

CONSERVATIVE RESURGENCE, 1980–2000

*In this present crisis, government is not the solution to our problem;
government is the problem.*

President Ronald Reagan, Inaugural Address, January 20, 1981

The most important changes during the 1980s and 1990s included the collapse of communism in Eastern Europe, the breakup of the Soviet Union, and the end of the Cold War. In the post-Cold War world, older ethnic and religious conflicts reemerged to threaten the peace with civil wars and terrorism. On the domestic scene, the conservative agenda of the Reagan administration (1981–1989)—for a stronger military, lower taxes, fewer social programs, and traditional cultural values—helped the Republicans to dominate much of national politics in the 1980s and 1990s.

The Rise of Conservatism

Even though Barry Goldwater was defeated in a landslide in the election of 1964, his campaign for the presidency marked the beginning of the resurgence of conservatism. The policies of presidents Nixon and Ford and the writings of the conservative political commentator William F. Buckley Jr. and the free-market economist Milton Friedman gave evidence in the 1970s of a steady shift to the right, away from the liberalism of the 1960s. By 1980, a loose coalition of economic and political conservatives, religious fundamentalists, and political action committees (PACs) had become a potent force for change. These groups opposed big government, New Deal liberalism, gun control, feminism, gay rights, welfare, affirmative action, sexual permissiveness, abortion, and drug use. They believed that these issues were undermining family and religious values, the work ethic, and national security.

Leading Issues

By 1980, various activists had taken the lead in establishing a conservative agenda for the nation, which included such diverse causes as lower taxes, changed morals, and reduced emphasis on affirmative action.

Taxpayers' Revolt In 1978, California voters led the revolt against increasing taxes by passing Proposition 13, a measure that sharply cut property

taxes. Nationally, conservatives promoted economist Arthur Laffer's belief that tax cuts would increase government revenues. Two Republican members of Congress, Jack Kemp and William Roth, proposed legislation to reduce federal taxes by 30 percent, which became the basis for the Reagan tax cuts.

Conservative Religious Revival Moral decay was a weekly theme of religious leaders on television such as Pat Robertson, Oral Roberts, and Jim Baker. By 1980, televangelists had a combined weekly audience of between 60 and 100 million viewers. Religion became an instrument of electoral politics when an evangelist from Virginia, Jerry Falwell, founded the Moral Majority, which financed campaigns to unseat liberal members of Congress. Religious fundamentalists attacked "secular humanism" as a godless creed taking over public education and also campaigned for the return of prayers and the teaching of the Biblical account of creation in public schools. The legalization of abortion in the *Roe v. Wade* (1973) decision sparked the right-to-life movement. This movement united Catholics and fundamentalist Protestants, who believed that human life begins at the moment of conception.

Elimination of Racial Preferences In 1965, President Johnson had committed the U.S. government to a policy of affirmative action to ensure that underprivileged minorities and women would have equal access to education, jobs, and promotions. Suffering through years of recession and stagflation in the 1970s, many whites blamed their troubles on affirmative action, calling it "reverse discrimination." In a landmark court case challenging the admissions policies of one medical school, *Regents of the University of California v. Bakke* (1978), the Supreme Court ruled that while race could be considered, the school had created racial quotas, which were unconstitutional. Using this decision, conservatives intensified their campaign to end all preferences based on race and ethnicity.

De-Regulation of Business Starting in the 1970s, business interests launched a very successful campaign to mobilize and influence federal and state governments to curtail regulations, lower taxes, and weaken labor unions. Business donors created "think tanks," such as the American Enterprise Institute, the Heritage Foundation, and the Cato Institute, to promote free-market ideas, while the U.S. Chamber of Commerce lobbied for pro-business legislation.

Ronald Reagan and the Election of 1980

Ronald Reagan, a well-known movie and television actor, gained fame among Republicans as an effective political speaker in the 1964 Goldwater campaign. He was soon elected the governor of California, the nation's most populous state. By 1976, Reagan was the party's leading spokesperson for conservative positions, and he almost defeated President Ford for the nomination. Handsome and vigorous in his late sixties, he proved a master of the media and was seen by millions as a likable and sensible champion of average Americans. In 1980, Reagan won the Republican nomination.

Campaign for President, 1980 Senator Edward Kennedy's challenge to President Carter for the Democratic nomination left Carter battered in the

polls. As the Republican nominee, Reagan attacked the Democrats for expanding government and for undermining U.S. prestige abroad. (Throughout the campaign, American hostages remained in the hands of Iranian radicals.) Reagan also pointed to a “misery index” of 28 (rate of inflation added to the rate of unemployment) and concluded his campaign by asking a huge television audience, “Are you better off now than you were four years ago?” The voters’ rejection of Carter’s presidency and the growing conservative mood gave Reagan 51 percent of the popular vote and almost 91 percent of the electoral vote. Carter received 41 percent of the popular vote. A third candidate, John Anderson, a moderate Republican running as an independent, received 8 percent.

Significance Reagan’s election broke up a key element of the New Deal coalition by taking more than 50 percent of the blue-collar vote. The defeat of 11 liberal Democratic senators targeted by the Moral Majority gave the Republicans control of the Senate for the first time since 1954. The Republicans also gained 33 seats in the House, which when combined with the votes of conservative southern Democrats, would give them a working majority on many key issues. The 1980 election ended a half-century of Democratic dominance of Congress.

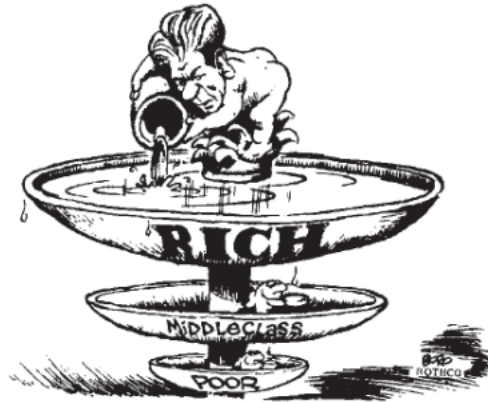
The Reagan Revolution

On the very day that Reagan was inaugurated, the Iranians released the 52 American hostages, giving his administration a positive start. Two months later, the president survived a serious gunshot wound from an assassination attempt. Reagan handled the crisis with such humor and charm that he emerged from the ordeal as an even more popular leader. He pledged that his administration would lower taxes, reduce government spending on welfare, build up the U.S. armed forces, and create a more conservative federal court. He delivered on all four promises—but there were costs.

Supply-Side Economics (“Reaganomics”)

The Reagan administration advocated supply-side economics, arguing that tax cuts and reduced government spending would increase investment by the private sector, which would lead to increased production, jobs, and prosperity. This approach contrasted with the Keynesian economics long favored by the Democrats, which relied on government spending during economic downturns to boost consumer income and demand. Critics of the supply-side theory compared it to the “trickle-down” economics of the 1920s, in which wealthy Americans prospered, and some of their increased spending benefited the middle class and the poor.

Federal Tax Reduction The legislative activity early in Reagan’s presidency reminded some in the media of FDR’s Hundred Days. Congress passed the Economic Recovery Act of 1981, which included a 25 percent decrease in personal income taxes over three years. Cuts in the corporate income tax, capital gains tax, and gift and inheritance taxes guaranteed that a large share of the tax relief went to upper-income taxpayers. Under Reagan, the top income



Source: Len Boro/Rothco

tax rate was reduced to 28 percent. At the same time, small investors were also helped by a provision that allowed them to invest up to \$2,000 a year in Individual Retirement Accounts (IRAs) without paying taxes on this money.

Spending Cuts With the help of conservative southern Democrats (“boll weevils”), the Republicans cut more than \$40 billion from domestic programs, such as food stamps, student loans, and mass transportation. However, these savings were offset by a dramatic increase in military spending. Reagan pushed through no cuts in Medicare or Social Security, but he did support and sign into law a bipartisan bill to strengthen Social Security. The law increased what individuals paid into the system, raised the age at which they could get full benefits to 67, and taxed some benefits paid to upper-income recipients.

Deregulation

Following up on the promise of “getting government off the backs of the people,” the Reagan administration reduced federal regulations on business and industry—a policy of deregulation begun under Carter. Restrictions were eased on savings and loan institutions, mergers and takeovers by large corporations, and environmental protection. To help the struggling American auto industry, regulations on emissions and auto safety were also reduced. Secretary of the Interior James Watt opened federal lands for increased coal and timber production and offshore waters for oil drilling.

Labor Unions

Despite having once been the president of the Screen Actors Guild, Reagan took a tough stand against unions. He fired thousands of striking federal air traffic controllers for violating their contract and decertified their union (PATCO). Many businesses followed this action by hiring striker replacements in labor conflicts. These anti-union policies along with the loss of manufacturing jobs hastened the decline of union membership among nonfarm workers

from more than 30 percent in 1962 to only 12 percent in the late 1990s. In addition, the recession of 1982 and foreign competition had a dampening effect on workers' wages.

Recession and Recovery

In 1982, the nation suffered the worst recession since the 1930s. Banks failed and unemployment reached 11 percent. However, the recession, along with a fall in oil prices, reduced the double-digit inflation rate of the late 1970s to less than 4 percent. As the policies of Reaganomics took hold, the economy rebounded and beginning in 1983 entered a long period of recovery. However, the recovery only widened the income gap between rich and poor. While upper-income groups, including well-educated workers and “yuppies” (young urban professionals) enjoyed higher incomes from a deregulated marketplace, the standard of living of the middle class remained stagnant or declined. Not until the late 1990s did the middle class gain back some of its losses.

Social Issues

President Reagan followed through on his pledge to appoint conservative judges to the Supreme Court by nominating Sandra Day O'Connor, the first woman on the Court, as well as Antonin Scalia and Anthony Kennedy. Led by a new chief justice, William Rehnquist, the Supreme Court scaled back affirmative action in hiring and promotions, and limited *Roe v. Wade* by allowing states to impose certain restrictions on abortion, such as requiring minors to notify their parents before having an abortion.

The Election of 1984

The return of prosperity, even if not fully shared by all Americans, restored public confidence in the Reagan administration. At their convention in 1984, Republicans nominated their popular president by acclamation. Among Democrats, Jesse Jackson became the first African American politician to make a strong run for the presidency by seeking the support of all minority groups under the banner of the National Rainbow Coalition. However, Democrats nominated Walter Mondale, Carter's vice president, to be their presidential candidate. For vice president, they chose Representative Geraldine Ferraro of New York, the first woman to run for vice president on a major party ticket.

President Reagan campaigned on an optimistic “It's Morning Again in America” theme. Reagan took every state except Mondale's home state of Minnesota. Two-thirds of white males voted for Reagan. Analysis of voting returns indicated that only two groups still favored the Democrats: African Americans and those earning less than \$12,500 a year.

Budget and Trade Deficits

By the mid-1980s, Reagan's tax cuts combined with large increases in military spending were creating federal deficits of more than \$200 billion a year. Over the course of Reagan's two terms as president, the national debt tripled from about \$900 billion to almost \$2.7 trillion. The tax cuts, designed to stimulate

investments, seemed only to increase consumption, especially of foreign-made luxury and consumer items. As a result, the U.S. trade deficit reached a then-staggering \$150 billion a year. The cumulative trade imbalance of \$1 trillion during the 1980s contributed to a dramatic increase in the foreign ownership of U.S. real estate and industry. In 1985, for the first time since the World War I era, the United States became a debtor nation.

In an effort to reduce the federal deficit, Congress in 1985 passed the Gramm-Rudman-Hollings Balanced Budget Act, which provided for across-the-board spending cuts. Court rulings and later congressional changes kept this legislation from achieving its full purpose, but Congress was still able to reduce the deficit by \$66 billion from 1986 to 1988.

Impact of Reaganomics

President Reagan's two terms reduced restrictions on a free-market economy and put more money in the hands of investors and higher income Americans. Reagan's policies also succeeded in containing the growth of the New Deal-Great Society welfare state. Another legacy of the Reagan years were the huge federal deficits of \$200 to 300 billion a year, which changed the context of future political debates. With yearly deficits running between \$200 and \$300 billion, it no longer seemed reasonable for either Democrats or Republicans to propose new social programs, such as universal health coverage. Instead of asking what new government programs might be needed, Reaganomics changed the debate to issues of which government programs to cut and by how much.

Foreign Policy During the Reagan Years

Reagan started his presidency determined to restore the military might and superpower prestige of the United States and to intensify the Cold War competition with the Soviet Union. He called the Soviet Communists "the evil empire" and "focus of evil in the modern world." Reagan was prepared to use military force to back up his rhetoric. During his second term, however, he proved flexible enough in his foreign policy to respond to significant changes in the Soviet Union and its satellites in Eastern Europe.

Renewing the Cold War

Increased spending for defense and aid to anti-communist forces in Latin America were the hallmarks of Reagan's approach to the Cold War during his first term.

Military Buildup The Reagan administration spent billions to build new weapons systems, such as the B-1 bomber and the MX missile, and to expand the U.S. Navy from 450 to 600 ships. The administration also increased spending on the Strategic Defense Initiative (SDI), an ambitious plan for building a high-tech system of lasers and particle beams to destroy enemy missiles before they could reach U.S. territory. Critics called the SDI "Star Wars" and argued that the costly program would only escalate the arms race and could be overwhelmed by the Soviets building more missiles. Although Congress made

some cuts in the Reagan proposals, the defense budget grew from \$171 billion in 1981 to more than \$300 billion in 1985.

Central America In the Americas, Reagan supported “friendly” right-wing dictators to keep out communism. In Nicaragua in 1979, a Marxist movement known as the Sandinistas had overthrown the country’s dictator. In response, the United States provided significant military aid to the “contras” in their effort to dislodge the Sandinistas. In 1985, Democrats opposed to the administration’s policies in Nicaragua passed the Boland Amendment, which prohibited further aid to the contras.

In El Salvador, meanwhile, the Reagan administration spent nearly \$5 billion to support the Salvadoran government against a coalition of leftist guerrillas. Many Americans protested the killing of more than 40,000 civilians, including American missionaries, by right-wing “death squads” with connections to the El Salvador army.

Grenada On the small Caribbean island of Grenada, a coup led to the establishment of a pro-Cuban regime. In October 1983, President Reagan ordered a small force of marines to invade the island in order to prevent the establishment of a strategic Communist military base in the Americas. The invasion quickly succeeded in re-establishing a pro-U.S. government in Grenada.

Iran-Contra Affair If Grenada was the notable military triumph of Reagan’s presidency, his efforts to aid the Nicaraguan contras involved him in a serious blunder and scandal. The so-called Iran-contra affair had its origins in U.S. troubles with Iran. Since 1980, Iran and Iraq had been engaged in a bloody war. Reagan aides came up with the plan—kept secret from the American public—of selling U.S. antitank and anti-aircraft missiles to Iran’s government for its help in freeing the Americans held hostage by a radical Arab group. In 1986, another Reagan staff member had the “great idea” to use the profits of the arms deal with Iran to fund the contras in Nicaragua.

President Reagan denied that he had knowledge of the illegal diversion of funds—illegal in that it violated both the Boland Amendment and congressional budget authority. The picture that emerged from a televised congressional investigation was of an uninformed, hands-off president who was easily manipulated by his advisers. Reagan suffered a sharp, but temporary, drop in the popularity polls.

Lebanon, Israel, and the PLO

Reagan suffered a series of setbacks in the Middle East. In 1982, Israel (with U.S. approval) invaded southern Lebanon to stop Palestinian Liberation Organization (PLO) terrorists from raiding Israel. Soon the United States sent peacekeeping forces into Lebanon in an effort to contain that country’s bitter civil war. In April 1983, an Arab suicide squad bombed the U.S. embassy in Beirut, killing 63 people. A few months later, another Arab terrorist drove a bomb-filled truck into the U.S. Marines barracks, killing 241 servicemen. In 1984, Reagan pulled U.S. forces out of Lebanon, with little to show for the effort and loss of lives.

Secretary of State George Schultz pushed for a peaceful settlement of the Palestinian-Israeli conflict by setting up a homeland for the PLO in the West

Bank territories occupied by Israel since the 1967 war. Under U.S. pressure, PLO leader Yasser Arafat agreed in 1988 to recognize Israel's right to exist.

Improved U.S.-Soviet Relations

The Cold War intensified in the early 1980s as a result of both Reagan's arms buildup and the Soviet deployment of a larger number of missiles against NATO countries. In 1985, however, a dynamic reformer, Mikhail Gorbachev, became the new Soviet leader. Gorbachev attempted to change Soviet domestic politics by introducing two major reforms: (1) *glasnost*, or openness, to end political repression and move toward greater political freedom for Soviet citizens, and (2) *perestroika*, or restructuring of the Soviet economy by introducing some free-market practices. To achieve his reforms, Gorbachev wanted to end the costly arms race and deal with a deteriorating Soviet economy. In 1987, President Reagan challenged the Soviet leader to follow through with his reforms. In front of Brandenburg Gate and the Berlin Wall, a divisive symbol of the Cold War, Reagan ended his speech with the line, "Mr. Gorbachev, tear down this wall."

Gorbachev and Reagan did agree to remove and destroy all intermediate-range missiles (the INF agreement). In 1988, Gorbachev further reduced Cold War tensions by starting the pullout of Soviet troops from Afghanistan. He also cooperated with the United States in putting diplomatic pressure on Iran and Iraq to end their war. By the end of Reagan's second term, superpower relations had so improved that the end of the Cold War seemed at hand.

Assessing Reagan's Policy The Reagan administration argued that its military buildup forced the Soviet Union to concede defeat and abandon the

Cold War. Some have concluded that Gorbachev ended the Cold War in order to reform the troubled Communist economic and political system. And yet others have given credit to George Kennan's containment policies. Whatever caused the Soviets to change their policy, Reagan responded by seizing the opportunity to end the Cold War.



Source: Edmund S. Valtman / Library of Congress. 1991

By the end of Reagan's second term in 1988, "the Great Communicator's" combination of style, humor, and expressions of patriotism had won over the electorate. He would leave office as one of the most popular presidents of the 20th century. In addition, he changed the politics of the nation for at least a generation by bringing many former Democrats into the Republican party.

George H. W. Bush and the End of the Cold War

The Cold War had threatened the very existence of humankind. At the same time, ever since 1945, the conflict had given clear purpose and structure to U.S. foreign policy. What would be the role of the United States in the world *after* the Cold War? George H. W. Bush, a former ambassador to the United Nations and director of the CIA (and the father of President George W. Bush), became the first president to define the country's role in the new era.

The Election of 1988

The Democrats regained control of the Senate in 1986 and expected that the Iran-contra scandal and the huge deficits under Reagan would hurt the Republicans in the presidential race of 1988. Michael Dukakis, governor of Massachusetts, won the Democratic nomination and balanced the ticket by selecting Senator Lloyd Bentsen of Texas as his running mate. The Republican candidates were Reagan's vice president, George H. W. Bush, and a young Indiana senator, Dan Quayle. Bush did not have Reagan's ease in front of the camera, but he quickly overtook an expressionless Dukakis by charging that the Democrat was soft on crime (for furloughing criminals) and weak on national defense. Bush also appealed to voters by promising not to raise taxes: "Read my lips—no new taxes."

The Republicans won a decisive victory in November by a margin of 7 million votes. Once again, the Democrats failed to win the confidence of most white middle-class voters. Nevertheless, the voters sent mixed signals by returning larger Democratic majorities to both the House and the Senate. Americans evidently believed in the system of checks and balances, but it often produced legislative gridlock in Washington.

The Collapse of Soviet Communism and the Soviet Union

The first years of the Bush administration were dominated by dramatic changes in the Communist world.

Tiananmen Square In China during the spring of 1989, prodemocracy students demonstrated for freedom in Beijing's Tiananmen Square. Television cameras from the West broadcast the democracy movement around the world. Under the cover of night, the Chinese Communist government crushed the protest with tanks, killing hundreds and ending the brief flowering of an open political environment in China.

Eastern Europe Challenges to communism in Eastern Europe produced more positive results. Gorbachev declared that he would no longer support the various Communist governments of Eastern Europe with Soviet armed forces.

Starting in Poland in 1989 with the election of Lech Walesa, the leader of the once-outlawed Solidarity movement, the Communist party fell from power in one country after another—Hungary, Czechoslovakia, Bulgaria, and Romania. The Communists in East Germany were forced out of power after protesters tore down the Berlin Wall, the hated symbol of the Cold War. In October 1990, the two Germanys, divided since 1945, were finally reunited with the blessing of both NATO and the Soviet Union.

Breakup of the Soviet Union The swift march of events and the nationalist desire for self-determination soon overwhelmed Gorbachev and the Soviet Union. In 1990 the Soviet Baltic republics of Estonia, Latvia, and Lithuania declared their independence. After a failed coup against Gorbachev by Communist hard-liners, the remaining republics dissolved the Soviet Union in December 1991, leaving Gorbachev a leader with no country. Boris Yeltsin, president of the Russian Republic, joined with nine former Soviet republics to form a loose confederation, the Commonwealth of Independent States (CIS). Yeltsin disbanded the Communist party in Russia and attempted to establish a democracy and a free-market economy.

End of the Cold War Sweeping agreements to dismantle their nuclear weapons were one piece of tangible proof that the Cold War had ended. Bush and Gorbachev signed the START I agreement in 1991, reducing the number of nuclear warheads to under 10,000 for each side. In late 1992, Bush and Yeltsin agreed to a START II treaty, which reduced the number of nuclear weapons to just over 3,000 each. The treaty also offered U.S. economic assistance to the troubled Russian economy.

EASTERN EUROPE AFTER THE FALL OF COMMUNISM



Even as Soviet Communism collapsed, President Bush, a seasoned diplomat, remained cautious. Instead of celebrating final victory in the Cold War, Americans grew concerned about the outbreak of civil wars and violence in the former Soviet Union. In Eastern Europe, Yugoslavia started to disintegrate in 1991, and a civil war broke out in the province of Bosnia and Herzegovina in 1992. At home, the end of the Cold War raised questions about whether the United States still needed such heavy defense spending and as many U.S. military bases around the world.

Invasion of Panama

Since the outbreak of the Cold War in the 1940s, U.S. intervention in foreign conflicts had been consistently tied to the containment of communism. In December 1989, U.S. troops were used for a different purpose, as Bush ordered the invasion of Panama to remove the autocratic General Manuel Noriega. The alleged purpose of the invasion was to stop Noriega from using his country as a drug pipeline to the United States. U.S. troops remained until elections established a more credible government.

Persian Gulf War

President Bush's hopes for a "new world order" of peace and democracy were challenged in August 1990 when Iraq's dictator, Saddam Hussein, invaded oil-rich but weak Kuwait. This move threatened Western oil sources in Saudi Arabia and the Persian Gulf. President Bush successfully built a coalition of United Nations members to pressure Hussein to withdraw from Kuwait. However, a U.N. embargo against Iraq had little effect. Bush won congressional approval for a military campaign to roll back Iraq's aggression. In January 1991, in a massive operation called Desert Storm, more than 500,000 Americans were joined by military units from 28 other nations. Five weeks of relentless air strikes were followed by a brilliant invasion led by U.S. General Norman Schwarzkopf. After only 100 hours of fighting on the ground, Iraq conceded defeat.

Some Americans were disappointed that the United States stopped short of driving Saddam Hussein from power in Iraq. Nevertheless, after the victory, Bush enjoyed a boost in his approval rating to nearly 90 percent.

Domestic Problems

President Bush's political future seemed secure based on his foreign policy successes, but a host of domestic problems dogged his administration.

Nomination of Clarence Thomas The president's nomination of Clarence Thomas to the Supreme Court to replace the retiring Thurgood Marshall proved extremely controversial. Thomas's conservative views on judicial issues and charges of sexual harassment against him particularly angered African Americans and women. Nevertheless, the Senate confirmed him.

Taxes and the Economy Americans were shocked to learn that the government's intervention to save weak savings and loan institutions (S&Ls) and to pay insured depositors for funds lost in failed S&Ls would cost the taxpayers

more than \$250 billion. Also disturbing were the federal budget deficits of more than \$250 billion a year. Many Republicans felt betrayed when, in 1990, Bush violated his campaign pledge of “no new taxes” by agreeing to accept the Democratic Congress’ proposed \$133 billion in new taxes. The unpopular tax law increased the top income tax rate to 31 percent and raised federal excise taxes on beer, wine, cigarettes, gasoline, luxury cars, and yachts. Most damaging of all for Bush’s re-election prospects was a recession starting in 1990 that ended the Reagan era of prosperity, increased unemployment, and decreased average family income.

Political Inertia President Bush began his administration calling for “a kinder, gentler America” and declaring himself the “education president.” He did sign into law the Americans With Disabilities Act (1990), which prohibited discrimination against citizens with physical and mental disabilities in hiring, transportation, and public accommodation. Outside of this accomplishment, the president offered little in the way of domestic policy. In the midst of recession, he emphasized cuts in federal programs. This seemed to offer little hope to growing numbers of Americans left behind by the “Reagan revolution.”

The Clinton Years: Prosperity and Partisanship

During the last years of the 20th century, the United States enjoyed a period of unrivaled economic growth and technological innovation. The end of the Cold War allowed Americans to focus more on economic and domestic issues. But, during this period, American politics became more divided and bitter.

Anti-Incumbent Mood

A stagnant economy, huge budget deficits, and political deadlock fueled a growing disillusionment with government, especially as practiced in the nation’s capital. The movement to impose term limits on elected officials gained popularity on the state level, but the Supreme Court ruled in *U.S. Term Limits Inc. v. Thornton* (1995) that the states could not limit the tenure of federal lawmakers without a constitutional amendment.

Another reflection of Americans’ disillusionment with Washington politics was the ratification in 1992 of the 27th Amendment. First proposed by James Madison in 1789, this amendment prohibited members of Congress from raising their own salaries. Future raises could not go into effect until the next session of Congress.

The Election of 1992

As expected, George H. Bush was nominated by the Republicans for a second term. After a long career in public service, the president seemed tired and out of touch with average Americans, who were more concerned about their paychecks than with Bush’s foreign policy successes.

William Jefferson Clinton Among Democrats, Bill Clinton, the youthful governor of Arkansas, emerged from the primaries as his party’s choice for president. The first member of the baby-boom generation to be nominated for

president, Clinton proved an articulate and energetic campaigner. He presented himself as a moderate “New Democrat,” who focused on economic issues such as jobs, education, and health care, which were important to the “vital center” of the electorate. The strategy was known among his political advisers as: “It’s the economy, stupid!”

H. Ross Perot Ross Perot, a Texas billionaire, entered the 1992 race for president as an independent. Able to use his own resources to finance a series of TV commercials, Perot appealed to millions with his anti-Washington, anti-deficit views. On election day, Perot captured nearly 20 percent of the popular vote for the best third-party showing since Theodore Roosevelt and the Bull Moose campaign of 1912.

Results Despite the serious challenge from Perot, the front-runners still divided up all the electoral votes: 370 for Clinton (and 43 percent of the popular vote), 168 for Bush (37 percent of the popular vote). Clinton and his running mate, Senator Albert Gore of Tennessee, did well in the South and recaptured the majority of the elderly and blue-collar workers from the Republicans. In addition, the Democrats again won control of both houses of Congress. The new Congress better reflected the diversity of the U.S. population. Among its 66 minority members and 48 women was Carol Moseley-Braun of Illinois, the first African American woman to be elected to the Senate.

Clinton’s First Term (1993–1997)

During the first two years of the Clinton administration, Senate Republicans used filibusters to kill the president’s economic stimulus package, campaign-finance reform, environmental bills, and health care reform. The president assigned his wife, Hillary Rodham Clinton, to head a task force to propose a plan for universal health coverage, which had been a goal of the Democrats since the Truman presidency. The complicated health care proposal ran into determined opposition from the insurance industry, small business organizations, and the Republicans, and it failed to pass again. Clinton also failed to end discrimination against gays in the military and settled for the rule, “Don’t ask, don’t tell.” Under this policy, members of the military could still be expelled for being gay or lesbian, but they would not routinely be asked or expected to volunteer information about their sexual orientation.

Early Accomplishments The Democratic Congress was able to pass the Family and Medical Leave Act and the “motor-voter” law that enabled citizens to register to vote as they received their driver’s licenses. The Brady Handgun bill, which mandated a five-day waiting period for the purchase of handguns, was enacted. In 1994, Congress enacted Clinton’s Anti-Crime Bill, which provided \$30 billion in funding for more police protection and crime-prevention programs. The legislation also banned the sale of most assault rifles, which angered the gun lobby led by the National Rifle Association (NRA). After protracted negotiation and compromise, Congress passed a deficit-reduction budget that included \$255 billion in spending cuts and \$241 billion in tax increases. Incorporated in this budget were the president’s requests

for increased appropriations for education and job training. Clinton also won a notable victory by signing the North American Free Trade Agreement (NAFTA), which created a free-trade zone with Canada and Mexico. Despite these accomplishments, Clinton's apparent waffling on policies and his eagerness to compromise confirmed his image among his critic, who nicknamed him "Slick Willie."

Republicans Take Over Congress

In the midterm elections of November 1994, the Republicans gained control of both houses of Congress for the first time since 1954. They benefited from a well-organized effort to promote a short list of policy priorities they called the "Contract with America." In addition, the Democratic Congress was unpopular because it had raised taxes and limited gun ownership. President Clinton adjusted to his party's defeat by declaring in his 1995 State of the Union address, "The era of big government is over."

Zealous Reformers Newt Gingrich, the newly elected Speaker of the House, led the Republicans in an attack on federal programs and spending outlined in their campaign manifesto, "Contract with America." While the president and moderates agreed with the goal of a balanced budget, Clinton proposed a "leaner, not meaner" budget. This confrontation resulted in two shutdowns of the federal government in late 1995, which many Americans blamed on overzealous Republicans in Congress. Antigovernment reformers were not helped by the mood after the bombing in 1995 of a federal building in Oklahoma City by militia-movement extremists. The bombing took 169 lives, the worst act of domestic terrorism in the nation's history until the attacks on September 11, 2001.

Balanced Budget Finally, in the 1996 election year, Congress and the president compromised on a budget that left Medicare and Social Security benefits intact, limited welfare benefits to five years under the Personal Responsibility and Work Opportunity Act, set some curbs on immigrants, increased the minimum wage, and balanced the budget. The spending cuts and tax increases made during Clinton's first term, along with record growth in the economy, helped to eliminate the deficit in federal spending in 1998 and produced the first federal surplus since 1969. In his battle with the Republican Congress, President Clinton captured the middle ground by successfully characterizing the Republicans as extremists, and by taking over their more popular positions, such as balancing the budget and reforming welfare. He was also aided in the 1996 election by a fast-growing economy that had produced more than 10 million new jobs.

The Election of 1996

Senator Bob Dole of Kansas, the majority leader of the Senate, became Clinton's Republican opponent. His campaign, which proposed a 15 percent tax cut, never captured voters' imagination. Character attacks and massive campaign

spending by both sides did little to bring more people to the polls, and the turnout dropped below 50 percent of eligible voters.

The Clinton-Gore ticket won with 379 electoral votes (49.2 percent of the popular vote), while Dole and his running mate, Jack Kemp, captured 159 electoral votes (40.8 percent of the popular vote). Ross Perot ran again, but had little impact on the election. Clinton became the first Democrat since Franklin Roosevelt to be re-elected president. The Republicans could celebrate retaining control of both houses of Congress, which they had not done since the 1920s.

The Technology Boom

During President Clinton's two terms the United States enjoyed the longest peacetime economic expansion in its history, with annual growth rates of more than 4 percent. Technological innovations in personal computers, software, the Internet, cable, and wireless communications fueled increased national productivity (a gain of more than 5 percent in 1999) and made "e- (or electronic) commerce" part of American life. High-tech companies, such as Apple, Intel, and Microsoft, were joined during the "dot-com" boom by the likes of Amazon, AOL, Yahoo, and Google.

After years of heavy competition with Europe and Asia, American businesses had become proficient in cutting costs, which both increased their profitability and held down the U.S. inflation rate to below 3 percent a year. Investors were rewarded with record gains of more than 22 percent in the stock market. The number of households worth \$1 million or more quadrupled in the 1990s, to more than 8 million, or one in 14 households. The unemployment rate fell from 7.5 percent in 1992 to a 30-year low of 3.9 percent in 2000. The unemployment of African Americans and Hispanics was the lowest on record. During the peak of prosperity from 1997 to 1999, average and lower-income Americans experienced the first gains in real income since 1973. However, the economic boom was over by 2001, and both investors and wage earners faced another recession.

Clinton's Second Term: Politics of Impeachment

The prosperity of the late 1990s shifted the debate in Washington to what to do with the federal government's surplus revenues, projected to be \$4.6 trillion over the first ten years of the 21st century. In 1997, Congress and the president did compromise on legislation that cut taxes on estates and capital gains, and gave tax credits for families with children and for higher education expenses. As Clinton's second term progressed, the struggle between the Democratic president and the Republican Congress intensified. The Republicans pressed for more tax revenue cuts, such as the elimination of the estate tax (the "death tax") and taxes on two-income families (the "marriage penalty"), while the president held out for using the projected surplus to support Social Security, expand Medicare, and reduce the national debt.

Investigations and Impeachment From the early days of the Clinton presidency, President Clinton, his wife, Hillary, cabinet members, and other associates had been under investigation by Congress and by congressionally

appointed independent prosecutors (a legacy of the independent prosecutor law of the Watergate era). Some Democrats viewed these investigations as a “right-wing conspiracy” to overturn the elections of 1992 and 1996. After long and expensive investigations, the Clintons were not charged with any illegalities in the Whitewater real estate deal, the firings of White House staff (“Travelgate”), or the political use of FBI files (“Filegate”). However, independent prosecutor Kenneth Starr charged that President Clinton, during his deposition in a civil suit about alleged sexual harassment while governor of Arkansas, had lied about his relations with a young woman who was a White House intern.

Impeachment In December 1998, the House voted to impeach the president on two counts, perjury and obstruction of justice. Members of both parties and the public condemned Clinton’s reckless personal behavior, but popular opinion did not support the Republican impeachment of Clinton for lying about his personal life. In the fall elections, Democrats gained House seats and Newt Gingrich resigned as speaker. In February 1999, after a formal trial in the Senate, neither impeachment charge was upheld even by a Senate majority, much less the two-thirds vote needed to remove a president from office. However, the Republicans damaged Clinton’s reputation by making him the first president to be impeached since 1868. A weary Congress in 2000 allowed the controversial law establishing the independent prosecutor’s office to lapse.

Foreign Policy in the Clinton Administration

The end of the Cold War, while taking away the Soviet threat, exposed dozens of long-standing ethnic, religious, and cultural conflicts around the world. During Clinton’s first term, Secretary of State Warren Christopher conducted a low-key foreign policy, which critics thought lacked coherent purpose. In 1997 Madeleine K. Albright became the first woman to serve as secretary of state. She proved more assertive in the use of American power, but questions still remained about the role of the United States, especially the use of its armed forces for peacekeeping in foreign nations’ internal conflicts.

Peacekeeping The first deaths of U.S. soldiers in humanitarian missions during the Clinton administration came in the civil war in Somalia in 1993. In 1994, after some reluctance, the president sent 20,000 troops into Haiti to restore its elected president, Jean-Bertrand Aristide, after a military coup and deteriorating economic conditions had caused an exodus of Haitians to Florida. The United States also played a key diplomatic role in negotiating an end to British rule and the armed conflict in Northern Ireland in 1998.

Europe The European Union (EU) became a unified market of 15 nations, 12 of which adopted a single currency, the euro, in 2002. The EU grew to include 27 European nations by 2007, including ten former satellites of the USSR, such as Poland, Bulgaria, and Romania.

Under President Boris Yeltsin, Russia struggled to reform its economy and to fight rampant corruption. In 2000 Yeltsin’s elected successor, Vladimir Putin, took office. Relations with the United States were strained by Russia’s

brutal repression of the civil war in Chechnya, by NATO's admittance in 1999 of the Czech Republic, Hungary, and Poland, and by Russia's support of Serbia in the Balkan wars of the 1990s.

The Serbian dictator, Slobodan Milosevic, carried out a series of armed conflicts to suppress independence movements in the former Yugoslav provinces of Slovenia, Croatia, Bosnia-Herzegovina, and Kosovo. Hundreds of thousands of members of ethnic and religious minorities, including many Muslims, were killed in the brutal "ethnic cleansing." A combination of diplomacy, bombing, and troops from NATO countries, including the United States, stopped the bloodshed first in Bosnia in 1995 and again in Kosovo in 1999. These Balkan wars proved to be the worst conflict Europe had seen since World War II, and were a troubling reminder of how World War I had started.

Asia Nuclear proliferation became a growing concern in the 1990s, when North Korea stepped up its nuclear reactor and missile programs, and India and Pakistan tested nuclear weapons for the first time in 1998. North Korea agreed to halt the development of nuclear weapons after direct negotiations with the Clinton administration, but later secretly restarted the program. In 1995, 20 years after the fall of Saigon to the Communists, the United States established diplomatic relations with Vietnam. The Clinton administration continued to sign trade agreements with China through his second term, hoping to improve diplomatic relations and encourage reform within China, despite protests from human rights activists and labor unions at home, and Chinese threats to the still-independent island nation of Taiwan.

Middle East Iraqi leader Saddam Hussein's continued defiance of U.N. weapons inspectors led to the suspension of all inspections in 1998. President Clinton responded with a series of air strikes against Iraq, but Hussein remained in power, as support for U.S. economic sanctions declined in Europe and the Middle East. The United States had some success in the Israeli-Palestinian peace process. Israel granted home rule to the Palestinians in the Gaza Strip and parts of the West Bank territories, and signed a peace treaty with Jordan in 1994. The peace process slowed after the assassination of Israeli Prime Minister Yitzhak Rabin in 1995, and it broke down late in 2000 over issues of Israeli security and control of Jerusalem. Renewed violence in Israel also provoked a new round of anti-American sentiment in the Islamic world.

Globalization The surging increases in trade, communications, and the movement of capital around the world during this era were key parts of the process of globalization. Globalization promoted the development of global and regional economic organizations. The World Trade Organization (WTO) was established in 1994 to oversee trade agreements, enforce trade rules, and settle disputes. The powerful International Monetary Fund (IMF) and the World Bank made loans to and supervised the economic policies of poorer nations with debt troubles.

The Group of Eight (G-8), the world's largest industrial powers (Canada, France, Germany, Italy, Japan, Russia, the United Kingdom, and the United

States), which controlled two-thirds of the world's wealth, remained the leading economic powers. However, China, India, and Brazil would soon surpass many of the older industrial powers in the 21st century. The growing gap between the rich and poor nations of the world caused tensions, especially over the debts the poor nations owed to powerful banks and the richest nations. Workers and unions in the richest nations often resented globalization, because they lost their jobs to cheaper labor markets in the developing world.

American Society in 2000

According to the 2000 census, the resident population of the United States was 281.4 million, making it the third most populous nation in the world. The fastest growing regions of the United States in the 1990s continued to be in the West and in the South. With the growth in population came greater political power as a result of the shift of congressional representatives and electoral votes to these regions. The 2000 census reported that 50 percent of U.S. residents lived in suburbs, 30 percent in central cities, and only 20 percent in rural regions.

Immigration The Immigration Reform and Control Act of 1986 attempted to create a fair entry process for immigrants, but failed to stop the problem of illegal entry into the United States from Mexico. The law was also criticized for granting amnesty to some undocumented immigrants from Mexico and the Americas. In 2000, the Hispanic population was the fastest growing segment of the population and emerged as the largest minority group in the nation. Asian Americans also represented another fast-growing part of society, with a population of more than 10 million.

By 2000, 10.4 percent of the population was foreign-born, a high percentage but well below the levels of the 1870s through the 1920s. Immigration accounted for 27.8 percent of the population increase in the 1990s, and was a key stimulus to the economic growth during the decade. Without immigration, the United States was on a path to experience a negative population growth by 2030.

Aging and the Family As the United States became more ethnically diverse, the population was also “graying,” with a steady increase in life expectancy. By 2000, 35 million people were over 65, but the fastest growing segment of the population was those 85 and over. As the baby-boom generation aged, concern about health care, prescription drugs, senior housing, and Social Security increased. It is estimated that in 2030 that there will be only about two workers for every person receiving Social Security.

The decline of the traditional family and the growing number of single-parent families was another national concern. The number of families headed by a female with no husband soared from 5.5 million in 1970 to 12.8 million in 2000. Single women headed 47.2 percent of black families in 2000, but the same trend was also evident in white and Hispanic households with children under 18. Children in these families often grew up in poverty and without adequate support.

Income and Wealth In many ways, Americans were achieving the American dream. Homeownership continued to climb during the prosperity of the 1990s to 67.4 percent of all households. The economy was continuing to generate more and more wealth. Per-capita money income in constant (inflation-adjusted) dollars rose dramatically, from \$12,275 in 1970 to \$22,199 in 2000. However, in 1999 the top fifth of American households received more than half of all income. The average after-tax income for the lowest three-fifths of households actually declined between 1977 and 1997. In addition, the distribution of income varied widely by race, gender, and education. For example, the median income in 2000 was \$53,256 for white families, \$35,054 for Hispanic families, and \$34,192 for black families. High school graduates earned only half the income of college graduates. The United States was the richest country in the world, but among industrialized nations, it had the largest gap between lowest and highest paid workers and the greatest concentration of wealth among the top-earning households. This concentration reminded some of the Gilded Age.

HISTORICAL PERSPECTIVES: WHAT DOES FREEDOM MEAN?

Freedom is a main theme of American history, but people disagree on what “freedom” means. Eric Foner in *The Story of American Freedom* (1999) traced America’s thoughts about freedom from the struggle for independence through the Reagan era. In the Civil War, both sides fought in the name of freedom, but for Confederates the right to enslave others was a “freedom.” The Reconstruction, Progressive, New Deal, and Civil Rights eras enlarged the meaning of freedom to include equal rights for all and increased political and economic protections, largely guaranteed by the federal government. During the Reagan Revolution, freedom was frequently defined as the liberation from “big government” and federal regulations. Foner attributed this change to reactions to forced desegregation in the 1950s and 1960s and federal court rulings promoting equality, privacy, abortion rights, and other issues. The Cold War also encouraged some to equate American freedom with unregulated capitalism.

While Foner saw freedom “as an essentially contested concept,” David Hackett Fischer in *Liberty and Freedom* (2005) pursued its meaning through American visual expressions, customs, and what Tocqueville called “habits of the heart.” Fischer’s analysis of the images and symbols from the Liberty Trees of the American Revolution through the protest posters of the late 20th century revealed the rich diversity of traditions about freedom that eluded abstract definitions. Hackett concluded that the United States remains free because of its diversity of traditions about freedom. He believes that the gravest threat to freedom comes from those incapable of imagining any vision of freedom except their own.

KEY NAMES, EVENTS, AND TERMS

Conservative Movement, (POL, CUL)

Milton Freidman
political action committees (PACs)
Proposition 13
Arthur Laffer
religious
fundamentalism
televangelists
Moral Majority
abortion rights; *Roe v. Wade*
reverse discrimination
Regents of University of California v. Bakke

Reagan Revolution (POL, WXT)

election of 1980
Ronald Reagan
supply-side economics (Reaganomics)
"trickle down" economics
Economic Recovery Tax Act (1981)
business deregulation
PACTO strike
Sandra Day O'Connor
William Rehnquist
growth of upper incomes
budget and trade deficits
election of 1984

Reagan Foreign Policy (WOR)

Expand military
Strategic Defense Initiative (Star Wars)
Nicaragua; Sandinistas
Boland Amendment
Iran-contra affair
Beirut bombings

Palestine Liberation Organization (PLO)
Yasser Arafat
"evil empire"
Mikhail Gorbachev; *glasnost*, *perestroika*
"tear down this wall"
INF agreement

End of Cold War (WOR)

Tiananmen Square (1989)
Soviet satellites
Poland, Lech Walesa
Berlin Wall falls (1989)
Soviet Union breakup
Russia Republic, CIS
Boris Yeltsin
START I and II
Yugoslavia civil war

George H. W. Bush Policies (POL, WOR)

election of 1988
George H. W. Bush
Panama invasion (1989)
Saddam Hussein
Persian Gulf War (1991)
Operation Desert Storm
Clarence Thomas
"no new taxes"
Americans With Disabilities Act (1990)

Clinton Era Politics (POL, WXT)

election of 1992
William (Bill) Clinton
H. Ross Perot
failure of health reform
"don't ask, don't tell"
NAFTA
Brady Bill
National Rifle Association (NRA)
deficit reduction budget

Anti-Crime Bill
Election of 1994
Newt Gingrich
Contract with America
government shutdowns
Oklahoma City bombing
welfare reform
balanced budgets
election of 1996
Clinton impeachment

Post-Cold War Policies, (WOR)

Madeleine K. Albright
humanitarian missions
Northern Ireland accords
Yugoslavia breakup
Balkan Wars: Bosnia, Kosovo
"ethnic cleansing"
nuclear proliferation
West Bank, Gaza Strip

Globalization (WOR)

European Union (EU); euro
World Trade Organization
World Bank, G-8
China, India, Brazil
effects on jobs

2000 American Society (WXT, ID)

prosperity of 1990s
technology boom
Internet, e-commerce
rise of South and West
Immigration Act of 1986
growth of Hispanics
"graying" America
single-parent families
distribution of income
concentration of wealth
debate over freedom

CHALLENGES OF THE 21ST CENTURY, 2000–PRESENT

*There is not a Black America and a White America and Latino America
and Asian America—there's the United States of America.*

Barack Obama, Democratic Convention Keynote Address, 2004

The United States entered the 21st century with unrivaled economic and military dominance in the world. However, international terrorism, economic problems, and partisan politics exposed the nation's vulnerability.

Political Polarization

The early 21st century elections revealed a nation closely divided between a conservative South, Great Plains, and Mountain states, and a more moderate to liberal northeast, Midwest and west coast. As a result of this division, a few swing states determined federal elections. The more traditional, religious, and limited or anti-government rural and many suburban areas went Republican, while the more diverse large urban centers and internationally minded coasts voted Democrat.

The shift of Southern white conservatives after the 1960s from the Democratic to the Republican party transformed American politics. In the 1990s, Southern conservatives such as Newt Gingrich of Georgia, Tom DeLay of Texas, and Trent Lott of Mississippi took over the leadership of the Republican party, making it more conservative and partisan. As the party of Lincoln became the party of Ronald Reagan, moderate Republicans lost influence and primary contests to conservatives. In the state legislatures, both parties gerrymandered congressional districts to create “safe seats,” which rewarded partisanship and discouraged compromise in Congress.

Disputed Election of 2000

The presidential election of 2000 was the closest since 1876, and the first ever to be settled by the Supreme Court. President Clinton's vice president, Al Gore, easily gained the nomination of the Democratic party, selecting Senator Joseph Lieberman of Connecticut as his running mate. Governor George W. Bush of Texas,

eldest son of former President George H. W. Bush, won the nomination of the Republican party, and selected Dick Cheney, a veteran of the Reagan and elder Bush administrations, as his running mate. Both candidates fought over the moderate and independent vote, Gore as a champion of “working families” and Bush running as “a compassionate conservative.” Ralph Nader, the candidate for the Green party, ran a distant third, but he probably took enough votes from Gore to make a difference in Florida and other states.

Gore received more than 500,000 more popular votes nationwide than Bush, but victory hinged on who won Florida’s 25 electoral votes. Bush led by only 537 popular votes in Florida after a partial recount. Then the Democrats asked for manual recounts of the error-prone punch cards. The Supreme Court of Florida ordered recounts of all the votes, but the U.S. Supreme Court overruled them in a split 5-4 decision that matched the party loyalty of the justices. In *Bush v. Gore*, the majority ruled that the varying standards used in Florida’s recount violated the Equal-Protection Clause of the 14th Amendment. Al Gore ended the election crisis by accepting the ruling. Governor Bush won with 271 electoral votes against Gore’s 266. (One elector abstained.)



Domestic Policies of the George W. Bush Administration

President George W. Bush aggressively pushed his conservative agenda: 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.

Republican Tax Cuts In 2001, Congress, enjoying rare budget surpluses, passed a \$1.35 trillion dollar tax cut spread over ten years. The bill lowered the top tax bracket, gradually eliminated estate taxes, increased the child tax credit

and limits for IRA and 401(k) contributions, and gave all taxpayers an immediate tax rebate. In 2003, President Bush pushed through another round of tax cuts for stock dividends, capital gains, and married couples. Democrats criticized the tax cuts for giving most of the benefits to the richest 5 percent of the population, and for contributing to the doubling of the national debt during the Bush presidency from about \$5 trillion to \$10 trillion.

Educational and Health Reform President Bush championed the bipartisan No Child Left Behind Act. It aimed to improve student performance and close the gap between well-to-do and poor students in the public schools through testing of all students nationwide, granting students the right to transfer to better schools, funding stronger reading programs, and training high-quality teachers. Republicans also passed laws to give seniors in Medicare the option to enroll in private insurance companies. Congress also fulfilled a campaign promise by President Bush to provide prescription drug coverage for seniors. Democrats criticized the legislation as primarily designed to profit insurance and drug companies.

Economic Bubbles and Corruption The technology boom of the 1990s peaked in 2000, and was over by 2002. The stock market crashed; the Dow Jones Average fell by 38 percent. The unemployment rate climbed to 6 percent, and the number of people living in poverty increased for the first time in eight years. Fraud and dishonesty committed by business leaders also hurt the stock market and consumer confidence in the economy. For example, the large corporations Enron and World Com had “cooked their books” (falsified stated earnings and profits) with the help of accounting companies. The Federal Reserve fought the recession by cutting interest rates to 1.25 percent, the lowest in 50 years. The end of the technology boom-bust cycle (1995–2002) encouraged many investors to move their money into real estate, which created another speculative “bubble” (2002–2007) that would burst with even more tragic consequences in Bush’s second term.

The War on Terrorism

Terrorism dominated U.S. foreign policy after September 11, 2001. George W. Bush entered the White House with no foreign policy experience, but surrounded himself with veterans of prior Republican administrations, such as his Vice President Dick Cheney, who served as Secretary of Defense under his father. General Colin Powell became his Secretary of State, the first African American to hold the job. President Bush’s confident and aggressive approach against terrorism won over many Americans, but his administration often alienated other nations.

Roots of Terrorism The United States was faulted by many in the Arab world for siding with Israel in the deadly cycle of Palestinian terror-bombing and Israeli reprisals. However, the causes of anti-Americanism often went deeper. After World War I, the Ottoman Empire, the last of the Islamic empires, was replaced in the Middle East by Western-style, secular nation-states. Religious fundamentalists decried modernization and the corruption of the “House of Islam,” an ancient Islamic ideal of a realm governed by the precepts of the Koran

and Sharia law. The stationing of U.S. troops in the Middle East after the Gulf War was seen as another violation of their lands. Islamic extremists, such as Osama bin Laden and the supporters of Al-Qaeda (“The Base”), preached jihad, which they defined as a holy war against the “Jews and Crusaders” to restore a Islamic caliphate or realm from Africa and the Middle East through East Asia. The restrictive economic and political conditions in the Middle East also provided a fertile breeding ground for recruiting extremists.

Early Terrorist Attacks A truck bombing of the World Trade Center in New York City in 1993 that killed six people brought home for the first time the threat posed by Islamic extremists. In 1998, the United States responded to the terrorist bombing of two U.S. embassies in Kenya and Tanzania by bombing Al-

Qaeda camps in Afghanistan and the Sudan. Their leader, Osama bin Laden, had fled to Afghanistan and allied himself with the Taliban, the Islamic fundamentalists who had taken over Afghanistan. In 2000, U.S. armed forces also learned the nature of “asymmetric” warfare conducted by terrorists, when two suicide bombers in a small rubber boat nearly sank a billion dollar warship, the USS *Cole*, docked in Yemen.



Source: World Trade Center, September 11, 2001. Wikimedia Commons/Michael Foran

September 11, 2001 The coordinated attacks by Al-Qaeda terrorists in commercial airliners on the twin towers of the World Trade Center in New York City, the Pentagon near Washington, D.C., and a fourth plane that crashed in Pennsylvania claimed nearly 3,000 lives. The attacks galvanized public opinion as nothing since the Japanese attack on Pearl Harbor in 1941, and they empowered the Bush administration to take action.

War in Afghanistan President Bush declared that he wanted Osama bin Laden and other Al-Qaeda leaders “dead or alive.” After the Taliban refused to turn over bin Laden and his associates, their government was quickly overthrown in the fall of 2001 by a combination of U.S. bombing, U.S. Special Forces, and Afghan troops in the anti-Taliban Northern Alliance. American and Afghan forces continued to pursue the remnants of Al-Qaeda in the mountains bordering Pakistan, but they failed to capture bin Laden. Hamid Karzai, with support from the United States, became head of the government in Kabul, but Afghanistan remained unstable and divided by the Taliban insurgency and tribal conflicts.

Homeland Security After the 9/11 attacks, most Americans were willing to accept background checks and airport searches. The Patriot Acts of 2001 and 2003 gave unparalleled powers to the U.S. government to obtain information and expand surveillance and arrest powers. However, many Americans were troubled by unlimited wiretaps, the collection of records about cell phone calls and emails, the use of military tribunals to try suspects accused of terrorism, and the imprisonment of suspects indefinitely at a U.S. prison in Guantánamo, Cuba.

To enhance security, the Bush administration created a new Homeland Security Department by combining more than 20 federal agencies with 170,000 employees, including the Secret Service, the Coast Guard, and ones dealing with customs and immigration. This was the largest reorganization of government since the creation of the Department of Defense after World War II. Many in Congress questioned why the FBI and CIA were left out of the new department. In 2004, a bipartisan commission on terrorism criticized the FBI and the CIA, as well as the Defense Department, for failing to work together to “connect the dots” that may have uncovered the 9/11 plot. Congress followed up on their recommendations, creating a Director of National Intelligence with the difficult job of coordinating the intelligence activities of all agencies.

George W. Bush Foreign Policy President Bush worked with European nations to expand the European Union and NATO, supported admission of China to the World Trade Organization, and brokered conflicts between India and Pakistan. However, the Bush administration refused to join the Kyoto Accord to prevent global warming, walked out of a U.N. conference on racism, abandoned the 1972 Anti-Ballistic Missile Treaty with Russia, and for years would not negotiate with North Korea or Iran. Critics questioned whether the administration valued cooperation with the nations of the world or instead followed a unilateralist approach. The president argued, in what became known as the “Bush Doctrine,” that the old policies of containment and deterrence were no longer effective in a world of stateless terrorism. To protect America, the president claimed that the United States would be justified in using pre-emptive attacks to stop the acquisition and use of weapons of mass destruction (WMDs) by terrorists and by nations that support terrorism.

Iraq War President Bush, in his 2002 State of the Union Address, singled out Iraq, North Korea, and Iran as the “axis of evil.” While U.S. intelligence agencies were finding no link between Iraq’s Saddam Hussein and the September 11, 2001, attacks, the Bush administration pursued a pre-emptive attack on Iraq before Saddam Hussein could build and distribute WMDs (nuclear and biological) to terrorists. Late in 2002, Secretary of State Powell negotiated an inspection plan with the U.N. Security Council, which Iraq accepted. In the following months, the U.N. inspectors failed to find WMDs in Iraq. Nevertheless, the Bush administration continued to present claims of their existence based on intelligence information that proved false.

Operation Iraqi Freedom In early 2003, President Bush declared that Iraq had not complied with numerous U.N. resolutions, and that “the game was over.” Without support of the U.N. Security Council, the United States launched

air attacks on Iraq on March 19. In less than four weeks, U.S. armed forces, with the support of the British and other allies, overran Iraqi forces, captured the capital city, Baghdad, and ended Hussein's dictatorship. When U.S. forces could not find WMDs in Iraq, criticism of the "war of choice" and the "regime change" mounted both at home and overseas.

The defeat of the Iraq army and the capture of Saddam Hussein in late 2003 did not end the violence in Iraq. Diverse groups of insurgents (Sunni followers of the former dictator, Shiite militias, and foreign fighters, including Al-Qaeda) continued to attack U.S. and allied troops and one another. Millions of Iraqis fled the country or were displaced by the sectarian attacks. The Bush administration was widely criticized for going into Iraq without sufficient troops to control the country and for disbanding the Iraqi army. Pictures of the barbaric treatment of prisoners by U.S. troops at Abu Ghraib further diminished America's reputation in Iraq and around the world.

Elections of 2004 and a Bush Second Term

The Democrats approached the elections of 2004 optimistic that they could unseat the incumbent president burdened by an increasingly unpopular war and limited economic recovery. Democratic voters selected Senator John Kerry of Massachusetts as their presidential candidate. The Republicans successfully energized their conservative base on issues such as the war against terrorism, more tax cuts, and opposition to gay marriage and abortion.

President Bush received 51 percent of the popular vote and captured 286 electoral votes to Kerry's 252. The Republicans also expanded their majorities in the Senate and House, and continued to gain on the state level, especially in the South. This left the party in its strongest position since the 1920s.

Four More Years at War The reconstruction of Iraq had made some headway by 2005 when the Iraqis held their first election, created a national assembly, and selected a prime minister and cabinet ministries, but the violence continued. The Sunni minority that had ruled Iraq under Hussein began to work with the Shiite majority and the Kurds in the new government. At first, these steps did little to reduce violence, which killed on the average 100 Americans and 3,000 Iraqis a month. In the United States, the bipartisan Iraqi Study Group recommended steps to have the Iraqis take greater responsibility for their country and set a timeline for U.S. withdrawal. President Bush rejected a timetable, and in early 2007 sent an additional 30,000 troops in a "surge" to establish order. By late 2008, militia violence and American deaths were down in Iraq, and the United States had started to turn over control of the provinces to the Iraqi government.

In Afghanistan, the Taliban stepped up their attacks. For the first time, the number of Americans killed there outnumbered those killed in Iraq. President Bush turned over to the next president two unresolved wars and incomplete efforts to deal with nuclear threats from Iran and North Korea. The Bush administration, though, did have the satisfaction of knowing that there had not been another major terrorist attack in the United States since September 11, 2001.

Washington Politics After his re-election victory in 2004, President Bush pushed Congress to privatize Social Security by encouraging Americans to invest part of their Social Security payroll deductions in various market investments. His administration also argued for immigration reform, which was blocked by conservatives who criticized it as “amnesty” for undocumented immigrants. When Hurricane Katrina hit the Gulf Coast hard and flooded New Orleans in August 2005, the Federal Emergency Management Agency (FEMA) failed both to anticipate and respond to the crisis. More than 1,000 people died, and tens of thousands of others (mostly poor people) were left in desperate conditions. A variety of scandals tarnished many Republicans. Some of these scandals involved taking bribes from lobbyists, committing perjury and obstruction of justice, and having improper relations with congressional pages. The Republican majority leader of the House, Tom DeLay, was forced to resign over his gerrymandering scheme in Texas.

These failures, along with dissatisfaction with the Iraq War, helped the Democrats win control of both houses of Congress in 2006. President Bush, however, did leave a lasting impact on the federal courts by appointing two conservatives to the Supreme Court—John Roberts (as Chief Justice) and Samuel Alito—and increasing conservative majorities in the federal appellate courts.

The Great Recession The housing boom of 2002–2007 was fueled by risky subprime mortgages and speculators who borrowed to “flip” properties for a quick profit. Wall Street firms packaged these high-risk loans into a variety of complex investments (“securitization”), and sold them to unsuspecting investors around the world. However, as soon as housing prices started to dip, the bubble burst. Prices collapsed, foreclosures climbed, and investments worth trillions of dollars lost value. Investors panicked, which caused many banks and financial institutions at home and overseas to face failure. This resulted in a credit or “liquidity” crisis, because banks either lacked funds or were afraid to make the loans to businesses and consumers necessary for the day-to-day functioning of the economy.

As the crisis deepened within credit markets, Americans were also hit with soaring gas prices (well over \$4 a gallon), stock market declines of more than 40 percent, and rising unemployment. In early 2008, the federal government tried a \$170 billion stimulus package and took over a few critical financial institutions, such as quasi-governmental mortgage institutions, Fannie Mae and Freddie Mac.

However, the crisis was not over. In September, the bankruptcy of the large Wall Street investment bank Lehman Brothers led to panic in the financial industry. This forced the Bush administration to ask Congress for additional funds to help U.S. banks and restore the credit markets. The controversial Economic Stabilization Act of 2008 was passed, creating a \$700 billion Troubled Assets Relief Program (TARP) to purchase failing assets that included mortgages and mortgage-related securities from financial institutions. Conservatives attacked TARP as “socialism” while liberals attacked it as a bailout of the Wall Street executives who had caused the problems.

As with the Great Depression of 1929, the causes of this crash will be debated for years. Some blamed the Federal Reserve for keeping interest rates too low.

Others criticized excessive deregulation of the financial industry. And others saw the cause in government efforts to promote home ownership. Moreover, real estate bank fraud and Ponzi schemes, such as the 18 billion dollars stolen by Bernie Madoff, also helped to destroy investor confidence. Whatever its cause, the crisis significantly affected the 2008 election.

Election of 2008

For the Democrats, Senator Hillary Clinton of New York, wife of former President Bill Clinton, was the early favorite to become the first woman to head a national ticket. However, the big surprise of this election came after a long primary battle. A 47-year-old, charismatic, African-American, junior senator from Illinois, Barack Obama, captured the Democratic nomination for president. Obama chose as his running mate Joseph Biden of Delaware, an experienced member of the Senate. In the shadow of the unpopular Bush administration, the Republicans nominated Senator John McCain of Arizona, a Vietnam War hero and a political “maverick” who hoped to appeal to undecided voters. McCain selected Governor Sarah Palin of Alaska, a 44-year-old, relatively unknown politician. She became only the second woman to run for the vice presidency on a major political party ticket.

The McCain-Palin ticket briefly led in the polls, but the economic crisis, Obama’s message for change, and his well-funded grassroots campaign helped the Democrats win in November. The Obama-Biden ticket gained 7,000,000 more votes than McCain-Palin. Obama won with a decisive 364 electoral votes to McCain’s 174 by taking eight states (including Florida, Ohio, Virginia, and North Carolina) that had been won by Bush in 2004. The Democrats also increased their majorities in the House and Senate well beyond their victories in 2006.

An estimated 1.5 million people, the largest crowd ever to attend a presidential inauguration, gathered around the U.S. Capitol to witness the historic oath-taking of the nation’s 44th American president. The election of the first African American as president of the United States was historic, but Barack Obama and the Democrats now faced the country’s worst economic crisis since the Great Depression, two unfinished U.S. wars, and a world increasingly skeptical of U.S. power and leadership.

The First Obama Administration, 2009–2013

President Obama appointed his Democratic primary foe, Hillary Clinton, as Secretary of State and Eric Holder as the first African-American Attorney General. Obama re-appointed a Republican, Robert Gates, as Secretary of Defense to provide operational continuity in the Iraq and Afghanistan wars.

The Transition The rapidly growing economic crisis dominated the transition between President Bush and President Obama. Congress approved the use of the second half of the controversial TARP funding—\$350 billion. At Obama’s request, Bush used more than \$10 billion of TARP funds to support the failing automakers, General Motors (GM) and the Chrysler Corporation.

Presidential Initiatives President Obama signed a number of executive orders to overturn actions of the Bush administration. He placed a formal ban on

torture by requiring that Army field manuals be used as the guide for interrogating terrorist suspects. The new president expanded stem-cell research and ended restrictions on federal funding of overseas health organizations. One of the first bills passed by Congress that Obama signed was the Lilly Ledbetter Fair Pay Act that strengthened protection of equal pay for female employees. Obama failed to carry out all of his campaign pledges. He had vowed to close the U.S. prison at Guantánamo Bay, Cuba, but failed to win needed Congressional support.

Economic Stimulus The “Great” or “Long” Recession started in late 2007 in the United States, and while financial sectors such as the stock market had recovered by 2013, unemployment peaked at more than 10 percent in 2009 and persisted at levels above 7 percent through 2013. Based on Keynesian economic ideas to avoid a greater depression, Obama and the Democrats enacted a number of programs to promote recovery and financial reform.

The American Recovery and Reinvestment Act of 2009 provided a \$787 billion economic stimulus package designed to create or save 3.5 billion jobs. Included was \$288 billion for tax cuts to stimulate spending, and \$144 billion to help state and local governments maintain jobs and services. The balance of the package was for construction projects, health care, education, and renewable energy.

With General Motors and Chrysler Corporation near collapse, the Obama administration became deeply involved in the recovery of the domestic auto industry. The government temporarily took over General Motors (“Government Motors”) while it went through bankruptcy, and guided the sale of Chrysler to Fiat, an Italian automaker. The popular “Cash for Clunkers” program provided \$3 billion in incentives to U.S. residents to scrap old cars in order to promote sales and to purchase new, more fuel-efficient vehicles.

The Great Recession revealed serious flaws in the federal oversight of financial institutions. The comprehensive Dodd-Frank Wall Street Reform and Consumer Protection Act (2010) was designed to improve regulations of banking and investment firms, and to protect taxpayers from future bailouts of “too big to fail” businesses. The act also set up a new Bureau of Consumer Protection to regulate consumer products, such as mortgages and credit cards. Some criticized the act for not breaking up the big banks that contributed to the meltdown of the economy and needed the bailouts.

Health Care The U.S. “fee for service” medical system was the most expensive in the world, but produced mixed results. It promoted innovation, but left more than 45 million people outside the system to seek medical care in emergency rooms. The Patient Protection and Affordable Care Act of 2010 (“Obamacare”) aimed to extend affordable health care insurance to an additional 25 to 30 million Americans through combinations of subsidies, mandates, and insurance exchanges while introducing medical and insurance reforms to control health care costs. The act required insurance companies to accept patients regardless of pre-existing conditions and to spend at least 80 percent of every premium dollar on medical care, or rebate their customers. Republicans opposed the law for its regulations and costs. Many Americans were confused by its complexity.

Budget Deficits The recession both lowered the federal tax income collected and increased government spending on recovery programs. The combination tripled the annual deficit to \$1.75 trillion in 2009 (the largest in history), and increased the national debt from \$9 trillion in 2007 to \$16 trillion by 2012. Economists were not as worried about the short-term deficits as much as the long-term growth of the national debt. As the baby boom generation reached retirement age, rising Medicare and Social Security costs would also add to future deficits.

In 2010 Obama created a presidential commission to make recommendations “to achieve fiscal responsibility over the long run.” The commission produced the “Bowles-Simpson Plan,” which would have eliminated the deficit by 2035 through \$2 of spending cuts for every \$1 increase in revenues. The compromise was widely praised, but rejected by Democrats for its cut to social services and by Republicans for its tax increases. “Compromise” had become a dirty word in Washington.

The Tea Party and 2010 Mid-Term Elections The president’s initial efforts at bipartisanship were largely rejected by the Republicans, but the Democrats controlled Congress during part of Obama’s first two years, which enabled them to pass landmark legislation with little or no Republican support.

The opposition to the deficits, the growing national debt and “Obamacare” coalesced in a loosely united conservative and libertarian movement known as the Tea Party. Many in the movement focused on economic issues and limited government, but others campaigned on gun rights, prayers in schools, outlawing abortions, and preventing undocumented immigration. In the fall of 2010, the Republicans took over the House with a 242 to 193 majority, and reduced the Democrats majority in the Senate to 53 votes.

Congress in Gridlock In a very partisan environment, the government produced budget stalemates, threatening a danger of default on the national debt.

Obama’s plans to reduce the deficit by more than \$4 trillion, but could not agree on taxes or spending cuts. In August 2011, as the deadline to raise the debt ceiling closed in, the two sides agreed to cut \$900 billion in spending and an additional \$1.4 trillion cuts to be worked out by a bipartisan super-committee. The uncertainty and gridlock in Washington led Standard & Poor’s to downgrade the U.S. AAA credit rating.

A presidential election year is usually not very productive, but 2012 proved the least productive year in Congressional history since 1947, passing only 61 bills out of 3,914 bills. Even the infamous “do-nothing Congress” of 1948 passed more legislation. The super-committee also failed, and the threat of “sequester” across-the-board spending cuts seemed likely in 2013.

Obama’s Foreign Policy President Obama was elected in part because of his opposition to the Iraq War and his promise to end the unilateral approach overseas that had damaged the reputation of the United States during the Bush presidency.

Iraq In early 2009, the President developed a plan to wind down U.S. ground combat operations in Iraq. U.S. military support and air power continued to help the Iraqi forces battle insurgents through the end of 2011, when the last of U.S.

Mr. Tuckers Website

<https://sites.google.com/a/freedomhspwcs.com/tucker/>

forces were withdrawn. Nearly 4,500 U.S. soldiers had died in Iraq and about 32,000 had been wounded in action during this controversial war. Iraqi deaths in the war were well above 100,000. After the U.S. left, Sunni and Al-Qaeda insurgents continued to terrorize the majority Shiite government.

Afghanistan The Obama campaign charged that the Bush administration had ignored Afghanistan by invading Iraq. As president, Obama made fighting Al-Qaeda and the Taliban in Afghanistan a priority. He approved adding 17,000 troops to the U.S. forces in Afghanistan in 2009 and then 30,000 more in 2010. The counterterrorism surge proved effective in Afghanistan, but the increased use of pilotless drone attacks on terrorists in Pakistan intensified anger against the United States.

Death of Osama bin Laden In May 2011, Osama bin Laden, the leader of Al-Qaida, was killed in Pakistan in a clandestine operation of the CIA and Navy SEALs. The death of bin Laden and other top leaders of Al-Qaeda raised the question of whether the U.S. role in the area was completed. In 2012, President Obama and President Karzai of Afghanistan signed a long-term partnership agreement. The new focus for U.S. forces was to train and support the Afghanistan military and to end the U.S. combat mission by the close of 2014.

Arab Spring In June of 2009, President Obama traveled to Egypt and gave a speech at the University of Cairo calling for a “new beginning” in relations between the Islamic world and the United States. The president was soon tested through his response to a wave of protests across the Middle East and North Africa in 2010 known as the “Arab Spring.” Civil unrest and armed rebellion toppled governments in Tunisia, Libya (the leader, Muammar Gaddafi, was killed), Egypt (the leader, Hosni Mubarak, was imprisoned) and Yemen, and produced an ongoing civil war in Syria. Governments in Morocco, Algeria, Jordan, Oman, Bahrain, Kuwait, and Saudi Arabia made a variety of concessions to protesters to maintain peace. Obama’s sympathy for pro-democracy protesters upset U.S. allies in the conservative oil-rich Persian Gulf states. At home, Obama was criticized for not intervening more forcefully in failed states such as Libya and Syria.

Asia and Europe Events in the Middle East limited the president’s planned “pivot” to Asia. The administration understood that America’s economic and strategic future would be closely tied to the Pacific Rim. Economists predicted that by 2030, the economies of Asia would be as large as the combined economies of North America and Europe, ending two centuries of Western dominance. U.S. preoccupation with the Middle East, terrorism, and budget gridlock provided China with more opportunities to project its growing power around the world.

At first, President Obama was praised in Europe primarily for not being George W. Bush. The European Union continued to struggle through the debt crisis in member countries such as Greece, Spain, and Ireland. It took German leadership to save the euro as a common currency. One commentator summed up the Atlantic partnership, “Europe does not want to be pushed around by the U.S., but it wants the U.S. to push others around on its behalf.”

Election of 2012

The issues related to the Great Recession and “Obamacare” dominated the 2012 general elections, especially job creation and the long-term fiscal health of the United States. Obama won the Democratic nomination without a serious challenge. In contrast, nine Republicans contested in a long, hard-fought battle for their party’s nomination before Mitt Romney, former governor of Massachusetts, won.

Obama defeated Romney with 332 to 206 electoral votes, and a five-million advantage in the popular vote. As in 2008, Obama carried important swing states, such as Florida, Virginia, and Ohio. The president also ran very strongly among Hispanic voters, winning 71 percent of the vote. Hispanics, the fastest growing demographic group in the nation, counted for 1 out of every 6 Americans in the 2010 census. Political analysts predicted that unless Republicans gained more Hispanic support, they would become uncompetitive in future nationwide elections.

Second Obama Administration

Republicans could celebrate keeping their strong majority in the House of Representatives. The Democrats picked up two votes in the Senate, but the election left Washington politics deeply divided.

Budget Brinkmanship The expiration of the Bush tax cuts at the end of 2012 complicated the impasse over the budget. In the early hours of January 1, 2013, Congress finally passed a compromise tax bill that preserved the Bush tax cuts for incomes of \$400,000 and less, but allowed the top tax rate to go back to 39.6 percent for higher incomes. However, Congress was unable to compromise on the budget, so the automatic “sequester” cuts went into effect in March. In October, the Republican effort to defund the Affordable Care Act resulted in a shutdown of the government for 16 days, and threatened default on the national debt. Last-minute legislation again put off the budget crisis to early 2014. The approval rating of Congress dropped to around 10 percent, and other nations questioned the economic leadership role of the United States in the world.

Gun Violence The mass shooting of moviegoers in Colorado and the killing of 26 young children and teachers in Connecticut sparked another debate over guns, and how to keep guns out of the hands of people with mental health problems. President Obama’s proposals to tighten gun laws and background checks went nowhere in the face of the opposition from gun rights advocates.

Terrorism in Boston The fear of home-grown terrorism proved real when two self-radicalized brothers set off two bombs at the finish line of the Boston Marathon, killing three and injuring more than 250 others. Both young men seemed motivated by extremist Islamic beliefs. The local police and FBI were able to hunt down the escaping suspects, but the case proved how difficult it is to prevent such attacks by isolated individuals.

Foreign Policy In the second Obama administration, the Middle East remained unstable. A civil war in Syria became the focus of international debate after the country's dictator, Bashar al-Assad, used poisonous gas on the rebels. The United States threatened to bomb Syria in retaliation for the use of chemical weapons. However, the attack was avoided when, with the aid of Russia, the Syrians agreed to give up all of their chemical weapons. In Iran, the election of a new leader provided an opportunity to restart negotiations over that country's nuclear energy program. For the United States and its allies, the goal was to prevent Iran from developing nuclear weapons.

In addition to problems in the Middle East, developed nations such as United States faced increased competition for natural resources from developing economic powers, such as China and India. Conflicts over territorial waters in the East and South China Seas and Arctic Ocean were also added to the challenges of the early 21st century.

Rulings of the Roberts Court

The repeated observation that Americans try to settle their most vexing problems in the courts still held true in the early 21st century. Since the appointments by President George W. Bush of Chief Justice John Roberts and Samuel Alito, the court often had a 5-4 conservative majority. President Obama appointed Sonia Sotomayor in 2009 and Elena Kagan in 2010. Since each was replacing a moderate or liberal justice, neither changed the balance on the court.

Affirmative Action and Voting Rights Conservatives had been attacking efforts by Congress and local governments to address the legacy of racial discrimination through affirmative action since the 1970s. In 2007, the Roberts Court ruled in a 5-4 decision that local school districts could not use race to assign students to achieve diversity.

While the Court overturned the actions of local school districts, it deferred to states on voting rights. For example, it upheld an Indiana law requiring citizens to have a photo identification card to vote. Supporters argued that it would help prevent fraud. Critics charged it would primarily hinder poor and minorities from voting. More broadly, in 2013, the Court's decision in *Shelby County v. Holder* struck down a key provision of the Voting Rights Act of 1965 (renewed in 2006). This provision required that certain states with a history of voter discrimination obtain prior federal approval of any changes in voting laws. Roberts argued that the times had changed enough that minority voters no longer needed the same protections, and the court sent the act back to Congress to be rewritten.

Elections and Money After decades of efforts to limit the influence of big money in elections, the Supreme Court ruled in *Citizens United v. Federal Election Commission* (2010) that corporations were "legal persons" and had the same rights as individuals to buy ads to influence political elections. In 2013, the Supreme Court heard arguments to overturn the federal limits on campaign contributions, which some worried would open the door to wider corruption of elected officials.

Environment The Obama administration used the stimulus bill to promote reduced reliance on oil and more development of alternative energy sources, such as solar and wind. However, many in Congress disagreed with the science behind global warming and opposed tighter controls of greenhouse gases. With Justice Kennedy joining the more liberal justices, the court ruled 5–4 in *Massachusetts v. EPA* (2007) that the EPA has the authority under the Clean Air Act to regulate carbon dioxide and other greenhouse gases.

Gay Rights and Same-Sex Marriage The gay rights movement achieved significant gains in the 21st century. In 2010, Congress repealed the Clinton era “Don’t Ask, Don’t Tell” to end discrimination of gays in the military. In 2013, the Supreme Court in a 5–4 ruling declared the 1996 Defense of Marriage Act unconstitutional, and let stand the California court’s overturn of a state law banning same-sex marriage. However, the states in 2013 remained divided over the issue with fourteen allowing same-sex marriage by law or court order, while 35 states banned it in their constitutions or by law.

Gun Rights The twenty-seven words of the 2nd Amendment had inspired numerous competing interpretations over the years, but in 2008 in another 5–4 decision, the Supreme Court ruled in *District of Columbia v. Heller* that the 2nd Amendment protects an individual’s right to possess a firearm unconnected with service in a militia. Justice Scalia used the original intent argument to support the majority opinion.

Immigration The questions of the future of an estimated 11 million undocumented immigrants and border security also divided the nation and the courts. Unhappy with federal policies, Arizona took on the issues. In *Chamber of Commerce v. Whiting* (2011), the Roberts Court ruled that a state had the right to require employers to check the immigration status of potential employees. However, in *Arizona v. United States* (2012), Justice Kennedy again voted with the four more liberal justices, and the Court ruled that federal immigration law pre-empts most of state’s anti-immigration law.

Health Care President Obama’s chief legislative accomplishment of his first term, the Affordable Care Act, known to the public as “Obamacare,” was under continuous attacks in Congress and the courts. Besides the costs and complexity of the law, the legal debate centered on whether the federal government had the authority to mandate Americans to buy health insurance or pay a penalty. In 2012, the case of *National Federation of Independent Business v. Sebelius (NFIB) v. Sibelius* finally made it to the Supreme Court.

In the hearing, the fate of health care law did not look promising when Justice Scalia asked whether the federal government could next require Americans to buy broccoli. However, in a surprising 5–4 decision, Chief Justice Roberts, leading the four more liberal justices, ruled that the requirement that individuals must purchase health insurance or pay a penalty was a constitutional exercise of Congress’s authority to levy taxes. Roberts angered many conservatives with this decision, but he then joined the more conservative justices in a further ruling that limited Congress’s authority under the interstate commerce

clause and limited its power to force states to expand Medicaid. About half of the states used the latter ruling to justify not expanding Medicaid, which they argued would eventually be too expensive for them to afford. These decisions resulted in many low-income people not receiving health insurance.

Some observers noted that, with a divided Congress too dysfunctional to address the complex issues of the times, more decisions were falling to the courts to settle, from elections to health care. If so, the Roberts Court may become one of the more powerful Courts in American history.

HISTORICAL PERSPECTIVES: WHAT CAUSES BOOMS AND BUSTS?

The Great Recession renewed the debate over the causes of depressions and the role of government in the economy. Economic collapses caused by financial crises, such as the Panic of 1837, have been far more severe and long-lasting than those caused by industrial overproduction. Kevin Phillips in *Bad Money* (2008) argued that the danger to the U.S. economy increased after the 1970s because financial services, especially those profiting from creation and leveraging of debt, became more profitable than manufacturing. He viewed this “financialization” of the economy as dangerous because it will lead to national decline as it did for the Spanish, the Dutch, and the British in the past.

At the heart of many debates among economists is their confidence in markets. Has history shown that markets are free and rational or that they are often inefficient and easily manipulated? The conservative view, drawing upon the ideas of economists such as Friedrich Hayek and Milton Friedman, is that markets have worked so well that government should stay out of the way. On the other side, Joseph Stiglitz argues that markets have often failed because of imperfect or false information, such as the fraudulent sale of repackaged subprime mortgage debt around the world. From his viewpoint, markets need government supervision to avoid more economic calamities, which are harder on ordinary working people than on Wall Street and the banks. In his retrospective of the Great Recession, former Federal Reserve Chairman Alan Greenspan, who had sided with the free-market conservatives, admitted that he was wrong and that “curative” regulation of the banking industry is needed to counter the “animal spirits” of euphoria, greed, and fear in the financial markets.

KEY TERMS BY THEME

Politics in the 2000s (POL)

political polarization
Southern white conservatives
gerrymandered “safe seats”
election of 2000
George W. Bush
Al Gore
Bush v. Gore
Bush tax cuts
No Child Left Behind Act
Enron, corporate corruption
campaign finance reform
housing bubble
election of 2004
John Kerry
privatization of Social Security
Hurricane Katrina
corruption in Congress
John Roberts
Samuel Alito
border security

War on Terrorism (WOR)

Colin Powell
Islamic roots of anti-Americanism
Al-Qaeda
Osama bin Laden
asymmetric warfare
bombing of U.S. embassies
U.S.S. Cole
World Trade Center
September 11, 2001
Afghanistan, Taliban
Hamid Karzai
Homeland Security Department

“connect the dots”

Director of National Intelligence
Kyoto Accord
Bush Doctrine
unilateralist approach
“axis of evil”
WMDs
Saddam Hussein
UN inspections
Operation Iraq Freedom
“regime change”
“war of choice”
Sunni vs. Shiite
Abu Ghraib prison
2007 troop surge

Great Recession (WXT)

securitization
liquidity crisis
Fannie May, Freddie Mac
Lehman Brothers
Troubled Assets Relief Program (TARP)
poor regulation of financial institutions

Obama Presidency (POL)

election of 2008
Hillary Clinton
Barack Obama
John McCain
Sarah Palin
effects of Great Recession
2009 stimulus bill
Dodd-Frank Act
aid to auto industry
Affordable Care Act
budget deficits
Bowles-Simpson plan
Tea Party
debt ceiling

super-committee
U.S. credit rating
election of 2012
Mitt Romney
Latino voters
sequester cuts
2013 shutdown of government
gun violence
Boston Marathon bombing

Obama Foreign Policy (WOR)

ban on torture
withdrawal from Iraq
Afghanistan surge
death of bin Laden
drawdown in Afghanistan
Arab Spring
fall of dictatorships
civil war in Syria
“pivot” to Asia
euro crisis

Roberts Court (POL, CUL)

Sonia Sotomayor
Elena Kagan
Shelby County v. Holder (2013)
repeal of “Don’t Ask, Don’t Tell”
same-sex marriage
2nd Amendment and *Heller* case
campaign financing
Citizens United (2010)
NFIB v. Sibelius (2012)