance industry and small business organizations

iii. Family and Medical Leave Act and “motor-voter” law enabled citizens to register to vote as they received driver’s license

iv. Brady Handgun bill required five-day waiting period for the purchase of handguns

v. Anti-Crime Bill gave more funding for police protection and crime-prevention programs

vi. spending cut and taxes increased to reduce the deficit

vii. North American Free Trade Agreement created free-trade zone with Canada and Mexico

f. Republicans Take Over Congress

i. Republicans gained majority in both houses of Congress --> Democrats say no more big business

ii. conflict over budget led to two federal government shutdowns

iii. Oklahoma City bombing killed 169

iv. Budget Compromise

1. Medicare and Social Security benefits retained

2. Personal Responsibility and Work Opportunity Act- limited welfare benefits to five years

3. immigrant restrictions increased

4. minimum wage increased

5. Clinton characterized Republicans as extremists and took their popular positions

g. Clinton won again, but turnout was under 50 percent; Republicans retained control of Congress

h. Clinton’s Second Term: Prosperity and Poisonous Politics

i. huge economic growth due to technological innovations and business cost-cutting efficiency

ii. inflation rate held down

iii. stock market and real estate values increased

iv. unemployment rate dropped to record low of 3.9%

v. but boom ended in 2001 again

vi. Issues of the Surplus

1. compromise:

   a. tax credits given for families with children and higher education expenses

   b. taxes given on estates and capital gains
2. Republicans wanted more tax cuts but Clinton wanted to use the surplus to support social security, expand Medicare and reduce the national debt

vii. Clintons investigated for illegalities in Whitewater real estate deal, firings of White House staff and political use of FBI files, but nothing found except for Lewinsky thing

viii. Clinton impeached but no where close to being removed

i. Foreign Policy in the Clinton Administration

i. first term- Secretary of State Warren Christopher conducted low-key foreign

ii. second term- Secretary of State Madeleine Albright was more assertive but fuzzy about peacekeeping role

iii. peacekeeping
   1. troops sent to Haiti to restore elected president Aristide after military coup and bad economic conditions
   2. helped negotiate end of British rule in Northern Ireland

iv. Europe
   1. Putin had to deal with physical breakdown of systems
   2. relations strained due to brutal repression of civil war in Chechnya and Russian support of Serbia in Balkan wars
   3. Milosevic suppressed independence movements in former Russian provinces and conducted “ethnic cleansing”
   4. Balkan Wars finally stopped by NATO troops and diplomacy

v. Asia
   1. North Korea, India and Pakistan all gained nuclear weapons and tested them
   2. trade agreements with China despite human rights abuses

vi. Middle East
   1. Hussein refused to comply with UN weapons inspectors so Clinton used air strikes against Iraq
   2. more Israeli-Palestinian peace process, but hindered by assassination of Yitzak Rabin

vii. Globalization
   1. more trade, communication and movement of capital around the world
   2. World Trade Organization established to oversee trade agreements, enforce trade rules and settle disputes
   3. International Monetary Fund and World Bank made loans to and supervised the policies of weaker countries
   4. European Union became unified market of 15 nations and a single currency
   5. G-7 (Canada, France, Germany, Italy, Japan, UK and US) remained economic powers, but China, Russia, Brazil and India enjoyed rapid development
   6. greater gap between rich and poor nations

6. A Changing American Society
   a. US became third most populous nation in the world
   b. South and West increased in population, thus political power
   c. Hispanics were fastest growing population
   d. immigration prevents negative population growth
   e. increase in life expectancy causing worries about health care, senior housing and Social Security
   f. single-parent families increasing— their children didn’t have enough support
   g. homeownership and income increased
   h. income distribution based on race and education level
   i. huge income disparity
7. Challenges of the Early 21st Century
   a. Disputed Election of 2000
      i. close election that had to be settled by recount of Florida punch card votes
      ii. Bush v. Gore ruled that the varying standards used in Florida’s recount violated the Equal-Protection Clause of the Fourteenth Amendment
      iii. Bush won
   b. Political Polarization
      i. conservative rural areas and small towns = Republican
      ii. diverse, tolerant and international-minded = Democratic
      iii. gerrymandering created “safe seats” to reward partisanship and discourage compromise
   c. Domestic Policies and Problems
      i. tax cuts, deregulation, federal aid to faith-based organizations, pro-life legislation, school choice, privatization of Social Security and Medicare, drilling for oil and gas in the Alaska wildlife refuge, and voluntary environmental standards for industry
      ii. tax rebates given and top tax bracket lowered-- Democrats blamed Republicans for giving most of the benefits to the rich and for doubling the debt
      iii. No Child Left Behind Act aimed to improve student performance through nationwide testing of all students
      iv. Medicare seniors allowed to enroll in private insurance companies
      v. stock market crashed in 2002; big corporations falsified stated earnings and profits
      vi. interest rates cut
      vii. investors went into real estate, which burst later
   d. The War on Terrorism
      i. confident and aggressive against terrorism, which made Americans feel good but not foreigners
      ii. roots of terrorism
         1. blamed for siding with Israel in Middle-East conflicts
         2. Ottoman Empire replaced by Western-style, secular nation-states
         3. violation of lands caused Islamic extremists to preach jihad (holy war) against the Jews and Crusaders
      iii. World Trade Center bombing made American angry and empowered Bush administration to take action
      iv. Homeland Security
         1. new department created by combining federal agencies
         2. Patriot Acts of 2002 and 2003 gave US govt powers to obtain information and expand surveillance and arrest powers
         3. bipartisan commission on terrorism created new job of Director of National Intelligence to coordinate the intelligence activities of FBI, CIA, and Defense Department
      v. foreign policy
         1. helped expand the EU and NATO, admit China to the World Trade Organization and broker conflicts between India and Pakistan
         2. but walked out of Kyoto Accord to prevent global warming, UN conference on racism, abandoned Anti-Ballistic Missile Treaty with Russia and would not negotiate with North Korea or Iran
         3. Bush Doctrine- containment and deterrence no longer effective in world of stateless terrorism
            a. preemptive attacks justified to stop the use of weapons of mass destruction
4. axis of evil- North Korea, Iraq and Iran
5. Iraq War was preemptive but unable to find weapons of mass destruction
6. Iraq army defeated along, but still violence between Sunni and Shiite groups

e. Elections of 2004 and a Bush Second Term
i. Democrats selected John Kerry, but lost to Bush because seemed like a flip-flopper
ii. Republicans won Congress and the Presidency
iii. More War
1. first election held, national assembly created and prime minister and ministers selected
2. did not reduce violence so Iraqi Study Group recommended steps to have Iraqis take greater responsibility for their country, but Bush rejected timetable
3. instead increased troops
4. in Afghanistan, Taliban increased attacks

iv. Washington Politics
1. wanted Americans to invest their Social Security payroll deductions in market investments
2. failed to pass immigration reform
3. FEMA failed to anticipate and respond to Hurricane Katrina
4. corruption caused voters to go Democrat in next election
5. but Bush was able to appoint conservatives to the court

1. speculators promised to “flip” properties for quick profit
2. securitization- packaging of high-risk loans
3. liquidity (credit) crisis because banks lacked funds or were afraid to make loans to businesses and consumers necessary for the day-to-day functions of the economy
4. gas prices and unemployment soared, stock market declined
5. stimulus package released along with Economic Stabilization Act of 2008

6. Troubled Assets Relief Program purchased failing assets that included mortgages and mortgage related securities

vi. Obama won the election of 2008

8. An Historic Change in the Face of Crisis
a. Bush followed Obama’s suggestion to use remaining TARP funds to support General Motors and Chrysler Corporation
b. First 100 Days
i. Executive orders
1. banned torture
2. expanded stem-cell research and pro-abortion funding

ii. American Recovery and Reinvestment Act of 2009 gave more money to construction projects, health care, education and renewable energy

iii. Public-Private Investment Program for Legacy Assets purchased bad mortgage-back securities from banks to restore confidence in banks and increase availability of credit for businesses and consumers

iv. Changes in Financial System Regulations
1. stronger financial standards on large financial institutions
2. extending federal financial regulations on large hedge funds

v. Aid to the Auto Industry
1. requested resignation of CEO of General Motors
2. bankruptcy plan involved more govt aid and new ownership
vi. International Security
   1. decided to withdraw out of Iraq
   2. more troops in Afghanistan to combat Taliban
   3. more aid to Mexico to fight drug trafficking

vii. Campaign initiatives
   1. more reforms in health care, education and energy
   2. strategy questioned due to large deficit and huge budget