CHAPTER

31

Confronting Global and National Dilemmas

1989 to the Present

CHAPTER OUTLINE

The following annotated chapter outline will help you review the major topics covered in this chapter.

I. America in the Global Economy

A. The Rise of the European Union and China

1. Since the early 1990s, a multipolar world has emerged—with centers of power in Europe, Japan, China, and the United States, along with rising regional powers such as India and Brazil.
2. In 1992, the nations of Western Europe created the European Union (EU) and moved toward the creation of a single federal state, somewhat like the United States. By the end of the 1990s, the European Union embraced more than twenty countries and 450 million people and accounted for a fifth of all global imports and exports. In 2002, the EU introduced a single currency, the euro, which soon rivaled the dollar and the Japanese yen as a major international currency.
3. Militarily, however, the EU remained a secondary power. European countries preferred social programs to armies and posed no military challenge to the United States.
4. Between 2000 and 2008, China quadrupled its gross domestic product (GDP) and economic growth rates were consistently near 10 percent—higher than the United States achieved during its periods of furious economic growth in the 1950s and 1960s.
5. China could hardly have put up such impressive numbers without its symbiotic relationship with American consumers. It embraced capitalism, and its factories produced inexpensive products for export, which Americans eagerly purchased—everything from children's toys and television sets to clothing, household appliances, and video games. Such a relationship is possible because China has deliberately kept its currency weak against the American dollar, ensuring that its exports remain cheap in the United States.
6. Beneficial to American consumers in the short run, the long-term impact is a continuously shrinking manufacturing base in the United States, costing jobs and adversely affecting communities. Additionally, China has kept its currency low against the dollar primarily by purchasing American debt. China now owns nearly 25 percent of total U.S. debt, more than any other nation. Many economists believe that it is unwise to

allow a single country to wield so much influence over the U.S. currency supply.

B. An Era of Globalization
   1. International Organizations and Corporations
      a. The end of the Cold War shattered barriers that had restrained international trade and impeded capitalist development of vast areas of the world. New communications systems were shrinking the world's physical spaces to a degree unimaginable at the beginning of the twentieth century.
      b. Global financial markets became integrated to an unprecedented extent, allowing investment capital to "flow" into and out of nations and around the world in a matter of moments. International organizations set the rules for capitalism's worldwide expansion. During the final decades of the Cold War, the leading capitalist industrial nations formed the Group of Seven (G7) to manage global economic policy. Russia joined the group in 1997, creating the Group of Eight (G8).
      c. The G8 nations—the United States, Britain, Germany, France, Italy, Japan, Canada, and Russia—largely controlled the major international financial organizations.
      d. As globalization accelerated, so did the integration of regional economies. To offset the economic clout of the European bloc, in 1993 the United States, Canada, and Mexico signed the North American Free Trade Agreement (NAFTA). This treaty envisioned the eventual creation of a free-trade zone covering all of North America.
      e. The capitalist nations of Japan, South Korea, Taiwan, and Singapore consulted on economic policy; as China developed a quasi-capitalist economy and became a major exporter of manufactures, its Communist-led government joined their deliberations.
      f. The proliferation of multinational corporations (MNCs), such as Walmart, Apple, and McDonald's, has made globalization possible. The number of corporations with offices and factories in multiple countries has exploded from 7,000 in 1970 to 63,000 in 2000.
      g. Globalization was driven by more than a quest for new markets. Corporations sought ever-cheaper sources of labor. Many American multinational corporations closed their factories in the United States and outsourced manufacturing jobs to plants in Mexico, Eastern Europe, and especially Asia.
   2. Financial Deregulation
      a. As trade restrictions among nations began to fall in the 1980s and 1990s, so did restrictions on investment. One of the principal differences between this new era of globalization and previous eras has been the opening of national financial and currency markets to investment from around the world. Global financial integration has been a hallmark of our time.
      b. Financial deregulation led to spectacular profits for investors but produced a more fragile, crash-prone global economy.

C. Revolutions in Technology
   1. Computers, cellular phones, the Internet and World Wide Web, the iPod, and other electronic devices altered work, leisure, and access to knowledge in stunning ways. Like unimpeded trade, these advances in communications and personal technologies made the world smaller and more global.
   2. During the 1990s, personal computers grew even more significant with the

spread of the Internet and the World Wide Web. Like the computer itself, the Internet was the product of military-based research. But it was soon used by government scientists, academic specialists, and military contractors to exchange data, information, and electronic mail. By the 1980s, the Internet had spread to universities, businesses, and the general public.

3. The debut in 1991 of the graphics-based World Wide Web—a collection of servers that allowed access to millions of documents, pictures, and other materials—enhanced the popular appeal and commercial possibilities of the Internet. By 2011, 78 percent of all Americans and more than two billion people worldwide used the Internet to send messages and view information. Businesses used the World Wide Web to sell their products and services; e-commerce transactions totaled $114 billion in 2003, $172 billion in 2005, and neared $500 billion by 2010. The Web proved instantly democratic, providing ordinary people with easy access to knowledge.

II. Politics and Partisanship in a New Era

A. An Increasingly Plural Society

1. New Immigrants
   a. Demographers predict that at some point between 2040 and 2050 the United States will become a "majority-minority" nation: no single ethnic or racial group will be in the numerical majority. This is already the case in California, where in 2010 African Americans, Latinos, and Asians together constituted a majority of the state's residents.
   b. The population of the United States grew from 203 million in 1970 to 280 million in 2000. Immigrants from Latin America and East Asia accounted for about 25 million of the 77-million-person increase.
   c. An extraordinary inflow of immigrants was the unintended result of the Immigration and Nationality Act of 1965, which eliminated the 1924 quota system that favored Northern Europe.
   d. The legislation also included provisions that eased the entry of immigrants who were professionals, scientists, and artists "of exceptional ability," or who possessed skills in high demand in the United States. Finally, a provision with far-reaching implications was included in the new law: immediate family members of those already legally resident in the United States were admitted outside of the total numerical limit.
   e. American residents from Latin America and the Caribbean were best positioned to take advantage of the family provision. By 2000, there were more Latinos than African Americans in the United States. These immigrants profoundly shaped the emerging global economy by sending substantial remittances back to families in their home countries.
   f. Throughout much of its history, the United States had oriented itself toward the Atlantic, but increased immigration from Asia changed that perspective. Increased transnational trade across the Pacific transformed the Pacific Rim into an important new region.
2. Multiculturalism and Its Critics
   a. Most new immigrants arrived under the terms of the 1965 law. But those who did not—and became known as "illegal aliens"—stirred political controversy. Congress passed the Immigration Reform and Control Act in 1986, granting citizenship to many who had arrived illegally, providing incentives to employers not to hire

undocumented immigrants, and increasing surveillance along the border with Mexico. Significantly, state governments led the efforts to deal with illegal immigration. In 1994, California voters overwhelmingly supported Proposition 187, which barred illegal aliens from public schools and state social services, but federal courts ruled it unconstitutional in 1999.

b. The concept of multiculturalism emerged to define social diversity. It suggested Americans were not a single people into whom others melted but comprised a diverse set of ethnic and racial groups living and working together. A shared set of public values held the society together.

c. Critics, however, charged that multiculturalism perpetuated ethnic chauvinism and conferred preferential treatment on minority groups.

d. Conservatives argued that governmental programs such as affirmative action were deeply flawed, because they promoted "reverse discrimination" against white men and resulted in the selection and promotion of less-qualified applicants for jobs and educational advancement.

e. The U.S. Supreme Court spoke loudest on the subject. In two parallel 2003 cases, the Court invalidated one affirmative action plan at the University of Michigan but allowed racial preference policies that promoted a "diverse" student body. Thus diversity became the law of the land, the constitutionally acceptable basis for affirmative action. The policy had been narrowed but preserved.

f. Additional anxieties about a multicultural nation centered on language. For example, California's Proposition 227, calling for an end to bilingual education in public schools, passed with a healthy 61 percent majority.

B. Clashes over "Family Values"

1. Abortion

a. New Right conservatives claimed that liberalism had eroded respect for marriage and what they had called, since the 1970s, "family values." They pointed to the 40 percent rate of divorce among whites and the nearly 60 percent rate of out-of-wedlock pregnancies among African Americans.

b. Abortion was central to the battles between feminists and religious conservatives and a defining issue between Democrats and Republicans. Feminists who described themselves as prochoice viewed the issue from the perspective of the pregnant woman, arguing that the right to a legal, safe abortion was crucial to her control over her body and life. Conversely, religious conservatives, who pronounced themselves prolife, viewed abortion from the perspective of the unborn fetus, claiming that its rights trumped those of the living mother.

c. By the 1980s, fundamentalist Protestants had assumed leadership of the antiabortion movement, which became increasingly confrontational and politically powerful. In 1987, religious activist Randall Terry founded Operation Rescue, which mounted protests outside abortion clinics and harassed their staffs and clients. Antiabortion activists also won state laws that limited public funding for abortions, required parental notification before minors could obtain abortions, and mandated waiting periods before any woman could undergo an abortion procedure.

2. Gay Rights

a. The issue of homosexuality stirred equally deep passions. As more gay men and women came out of the closet, they demanded legal protections from discrimination in housing, education, and employment. Public opinion about these demands varied by region, but by the 1990s, many cities and states had indeed banned discrimination on the basis of sexual orientation.
b. Gay rights groups also sought legal rights for same-sex couples that were akin to those enjoyed by married heterosexuals. Many of the most prominent national gay rights organizations focused on full marriage equality.
c. The Religious Right had long condemned homosexuality as morally wrong. Public opinion remained sharply divided. In 1992, Colorado voters approved an amendment to the state constitution that prevented local governments from enacting ordinances protecting gays and lesbians—a measure that the Supreme Court subsequently overturned as unconstitutional. That same year, Oregon voters defeated a more radical initiative that would have prevented the state from using any funds "to promote, encourage or facilitate" homosexuality.
d. In 1998, Congress passed the Defense of Marriage Act, which allowed states to refuse to recognize gay marriages or civil unions formed in other jurisdictions. However, eleven states have legalized gay marriage more recently.

3. Culture Wars and the Supreme Court
a. These divisive rights issues increasingly came before the U.S. Supreme Court. Decisions in *Webster v. Reproductive Health Services* (1989), and *Planned Parenthood of Southeastern Pennsylvania v. Casey* (1992) limited abortion rights.
b. Ideologically moderate justices, however, affirmed the "essential holding" in Roe v. Wade (1973) that women had a constitutional right to control their reproduction. In Lawrence v. Texas (2003), the Court limited the power of states to prohibit private homosexual activity between consenting adults.

C. The Clinton Presidency, 1993–2001
1. New Democrats and Public Policy
a. In 1992, Clinton, the governor of Arkansas, styled himself a New Democrat who would bring Reagan Democrats and middle-class voters back to the party. At only forty-six, he was a young, energetic, ambitious policy wonk—extraordinarily well informed about the details of public policy.
b. To win the Democratic nomination in 1992, Clinton had to survive charges that he embodied the permissive social values that conservatives associated with the 1960s: namely, that he dodged the draft to avoid service in Vietnam, smoked marijuana, and cheated repeatedly on his wife. But Clinton adroitly talked his way into the presidential nomination: he had charisma and a way with words.
c. President George H. W. Bush won renomination over his lone opponent, the conservative columnist Pat Buchanan. The Democrats mounted an aggressive campaign that focused on Clinton's domestic agenda: he promised a tax cut for the middle classes, universal health insurance, and a reduction of the huge Republican budget deficit.
d. For his part, Bush could not overcome voters' discontent with the weak

economy and conservatives' disgust at his tax hikes. He received only 38 percent of the popular vote as millions of Republicans cast their ballots for independent businessman Ross Perot, who won more votes (19 percent) than any independent candidate since Theodore Roosevelt in 1912. With 43.7 percent of the vote, Clinton won the election.

e. As a self-proclaimed New Democrat, Clinton tried to steer a middle course through the nation's increasingly divisive partisanship. Clinton had notable successes as well as spectacular failures pursuing this course.

f. Clinton's proposed health care system of "managed competition" failed and forty million Americans remained without health coverage.

g. More successful was Clinton's plan to reduce the budget deficits of the Reagan-Bush presidencies. In 1993, he secured a five-year budget package that would reduce the federal deficit by $500 billion. By 1998, Clinton's fiscal policies had balanced the federal budget and begun to pay down the federal debt. As fiscal sanity returned to Washington, the economy boomed, thanks in part to the low interest rates stemming from deficit reduction.

2. The Republican Resurgence

a. But those economic results lay in the future. More immediately, the midterm election of 1994 confirmed that the Clinton presidency had not produced an electoral realignment: conservatives still had a working majority. Republicans gained a majority in the House for the first time since 1954 and retook control of the Senate. Leading the Republican charge was Representative Newt Gingrich of Georgia, who revived calls for significant tax cuts, reductions in welfare programs, anticrime initiatives, and cutbacks in federal regulations.

b. In response to the massive Democratic losses in 1994, Clinton moved to the right. Claiming in 1996 that "the era of big government is over," he avoided expansive social-welfare proposals for the remainder of his presidency and sought Republican support for a centrist New Democrat program. The signal piece of that program was reforming the welfare system.

3. Clinton's Impeachment

a. Even with the concession on welfare, Clinton could not escape an opposition deeply hostile to his presidency. Following a relatively easy victory in the 1996 election, his second term unraveled when a sex scandal led to his impeachment. Clinton denied having had a sexual affair with Monica Lewinsky, a former White House intern. Independent prosecutor Kenneth Starr, a conservative Republican, concluded that Clinton had committed perjury and obstructed justice and that these actions were grounds for impeachment.

b. Historically, Americans have usually defined "high crimes and misdemeanors"—the constitutional standard for impeachment—as involving a serious abuse of public trust that endangered the republic. In 1998, conservative Republicans favored a much lower standard because they did not accept Clinton's legitimacy as president. They vowed to oust him from office.

c. On December 19, the House of Representatives narrowly approved two articles of impeachment. Only a minority of Americans supported the House's action. Lacking public support, Republicans in the Senate fell

well short of the two-thirds majority they needed to remove the president.

D. Post-Cold War Foreign Policy
   1. The Breakup of Yugoslavia
      a. Among the challenges for the United States was the question of whether to support the admission of some of the new European and Central Asian states formed in the wake of the collapse of the Soviet Union, such as Ukraine, Georgia, and Armenia, into the North Atlantic Treaty Organization (NATO). Many observers believed that extending the NATO alliance into Eastern Europe would damage U.S.-Russian relations.
      b. By 2010, twelve new nations—most of them in Eastern Europe, and ten of them former members of the Warsaw Pact—had been admitted to the NATO alliance.
      c. Two of the new NATO states, Slovenia and Croatia, emerged from an intractable set of conflicts that led to the dissolution of the communist nation of Yugoslavia.
      d. In 1992, the heavily Muslim province of Bosnia-Herzegovina declared its independence, but its substantial Serbian population refused to live in a Muslim-run multiethnic state. Slobodan Milosevic, an uncompromising Serbian nationalist, launched a ruthless campaign of "ethnic cleansing" to create a Serbian state.
      e. In November 1995, Clinton organized a NATO-led bombing campaign and peacekeeping effort, backed by 20,000 American troops, that ended the Serbs' vicious expansionist drive.
      f. Four years later, a new crisis emerged in Kosovo, another province of the Serbian-dominated Federal Republic of Yugoslavia. Again led by the United States, NATO intervened with aircraft strikes and military forces to preserve Kosovo's autonomy. By 2008, seven newly independent nations had emerged from the wreckage of Yugoslavia's demise.
   2. America and the Middle East
      a. No post-Cold War development proved more challenging than the emergence of radical Islamic movements in the Middle East.
      b. Clinton had inherited from President George H. W. Bush a defeated Iraq and a sizeable military force in Saudi Arabia. American fighter jets left Saudi Arabian air bases to fly regular missions over Iraq, enforcing a no-fly zone, where Iraqi planes were forbidden, and bombing select targets. The Clinton administration also enforced a UN-sanctioned trade embargo with Iraq.
      c. Angered by the continued U.S. presence in Saudi Arabia, Muslim fundamentalists soon targeted Americans. In 1993, radical Muslim immigrants set off a bomb in the World Trade Center in New York City, killing six people and injuring more than a thousand. Five years later, Muslin terrorists bombed U.S. embassies in Kenya and Tanzania, and in 2000, they bombed the American warship, the USS *Cole*, in Yemen.
      d. The Clinton administration knew these attacks were the work of Al Qaeda, a network of radical Islamic terrorists organized by the wealthy Saudi exile Osama bin Laden. In February 1998, the year of the embassy bombings, bin Laden had issued a call for holy war—arguing that it was the duty of every Muslim to kill Americans and their allies.
      e. After the embassy attacks, Clinton ordered air strikes on Al Qaeda bases in Afghanistan, but the strikes failed to

disrupt this growing terrorist network. When Clinton left office, the CIA, the State Department, and the Pentagon were well aware of the potential threat posed by bin Laden's followers.

III. Into a New Century

A. The Ascendance of George W. Bush

1. Tax Cuts

a. The election of 2000 joined those of 1876 and 1960 as the closest and most contested in American history. Gore won the popular vote, amassing 50.9 million votes to Bush's 50.4 million, but fell short in the electoral college, 267 to 271. Consumer- and labor-rights activist Ralph Nader, the Green Party candidate, drew away precious votes in key states that certainly would have carried Gore to victory.

b. Late on election night, the vote tally in Florida gave Bush the narrowest of victories. Democrats demanded hand recounts in several counties. A month of tumult followed, until the U.S. Supreme Court, voting strictly along conservative/liberal lines, ordered the recount stopped and let Bush's victory stand. Recounting ballots without a consistent standard to determine "voter intent," the Court reasoned, violated the rights of Floridian voters under the Fourteenth Amendment's equal protection clause. But the Court also declared that *Bush v. Gore* was not to be regarded as precedent.

c. Bush also brought into the administration his campaign advisor, Karl Rove, whose advice made for an exceptionally politicized White House. Rove foreclosed the easygoing centrism of Bush the campaigner by arguing that a permanent Republican majority could be built on the party's conservative base. Bush's vice president, the uncompromising conservative Richard Cheney, became, with Bush's consent, virtually a co-president. On Capitol Hill, Rove's hard line was reinforced by Tom DeLay, the House majority leader, who in 1995 had declared "all-out war" on the Democrats.

d. The domestic issue that most engaged President Bush, as it had Ronald Reagan, was taxes. Bush's Economic Growth and Tax Relief Act of 2001 slashed income tax rates, extended the earned income credit for the poor, and phased out the estate tax by 2010.

e. A second round of cuts in 2003 targeted dividend income and capital gains. His signature cuts skewed the distribution of tax benefits upwards. Bush had pushed far beyond any postwar president, even Reagan, in slashing federal taxes.

f. Critics warned that such massive tax cuts would plunge the federal government into debt. By 2006, federal expenditures had jumped 33 percent, at a faster clip than under any president since Lyndon Johnson. Huge increases in health-care costs were the main culprit. Two of the largest federal programs, Medicare and Medicaid—health care for the elderly and the poor, respectively—could not contain runaway medical costs.

g. Midway through Bush's second term, the national debt stood at over $8 trillion—much of it owned by foreign investors, who also financed the nation's huge trade deficit. On top of that, staggering Social Security and Medicare obligations were coming due for retiring baby boomers.

2. September 11, 2001

a. On September 11, 2001, nineteen Islamic terrorists from Al Qaeda hijacked four commercial jets and flew two of them into New York City's World Trade Center, destroying its

twin towers and killing over 2,900 people. A third plane crashed into the Pentagon, near Washington, D.C. The fourth, presumably headed for the White House or possibly the U.S. Capitol, crashed in Pennsylvania when the passengers fought back and thwarted the hijackers.

b. As an outburst of patriotism swept the United States, George W. Bush proclaimed a "war on terror" and vowed to carry the battle to Al Qaeda. Operating out of Afghanistan, where they had been harbored by the fundamentalist Taliban regime, the elusive Al Qaeda briefly offered a clear target. In October 2011, while Afghani allies carried the ground war, American planes rained destruction on the enemy.

c. By early 2002, this lethal combination had ousted the Taliban regime, destroyed Al Qaeda's training camps, and killed or captured many of its operatives. However, Al Qaeda leader Osama bin Laden had retreated to a mountain redoubt and escaped over the border into Pakistan.

3. The Invasion of Iraq

a. On the domestic side, Bush declared the terrorist threat too big to be contained by ordinary law-enforcement means. He wanted the government's powers of domestic surveillance placed on a wartime footing. With little debate, Congress passed the USA PATRIOT Act, granting the administration sweeping authority to monitor citizens and apprehend suspected terrorists.

b. On the international front, Bush used the war on terror as the premise for a new policy of preventive war. Under international law, only an imminent threat justified a nation's right to strike first. Now, under the Bush doctrine, the United States reserved for itself the right to act in "anticipatory self-defense." President Bush singled out Iran, North Korea, and Iraq—"an axis of evil"—as the targeted states.

c. Officials in the Pentagon regarded Iraq as unfinished business, left over from the Gulf War of 1991, and saw in Iraq an opportunity to unveil America's supposed mission to democratize the world. The democratizing effect would spread across the Middle East, toppling or reforming other unpopular Arab regimes and stabilizing the region. That, in turn, would secure the Middle East's oil supply, whose fragility Saddam's 1990 invasion of Kuwait had made all too clear. It was the oil, in the end, that was of vital interest to the United States.

d. Insisting that Iraq constituted a "grave and gathering danger" and ignoring the failure to secure a legitimizing UN resolution, Bush invaded in March 2003. America's one major ally in the rush to war was Great Britain. Relations with France and Germany became poisonous. Even neighboring Mexico and Canada condemned the invasion, and Turkey, a key military ally, refused transit permission, ruining the army's plan for a northern thrust into Iraq. The Arab world exploded in anti-American demonstrations.

e. Within three weeks, American troops had taken the Iraqi capital. The regime collapsed, and its leaders went into hiding (Saddam Hussein was captured nine months later). However, the Pentagon had made no provision for postconflict operations. Thousands of poor Iraqis looted everything they could get their hands on, shattering the infrastructure of Iraq's cities.

f. In the midst of this turmoil, an insurgency began, sparked by Sunni

Muslims who had dominated Iraq under Saddam's Baathist regime. The Shiite majority at first welcomed the Americans, but extremist Shiite elements soon turned hostile, and U.S. forces found themselves under fire from both sides. With the borders unguarded, Al Qaeda supporters flocked in from all over the Middle East, eager to do battle with the infidel Americans.

g. Iraqis viewed the U.S. forces as invaders. Photographs showing American guards at Baghdad's Abu Ghraib prison abusing and torturing suspected insurgents offered to Muslims final proof of American treachery. Despite heavy losses, President Bush committed the U.S. to "stay the course."

4. The 2004 Election
   a. As the 2004 presidential election approached, the Bush campaign stirred the culture wars and emphasized patriotism and Bush's war on terror to mobilize conservatives and further entrench the Republican Party as the dominant power in Washington. Rove encouraged activists to place antigay initiatives on the ballot in key states to draw conservative voters to the polls.
   b. The Democratic nominee, Senator John Kerry of Massachusetts, was a Vietnam hero, twice wounded and decorated for bravery—in contrast to the president, who had spent the Vietnam years comfortably in the Texas Air National Guard. But Kerry's membership in the antiwar group, Vietnam Veterans Against the War, and his blistering critique of the war to the Senate Armed Services Committee in 1971 made him vulnerable to charges of being weak and unpatriotic.
   c. A sudden onslaught of slick television ads by a group calling itself Swift Boat Veterans for Truth, falsely charging that Kerry had lied to win his medals, fatally undercut his advantage.
   d. Bush beat Kerry, with 286 electoral votes to Kerry's 252. He was no longer a minority president and had won a narrow, yet clear, popular majority.

B. Violence Abroad and Economic Collapse at Home
   1. George Bush's second term was defined by crisis management. In 2005, Hurricane Katrina—one of the deadliest hurricanes in the nation's history—devastated New Orleans.
   2. The run of crises did not abate after Katrina. Increasing violence and a rising insurgency in Iraq made the war there even more unpopular in the United States. In 2007, changes in U.S. military strategy helped quell some of the worst violence, but the war dragged into its fifth and sixth years under Bush's watch.
   3. In 2008, the American economy began to stumble. By fall, the Dow Jones Industrial Average had lost half its total value, and major banks, insurance companies, and financial institutions were on the verge of collapse. The entire automobile industry was near bankruptcy. Millions of Americans lost their jobs, and the unemployment rate surged to 10 percent. Housing prices dropped by as much as 40 percent in some parts of the country, and millions of Americans defaulted on their mortgages. The United States had entered the worst economic recession since the 1930s, what soon became known as the Great Recession.
   4. The 2008 presidential election took shape in that perilous context. The Democratic nomination was contested between the first woman and the first African American to be viable presidential contenders, Hillary Rodham Clinton and Barack Hussein Obama. In a close-fought

contest, Obama emerged by early summer as the nominee.

5. Meanwhile, the Bush administration confronted an economy in free fall. In September, less than two months before the election, the secretary of the treasury, Henry Paulson, urged Congress to pass the Emergency Economic Stabilization Act. Passed in early October, the act dedicated $700 billion to rescuing many of the nation's largest banks and brokerage houses. Between Congress's actions and the independent efforts of the Treasury Department and the Federal Reserve, the U.S. government invested close to $1 trillion in saving the nation's financial system.

C. The Obama Presidency

1. "Remaking America"
   a. Barack Obama, a Democratic senator from Illinois, represented the younger generation of an increasingly multiracial and multicultural America.
   b. He took the oath of office of the presidency on January 21, 2009, amid the deepest economic recession since the Great Depression and with the United States mired in two wars in the Middle East.
   c. From the podium, the new president recognized the crises and worried about "a nagging fear that America's decline is inevitable." But like all presidents at the opening of their term, Obama hoped to strike an optimistic tone. Americans, he said, must "begin again the work of remaking America."
   d. As the first African American president of the United States, the burden on Obama seemed immense. A nation that a mere two generations ago would not allow black Americans to dine with white Americans had elected a black man to the highest office. Obama himself was less taken with this historic accomplishment—which was also part of his deliberate strategy to downplay race—than with developing a plan to deal with the nation's innumerable challenges, both at home and abroad.
   e. With explicit comparisons to Franklin Roosevelt, Obama used the "first hundred days" of his presidency to lay out an ambitious agenda: an economic stimulus package of federal spending to invigorate the economy; plans to draw down the war in Iraq and refocus American military efforts in Afghanistan; reform of the nation's health insurance system; and new federal laws to regulate Wall Street.
   f. In February 2009, Congress passed the American Recovery and Reinvestment Act, an economic stimulus bill that provided $787 billion to state and local governments—one of the largest single packages of government spending in American history. Congress then passed the Wall Street Reform and Consumer Protection Act, a complex law that added new regulations limiting the financial industry and new consumer protections. Political debate over both measures was heated.
   g. Obama allowed congressional Democrats to put forth their own proposals on health-care reform, in an attempt to avoid the top-down approach taken by President Clinton. As debate dragged on, a powerful new far-right oppositional group emerged, the Tea Party. None of these developments derailed the legislation, but when the president signed the final health-care reform bill on March 23, it contained enough compromises that few could predict its long-term impact.
   h. Although the legislative process stalled after Democrats lost control of the House of Representatives in 2010 and failed to regain it in 2012, Obama used

executive authority to advance his broader agenda. For example, he repealed the military's "Don't Ask, Don't Tell" policy in 2011. He also appointed Sonia Sotomayor and Elena Kagan, two committed liberals, to the Supreme Court.

2. War and Instability in the Middle East
   a. The president began in 2010 to draw down troops stationed in Iraq and the last convoy of U.S. soldiers departed in late 2011.
   b. Disengaging from Afghanistan proved more difficult. In 2009, the president ordered an additional 30,000 Americans troops to parts of the country where the Taliban had regained control—a "surge" he believed necessary to avoid further Taliban victories. Securing long-term political stability in this fractious nation, however, has eluded Obama. He pledged the withdrawal of all U.S. units by 2014.
   c. The Middle East remains a volatile region. In late 2010, a series of multicountry demonstrations and protests, dubbed the Arab Spring, toppled autocratic rulers in Egypt, Tunisia, Libya, and Yemen. In May 2011, U.S. Special Forces found and killed Osama bin Laden. The president's use of "drone" strikes to assassinate Al Qaeda leaders and other U.S. enemies in the region remains a controversial issue.
3. Climate Change
   a. Scientists have known for decades that the burning of carbon-based substances, especially coal and oil, increases greenhouse gases in the atmosphere, warming the earth. Higher temperatures will produce dramatically new weather patterns and rising sea levels. How to halt, or at least mitigate, climate change is one of the issues facing the Obama administration.
   b. Oil company lobbyists, defenders of free-market capitalism, and conservatives who deny global warming altogether have been instrumental in blocking government policies. The United States did not sign the Kyoto Protocol designed to reduce carbon emissions, cap-and-trade legislation has stalled in Congress, and a tax on carbon emissions has likewise gained little support.
   c. There is little doubt, however, that global climate change, and the role of the United States in both causing and mitigating it, will remain among the most critical questions of the next decades.
4. Electoral Shifts
   a. It remains unclear how the Obama presidency will affect American politics. From one vantage, he looks like the beneficiary of an electoral shift in the liberal direction; he received a greater share of the popular vote than Clinton or Gore and defeated Mitt Romney in 2012 with a comfortable margin of 5 million votes.
   b. From another vantage, any electoral shift toward liberalism appears temporary and fragile. Even with Democratic majorities similar to what Franklin Roosevelt and Lyndon Johnson enjoyed, he could not generate political momentum to pass legislative advances as they did. The history of Obama's presidency, and of the early twenty-first century more broadly, continues to unfold.