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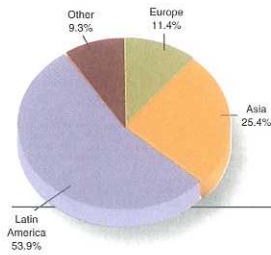
COMPLACENCY AND CRISIS

1993–2003



HOW DID Bill Clinton dominate the politics of the “center?”

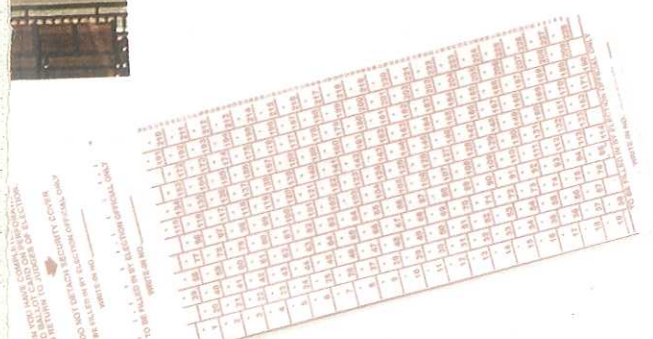
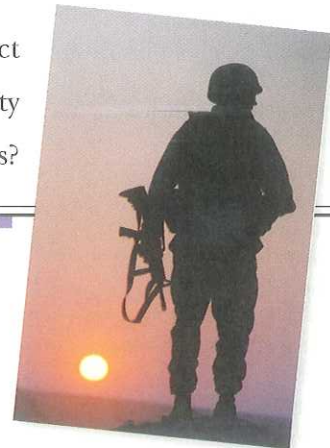
WHAT IMPACT did information technologies have on the economy in the 1990s?



HOW DID the make-up of the American population change in the 1990s?

WHAT WERE the policies of George W. Bush during his first two years in office?

HOW DID 9/11 affect American views on security and affairs?



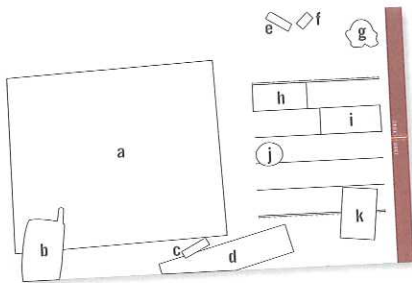


Credits

k. Stephen Crowley/The New York Times.

IMAGE KEY

for pages 820–821



- a. Black smoke billowing through lower Manhattan during the collapse of the World Trade Center.
- b. A cell phone like those used by many in the stricken World Trade Center Towers to call for help or give their families their last goodbyes.
- c. Computer chips have come to symbolize the boom of the 1990s.
- d. A paper voting card like those used in Florida in the contentious 2000 presidential election.
- e, f. Computer chips.
- g. A gas mask used as protection from a chemical or biological attack.
- h. Bill Clinton campaigning in 1992; shown surrounded by a crowd.
- i. S.V. Marshall High School students join other Mississippi teens in building more than 125 new high-speed multimedia computers during a Computer Blitz Build at Jackson State University e-Center.
- j. A pie chart showing the population shifts of the 1990s.
- k. A soldier stops to watch the sunset during military exercises in Kuwait, November 18, 2002.

I'm a firefighter for the FDNY [Fire Department New York]. I had gotten off the night before. . . . My friend woke me up early that morning to borrow my car to take his sick cat to the vet. . . . I was up so I went to my local bagel store for my coffee and paper. . . . when I heard a lady scream a plane had hit the Trade Center. . . . I thought since it was a beautiful day that perhaps a Cessna with the pilot having a heart attack had accidentally done this. . . . I ran home to put the TV on. . . . as soon as I saw what damage was done I knew this wasn't any Cessna. . . . my god people were jumping . . . phone rang it was a fellow from my station and he hadn't turned his TV on yet. . . . I screamed to him to turn his ##* TV on. . . .*

When the second plane hit. . . . I said goodbye and told him I was going in. . . . I jumped in my car and was off to the races. . . . the highway was closed. . . . but open for us. . . . I had the gas pedal to the floor as I headed toward the city looking out my window I see both towers burning. . . . when I hear a rumble and see the south tower #2 fall. . . . I have to get my gear so I pull off the highway going down the on ramp. . . . arriving at the firehouse everyone's in shock and we know we gotta get there now to help. . . . as we're getting ready to leave the 2nd tower fell. . . . we commandeer a bus and we're off. . . .

We arrived at a staging area and then finally got the ok to go in. . . . who's in charge? . . . Shoes, papers, and dust are everywhere. . . . we wait til [building] 7 collapses. . . . chief gets us into the site by going thru the financial center and bam there we are. . . . pieces of the outside wall sticking out of the highway. . . . cars on fire . . . buses gutted. . . . I saw numerous acts of courage that day both civilian and uniformed. . . . the looks on the faces of the people coming out of the city that day will haunt me forever . . . everyone was the same color. . . . dust white. . . . women crying. . . . men crying. . . . we must never forget the men and women that died that day. . . . their sacrifice will live on for generations to come. . . .

Source: John McNamara Story #400, The September 11 Digital Archive, 13 April, 2002, <http://911digitalarchive.org/stories/details/400>

JOHN MCNAMARA was one of the many off-duty New York City fire fighters who rushed to the World Trade Center after the terrorist attack on September 11, 2001. Hijacking four commercial jetliners, the terrorists crashed one plane into the Pentagon and one into each of the twin towers of the World Trade Center, 110-story buildings that housed 50,000 workers at the peak of the workday. Millions of Americans watched in horror as television showed first one tower and then the other burned and disintegrated. September 11 was an occasion for terror and courage. Passengers on the fourth plane fought the hijackers and made sure that it crashed in a Pennsylvania field rather than hit a fourth target. Altogether, 479 police officers, fire fighters, and other emergency workers died in the collapse of the towers. Thousands of volunteers rushed to help. The total confirmed death toll was 2,795 in New York, 184 at the Pentagon, and 40 in Pennsylvania.



The attacks, masterminded by the Al-Qaeda network of Muslim extremists, ended a decade of prosperity at home and complacency about the place of the United States in the world. In their aftermath, as Americans became aware of millions of Muslim neighbors and tried to balance civil liberties against national security, they realized how diverse the nation had become. For most of the 1990s, prosperity allowed politics to focus on social issues, such as health care and education, as well as on bitterly partisan but often superficial battles over personalities and presidential behavior. However, the terrorists attacked buildings that were symbols of the nation's economic and military power. The aftermath of the attacks deepened a business recession that had followed a decade of growth spurred by new technologies. The vulnerability of the targets also undermined Americans' sense of security and isolation from world problems, underscored the global reach of terrorism, and made understanding its sources more necessary than ever.

THE POLITICS OF THE CENTER

In Bill Clinton's race for president in 1992, the "war room" was the decision center where Clinton and his staff planned tactics and countered Republican attacks. On the wall was a sign with a simple message: "It's the economy, stupid." It was a reminder that victory lay in emphasizing everyday problems that George H.W. Bush had neglected.

The message also revealed an insight into the character of the United States in the 1990s. What mattered most were down-to-earth issues, not the distant problems of foreign policy.

POLITICAL GENERATIONS

Every fifteen to twenty years, a new group of voters and leaders comes to power, driven by the desire to fix the mess that the previous generation left behind. The leaders who dominated the 1980s believed that the answer was to turn the nation's social and economic problems over to the market while asserting America's influence and power around the world.

In the mid-1990s the members of "Generation X" came of voting age with deep worries about the foreclosing of opportunities. They worried that previous administrations had neglected social problems and let the competitive position of the United States deteriorate.

Young and successful but not widely known as governor of Arkansas, Democrat Bill Clinton's campaign for the 1992 nomination overcame minimal name recognition and his use of a student deferment to avoid military service in Vietnam. Clinton made sure that the Democrats fielded a full baby boomer (and Southern) ticket by choosing the equally youthful Tennessean Albert Gore Jr. as his running mate.

Bush won renomination by beating back archconservative Patrick Buchanan. The party platform conformed to the beliefs of the Christian right. At the Republican National convention in Houston, Pat Buchanan called for a crusade against unbelievers. His startling speech was a reminder of how religious belief was reshaping American politics.

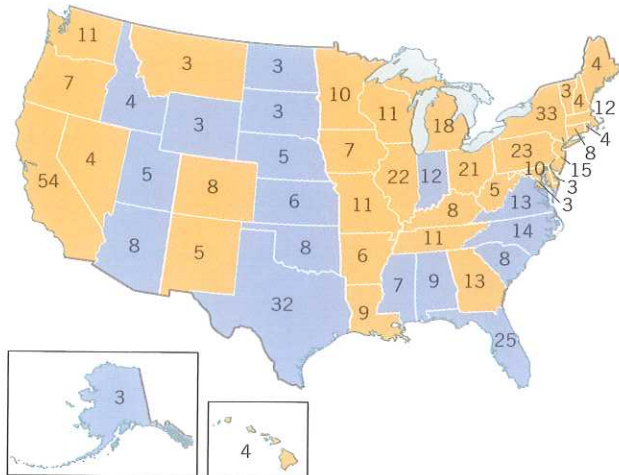
The wild card was Texas billionaire Ross Perot, whose independent campaign started with an appearance on a television talk show. Perot also tried to claim the political center, appealing to the middle of the middle-class—to small business owners, middle managers, and professionals who had approved of Reagan's antigovernment rhetoric but distrusted his corporate cronies. But, Perot's behavior became increasingly erratic.

HOW DID Bill Clinton
dominate the politics of the center?

QUICK REVIEW

Candidates for President in 1992

- ◆ Republican George H.W. Bush: Ronald Reagan's vice president.
 - ◆ Democrat Bill Clinton: little known governor of Arkansas.
 - ◆ Independent Ross Perot: Texas billionaire and political maverick.
-



	Electoral Vote (%)	Popular Vote (%)
BILL CLINTON (Democrat)	370 (69)	43,728,275 (43.2)
George Bush (Republican)	168 (31)	38,167,416 (37.7)
H. Ross Perot (United We Stand, America)	–	19,237,247 (19.0)

MAP 31-1

The Election of 1992 Bill Clinton defeated George H.W. Bush in 1992 by reviving the Democratic Party in the industrial Northeast and enlisting new Democratic voters in the western states, where he appealed both to Hispanic immigrants and to people associated with fast-growing high-tech industries. He won reelection in 1996 with the same pattern of support. However, the coalition was an unstable combination of “Old Democrats,” associated with older industries and labor unions, and “New Democrats,” favoring economic change, free trade, and globalization.

WHAT FACTOR’S led to George H.W. Bush’s downfall in the election of 1992?

Bosnia A nation in southeast Europe that split off from Yugoslavia and became the site of bitter civil and religious war, requiring NATO and U.S. intervention in the 1990s.

Kosovo Province of Yugoslavia where the United States and NATO intervened militarily in 1999 to protect ethnic Albanians from expulsion.

Bush campaigned as a foreign policy expert, but he ignored anxieties about the nation’s direction at home. In fact, voters in November ranked the economy first as an issue, the deficit second, health care third, and foreign policy eighth. Clinton hammered away at economic concerns and the need for change from the Reagan-Bush years. He presented himself as a new, pragmatic, and livelier Democrat.

Election day gave the Clinton-Gore ticket 43 percent of the popular vote, Bush 38 percent, and Perot 19 percent. Millions who voted for Perot were casting a protest vote for “none of the above” and against “politics as usual” rather than hoping for an actual Perot victory. Clinton ran best among voters over 65, who remembered FDR and Harry Truman, and voters under 30.

POLICING THE WORLD

Clinton inherited an expectation that the United States could keep the world on an even keel. U.S. diplomats helped broker an Israel-PLO accord that gave Palestinians self-government in Gaza and the West Bank, only to watch extremists on both sides undermine the accords and plunge Israel into a near-civil war by 2002. The United States in 1994 used diplomatic pressure to persuade North Korea to promise to suspend building nuclear weapons. The world also benefited from a gradual reduction of nuclear arsenals and from a 1996 treaty to ban the testing of nuclear weapons.

Given the national distaste for overseas entanglements, Clinton used military power with caution. He inherited a U.S. military presence in Somalia (in northeastern Africa) but withdrew American forces when their humanitarian mission of guarding food relief to starving Somalis was overshadowed by the need to take sides in a civil war. In Haiti he restored an elected president.

Clinton also reluctantly committed the United States to a multinational effort to end bloody civil war in ethnically and religiously divided **Bosnia** in 1995.

The American military revisited the same part of Europe in 1999, when the United States and Britain led NATO’s intervention in **Kosovo**. The majority of people in this Yugoslav province were ethnic Albanians who chafed under the control of the Serb-controlled Yugoslav government. When a Kosovar independence movement began a rebellion, the Yugoslavs responded with brutal repression. To protect the Kosovars, NATO began a bombing campaign that targeted Yugoslav military bases and forces in Kosovo. In June, Yugoslavia agreed to withdraw its troops and make way for a multinational NATO peacekeeping force, marking a measured success for U.S. policy.

To satisfy Russia, the peacekeeping force that entered Kosovo in June was technically a U.S. operation, but it was a reinvented NATO that negotiated with Yugoslavia.

The new NATO is a product of the new Europe of the 1990s. A key step was expansion into the former Soviet sphere in eastern Europe. In 1999, NATO formally admitted Poland, Hungary, and the Czech Republic. Three years later, NATO agreed to give Russia a formal role in its discussions further eroding the barriers of the Cold War.



CLINTON'S NEOLIBERALISM

Domestic policy attracted Clinton's greatest interest, and his first term can be divided into two parts. In 1993–1994, he worked with a slim Democratic majority in Congress to modernize the American economy, taking advantage of an economic upturn that lasted for most of the decade. In 1995 and 1996, however he faced solid Republican majorities, the result of a Republican sweep in the November 1994 elections.

The heart of Clinton's agenda was efforts to make the United States economy more equitable domestically and more competitive internationally; these goals marked Clinton as a **neoliberal** who envisioned a partnership between a leaner government and a dynamic private sector. Steps to “reinvent” government cut federal employment below Reagan administration levels. A new tax bill increased taxes on the top 1.2 percent of households. The Earned Income Tax Credit, a Nixon-era program that helped lift working Americans out of poverty, was expanded. In early 1993, Clinton pushed through the Family and Medical Leave Act, which provided up to twelve weeks of unpaid leave for workers with newborns or family emergencies and had been vetoed twice by George H.W. Bush.

Clinton's biggest setback was the failure of comprehensive health-care legislation. The goals seemed simple at first: containment of health-care costs and extension of basic medical insurance to all Americans under age 65. In the abstract, voters agreed that something needed to be done. So did individuals like the twenty-five-year-old photographer's assistant who found herself facing cancer surgery without savings or health insurance: “I work full-time, and because it's a very small business, we don't get any benefits. . . . It just devastated everybody financially. And that shouldn't happen. That's the American dream that's lost.”

Unfortunately the plan that emerged from the White House ran to 1,342 pages of complex regulations, with something for everyone to dislike. Senior citizens worried about limits on Medicare spending. Insurance companies did not want more regulations. Businesses did not want the costs of insuring their workers. Taxpayers did not want to pay for wider medical insurance coverage through higher taxes or rationing of medical services. The reform effort went nowhere.

If Reagan avoided blame for mistakes, Clinton in his first two years in office seemed to avoid credit for successes despite his legislative accomplishments. Both the president and his wife attracted bitter hatred from the far right, of a sort previously reserved for Franklin and Eleanor Roosevelt and the Kennedy family. Indeed, Hillary Rodham Clinton became a symbol of discomfiting changes in American families.

CONTRACT WITH AMERICA AND THE ELECTION OF 1996

Conservative political ideology and personal animosity against the Clintons were part of an extraordinary off-year election in 1994, in which voters defeated dozens of incumbents and gave Republicans control of Congress. For most of 1995, the new Speaker of the House, Newt Gingrich of Georgia, dominated political headlines as he pushed the **Contract with America**, the official Republican campaign platform for the 1994 elections, which called for a revolutionary reduction in federal responsibilities.

Clinton laid low and let the new Congress attack environmental protections, propose cuts in federal benefits for the elderly, and try to slice the capital-gains tax to help the rich. As Congress and president battled over the budget, congressional Republicans forced the federal government to shut down for more than three weeks between November 1995 and January 1996. Democrats painted Gingrich and his congressional allies as a radical fringe who wanted to gut core values and programs that most Americans wanted to protect.

After the budget confrontations, 1996 brought a series of measures to reward work—a centrist position acceptable to most Americans. The minimum wage increased.

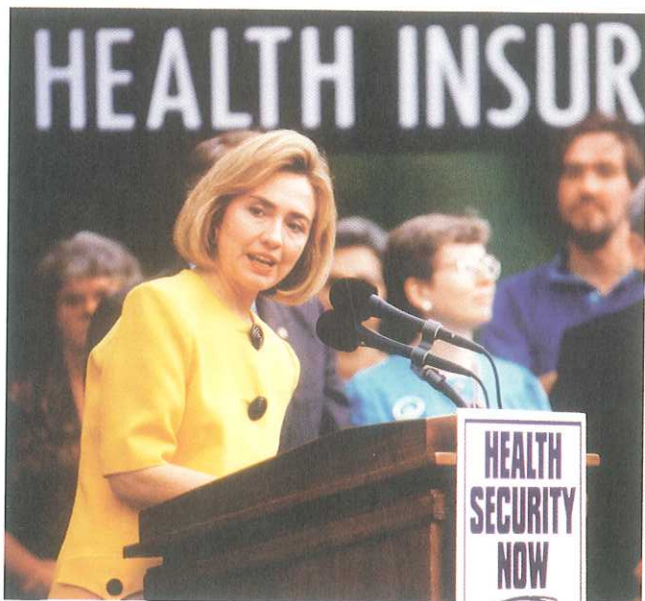
QUICK REVIEW

Clinton's Agenda

- ◆ Make the U.S. economy more equitable domestically and competitive internationally.
- ◆ Reduce the size of government while raising taxes on the wealthy and reducing them on the poor.
- ◆ Clinton's biggest setback was the failure of comprehensive health-care legislation.

Neoliberal Advocate or participant in the effort to reshape the Democratic party for the 1990s around a policy emphasizing economic growth and competitiveness in the world economy.

Contract with America Platform proposing a sweeping reduction in the role and activities of the federal government on which many Republican candidates ran for Congress in 1994.



Hillary Rodham Clinton's mastery of policy details seemed to some critics to be inappropriate for a first lady, but it helped her be an effective senator from New York beginning in 2001.

SIPA Press

Congress made pension programs easier for employers to create and made health insurance portable when workers changed jobs. Clinton signed bi-partisan legislation to “end welfare as we know it.” The new program of **Temporary Assistance to Needy Families (TANF)** replaced Aid to Families with Dependent Children (AFDC). Aid recipients had to seek work or be enrolled in schooling, and there was a time limit on assistance. By 2001, the number of public-assistance recipients had declined 58 percent from its 1994 high, but there are doubts that many of the former recipients have found jobs adequate to support their families.

Clinton's reelection in 1996 was a virtual replay of 1992. His opponent, Robert Dole, represented an earlier political generation. The Republican party was uncertain whether to stress free markets or morality. The party tried to paper over its uneasy mix of traditional probusiness and socially moderate country-club Republicans, radical proponents of unregulated markets, and religious conservatives affiliated with the Cristian Coalition. The Republicans thus displayed many of the internal fractures

that characterized American society as a whole.

Because the nation was prosperous and at peace, and because Clinton had claimed the political center, Clinton became the first Democratic president to be elected to a second term since Franklin Roosevelt. The Clinton-Gore ticket easily won the Northeast, the industrial Midwest, and the Far West; Hispanic voters alienated by anti-immigrant rhetoric from the Republicans helped Clinton also take usually Republican Florida and Arizona.

The election confirmed that voters liked the pragmatic center. They wanted to continue the reduction of the federal role in domestic affairs that began in the 1980s without damaging social insurance programs.

THE DANGERS OF EVERYDAY LIFE

Part of the background for the sometimes vicious politics of the mid-1990s was a sense of individual insecurity and fear of violence that coexisted with an economy that was booming in some sectors but still leaving many Americans behind. The solutions, however, seemed inadequate. Neither the liberal response of tighter gun controls or the conservative response of harsher and mandatory prison terms could prevent irrational actions.

Headlines and news flashes proclaimed terrifying random acts of violence. In April 1999, two high-school students in Littleton, Colorado took rifles and pipe bombs into Columbine High School to kill twelve classmates, a teacher, and themselves.

The greatest losses of life came in Waco, Texas, and in Oklahoma City. On April 19, 1993, federal agents raided the fortified compound of the Branch Davidian cult outside Waco after a fifty-one day siege. A fire, probably set from inside, killed more than eighty people. On the second anniversary of the Waco raid, Timothy McVeigh detonated a truck packed with explosives in front of the federal office building in downtown Oklahoma City. The blast killed 169 people, presumably as revenge against what McVeigh considered an oppressive government.

The Brady Handgun Violence Prevention Act, passed in 1994, set up a waiting period and background checks for purchases of firearms. But gun control was political dynamite. Americans have drastically differing understandings of the Second Amendment, which states: “A well regulated militia, being necessary to the security of a free State, the right of the people to keep and bear arms, shall not be infringed.” The National Rifle Association argued that the amendment establishes



WHERE TO LEARN MORE

★ Oklahoma City National Memorial Center Museum, Oklahoma City, OK
www.oklahomacitynationalmemorial.org

Temporary Assistance for Needy Families (TANF) Federal program, utilizing work requirements for and time limits on benefits, created in 1996 to replace earlier welfare programs to aid families and children.



an absolute individual right. Until the 1980s, in contrast, federal courts consistently interpreted the amendment to apply to citizen service in a government-organized militia, and federal courts have yet to strike down any gun control law for violating the Second Amendment.

Conservatives, including many gun-ownership absolutists, put their faith in strict law enforcement as the best route to public security. Many states adopted “three strike” measures that drastically increased penalties for individuals convicted of a third crime. One result was an explosive growth of the prison industry. States diverted funds from education and health care to build and staff more prisons. The number of people serving sentences of a year or longer in state and federal prisons grew from 316,000 in 1980 to 1,305,000 in 1999.

The war on drugs, begun in the 1980s, was the biggest contributor to the prison boom. Aggressive enforcement of domestic laws against drug possession or sales filled American prison cells and fell most heavily on minorities. In Connecticut, for example, minority offenders arrested on drug charges were nine times more likely than white offenders to end up in jail.

In fact, crime fell steadily after peaking in 1991. The rate of violent crime (murder, rape, robbery, aggravated assault) fell by 31 percent from 1991 to 1999, including a 37 percent drop in number of murders. The rate of major property crimes (burglary, larceny-theft, and motor vehicle theft) fell by 27 percent over the same period. Easing fears and escalating costs caused some states to soften sentencing laws.

MORALITY AND PARTISANSHIP

If the economy was the fundamental news of the later 1990s, Bill Clinton’s personal life was the hot news. In 1998 and 1999, the United States was riveted by revelations about the president’s sex life, doubts about his integrity, and debates about his fitness for high office. Years of rumors, and law suits, culminated in 1999 in the nation’s second presidential impeachment trial.

Clinton’s problems began in 1994 with the appointment of a special prosecutor to investigate possible fraud in the **Whitewater** development, an Arkansas land promotion in which Bill and Hillary Clinton had invested in the 1980s. The probe by Kenneth Starr, the independent counsel, however, expanded into a wide-ranging investigation that eventually encompassed the sexual behavior of the president. Meanwhile, Paula Jones had brought a lawsuit claiming sexual harassment by then-governor Clinton while she was a state worker in Arkansas. The investigation of Whitewater brought convictions of several friends and former associates of the Clintons, but no evidence pointing directly at either Bill or Hillary Clinton themselves.

The legal landscape changed in January 1998, when allegations surfaced about an affair between the president and Monica Lewinsky, a former White House intern. Lewinsky admitted to the relationship privately and then to Starr’s staff after the president had denied it in a sworn deposition for the Paula Jones case. This opened Clinton to charges of perjury and obstruction of justice. Although a federal judge dismissed Jones’s suit in April, the continued unfolding of the Lewinsky affair treated the nation to a barrage of personal details about Bill Clinton. The affair certainly revealed deep flaws in Clinton’s character and showed his willingness to shade the truth. Newspaper, radio talk shows, and politicians debated whether such flaws were relevant to his ability to perform his Constitutional duties.

In the fall of 1998, the Republican leaders who controlled Congress decided that Clinton’s statements and misstatements justified the Constitutional process of impeachment. In December, the Republican majority on the House Judiciary Committee recommended four articles of impeachment, or specific charges against the president, to the House of Representatives. By a partisan vote, the full House

QUICK REVIEW

Crime and Punishment

- ◆ High-profile acts of violence sparked interest in gun control.
- ◆ Some conservatives argued that the best defense against violence was gun ownership.
- ◆ The war on drugs led to a prison population boom.

Whitewater Arkansas real estate development in which Bill and Hillary Clinton were investors; several fraud convictions resulted from investigations into Whitewater, but evidence was not found that the Clintons were involved in wrongdoing.



OVERVIEW

PRESIDENTIAL IMPEACHMENT

Andrew Johnson, 1868	Charges:	Failure to comply with Tenure of Office Act, requiring Congressional approval to fire cabinet members.
	Political Lineup:	Radical Republicans against Johnson; Democrats and moderate Republicans for him.
	Actions:	Tried and acquitted by Senate.
	Underlying Issues:	Johnson's opposition to Republican plans for reconstruction of southern states after the Civil War.
Richard Nixon, 1974	Charges:	Obstruction of justice in Watergate investigation; abuse of power of federal agencies for political purposes; refusal to recognize Congressional subpoena.
	Political Lineup:	Democrats and many Republicans against Nixon.
	Actions:	Charges approved by House committee; Nixon resigned before action by the full House of Representatives.
	Underlying Issues:	Nixon's construction of a secret government and his efforts to undermine integrity of national elections.
Bill Clinton, 1999	Charges:	Perjury and obstruction of justice in the investigation of sexual misconduct allegations by Paula Jones.
	Political Lineup:	Conservative Republicans against Clinton; Democrats and some moderate Republicans for him.
	Actions:	Tried and acquitted by Senate.
	Underlying Issues:	Republican frustration with Clinton's ability to block their agenda; deep concern about Clinton's character and moral fitness for presidency.

approved two of the charges and forwarded them to the Senate. The formal trial of the charges by the Senate began in January 1999 and ended on February 12. Moderate Republicans joined Democrats to assure that the Senate would fall far short of the two-thirds majority required for conviction and removal from office. Article 1, charging that the president had perjured himself, failed by a vote of 45 to 55. Article 2, charging that he had obstructed justice, failed by a vote of 50 to 50.

Why did Congressional Republicans pursue impeachment to the bitter end? It was clear that most Americans disapproved of Clinton's conduct but did not think that merited removal from office. The 1998 election, which reduced the Republican majority in the House and resulted in the resignation of Newt Gingrich, confirmed the opinion polls. At the same time, 25 to 30 percent of Americans remained convinced that Clinton's presence in the White House demeaned the nation. In other words, although impeachment was certainly motivated by politics, it was also another battle in America's culture wars.

A NEW ECONOMY?

WHAT IMPACT did information technologies have on the economy in the 1990s?

By the year 2000 the American economy had changed. More than ever, it was a global economy. And, unlike any time in the past, it was an economy that depended on electronic computing to manage and transmit vast quantities of data. The impacts of the electronic revolution are still being absorbed into the structures and routines of everyday life.



THE PROSPEROUS 1990S

From 1992 through 2000, Americans enjoyed nine years of continuous economic expansion. Unemployment dropped from 7.2 percent in 1992 to 4.0 percent at the start of 2000 as American businesses created more than 12 million new jobs. Key states like California experienced new growth driven by high-tech industries, entertainment, and foreign trade. The stock market soared; rising demand for shares in established blue-chip companies and new **Internet** firms swelled the value of individual portfolios, IRA accounts, and pension funds. The rate of homeownership rose after declining for fifteen years. The proportion of Americans in poverty dropped to 12 percent in 1999, and the gap between rich and poor began to narrow (slightly) for the first time in two decades.

The economic boom was great news for the federal budget. Perennial deficits formed into surpluses for 1998, 1999, and 2000. Both political parties anticipated a growing surplus for the next decade and debated whether to offer massive tax cuts, buy down the national debt, or shore up Social Security and Medicare.

By the end of the decade the productivity of U.S. manufacturing workers was increasing more than 4 percent per year, the highest rate in a generation. Part of the gain was the payoff from the painful business restructuring and downsizing of the 1970s and 1980s. Another cause was improvements in efficiency from the full incorporation of personal computers and electronic communication into everyday life and business practice.

THE SERVICE ECONOMY

At the beginning of the twenty-first century, the United States was an economy of services. The service sector includes everyone not directly involved in producing and processing physical products, and by the 1990s, it included more than 70 percent of American jobs.

Service jobs vary greatly. At the bottom of the scale are minimum-wage jobs held mostly by women, immigrants, and the young such as cleaning people, child-care workers, hospital orderlies, and fast-food workers. In contrast, many of the best new jobs are in information industries. Teaching, research, government, advertising, mass communications, and professional consulting depend on producing and manipulating information. These fields add to national wealth by creating and applying new ideas rather than by supplying standardized products and services.

Another growth industry was health care. Spending on medical and health services amounted to 12 percent of the gross domestic product in 1990, up from 5 percent in 1960. The need to share this huge expense fairly was the motivation for Medicare and Medicaid in the 1960s and the search for a national health insurance program in the 1990s.

THE HIGH-TECH SECTOR

The epitome of the “sunrise” economy was electronics, which grew hand-in-glove with the defense budget. The first computers in the 1940s were derived in part from wartime code-breaking efforts. In the 1950s, IBM got half its revenues from air defense computers and guidance systems for B-52 bombers.

Invention of the microprocessor in 1971 kicked the industry into high gear. The farmlands of Santa Clara County, California, became a “silicon landscape” of neat one-story factories and research campuses. In 1950, the county had 800 factory workers. In 1980, it had 264,000 manufacturing workers and 3,000 electronics firms. Related hardware and microchip factories spread the industry throughout the West, creating “silicon prairies,” “silicon forests,” and “silicon deserts” to complement California’s original **Silicon Valley**.

QUICK REVIEW

Boom Times

- ◆ U.S. enjoyed nine years of economic expansion between 1992 and 2000.
- ◆ Unemployment fell to 4.0 percent in 2000.
- ◆ The economic boom resulted in increased government revenues.

Internet The system of interconnected computers and servers that allows the exchange of email, posting of Web sites, and other means of instant communication.

Silicon Valley The region of California between San Jose and San Francisco that holds the nation’s greatest concentration of electronics firms.



◆ AMERICAN VIEWS ◆

CREATING AND WORKING IN THE NEW ECONOMY

Like many other American industries, the booming information technology sector that employed millions of workers by the 1990s started with a few key ideas and innovators. Bill Gates and Paul Allen, the founders of software giant Microsoft Corporation, talk about their early encounters with computers as high school students and the origins of Allen's idea of a "wired world" in the early 1970s. Following their interview a worker reflects on the high-tech industry at the end of the 1990s.

WHAT DO the experiences suggest about the pace of technological innovation and industrial change? How do high-tech workers cope with the pace of change in their industry, and what are the implications for their jobs?

Bill Gates, Paul Allen, and the Seeds of the Personal Computer Revolution

GATES:

Our friendship started [in high school] after the mothers' club paid to put a computer terminal in the school in 1968. The notion was that, of course, the teachers would figure out this computer thing and then teach it to the students. But that didn't happen. It was the other way around. There was a group of students who kind of went nuts.

ALLEN:

The teletype room was full of rolled-up paper-tape programs and manuals and everything else. Between classes, or when-

ever any of us hard-core computer types had a spare period, we would congregate there.

GATES:

We were always scrounging free computer time. One year a student's mother arranged for us to go downtown to a new commercial center. We didn't have to pay for the time as long as we could find bugs in their system and report them. . . .

ALLEN:

At the end of every school day, a bunch of us would take our little leather satchel briefcases and ride the bus downtown to the computer center. Bill and I were the guys that stayed the latest, and afterward we'd eat pizza at this hippie place across the street. . . .

GATES:

The event that started everything for us business-wise was when Paul found an article in 1971 in an electronics magazine. . . . about Intel's 4004 chip, which was the world's first microprocessor. Paul comes up and says "Whoa" and explains that this microprocessor thing's only going to get better and better. . . .

ALLEN:

I remember having pizza at Shakey's in Vancouver, Washington, in 1973, and talking about the fact that eventually everyone is going to be online and have access to newspapers

The computer industry generated an accompanying software industry as a major component of information technology employment (see American Views, "Creating and Working in the New Economy"). Every computer needed a complexly coded operating system, word-processing programs, spreadsheet programs, file-reading programs, Internet browsers, and, of course, games. Seattle-based Microsoft parlayed an alliance with IBM into a dominant position that eventually triggered federal antitrust action. Other software firms rose and fell with innovative and then outmoded programs. Software writing skills also spawned a new world of multimedia entertainment.



and stuff and wouldn't people be willing to pay for information on a computer terminal.

Source: "Bill Gates and Paul Allen Talk," *Fortune*, 132, October 2, 1995, pp 69–72. Copyright © 1995 *Fortune* reprinted by permission.

Susie Johnson, Computer Chip Layout Designer

I design the layout of computer chips for Cirrus Logic in Austin, Texas. We're what they call a "chip solutions company." . . . [Laughs] Right now, we're laying out audio chips that go into computers and improve the sound of the speakers. I saw a demo of them recently. They had a regular PC with those regular little speakers and it sounded very weak. Then they put our chip in there, and the speakers sounded like this huge stereo. It was pretty wild.

My job is I'm given a schematic of the chip by the engineers, and it's basically just a bunch of symbols—triangles and rectangles with lines going in and out of them. Each symbol represents a device on the chip that hooks up to something else, and each of these little devices is designed to perform some function electronically. . . . I translate this technical information into the way the chip will actually look—how all this information will be contained in this tiny space. I draw it out using a computer program. It's mostly an automated process. In the past, I'd draw the devices by hand, but the chips I'm working on now are too complicated for that. . . .

I did lots of different jobs before—I was a waitress and I worked in a bunch of stores. . . . So I was wanting to change. . . . I certainly didn't think that I could

do this, but one night I came into work with my ex-husband and he let me do some simple layout, and I thought, this is really cool, I want to try it. So I took a couple of classes at Austin Community College—an electrical design class and an integrated circuit layout class—so I'd understand a little more of the theory angle. . . . I've been doing this for three years. I have no plans to stop. I love it. . . .

There is some art to it. You could take one of these audio chips and give it to five different layout people and it would probably come back five different ways, you know? It's not all automated. Different people will put different things next to each other.

The way I think of it is I'm making little tiny highways for electrons. Some people say it's like New York City on a postage stamp. And it is! I mean, there are so many devices that I have to put into a tiny space. The one I was working on last week had over a hundred thousand. . . .

Sometimes there's problems that the computer catches and can't fix. I'm not sure why that happens, but it's the toughest part of the job. The computer will tell you what area of the chip the problem's in, but you have to go within that area yourself and find the problem and correct it. Like if something is too close to something else, then it needs to be moved over. . . . I think it's kind of fun. You have to figure it out, you have to be a detective. . . .

Source: John Bowe, Marisa Bowe, and Sabin Streeter, *Gig: Americans Talk about Their Jobs at the Turn of the Millennium* (New York: Crown Publishers, 2000), pp. 86–88, 305–308.

Personal computers and consumer electronics became part of everyday life in the 1990s. In 2000, 45 percent of adults reported that they had Internet access at home or work, up from around 14 percent in 1996. Children aged 10–14 used computers more frequently than any other age group, and nine out of ten could access the Internet at home or at school.

The electronics boom was part of a larger growth of "high-technology" industries. If "high tech" is applied to industries that devote a substantial portion of their income to research and development, it also covers chemicals, synthetic materials, cosmetics, aircraft and space satellites, drugs, measuring instruments, and



S.V. Marshall High School students Shawn Harris (left), 17, and Michael Clark, 17, join other Mississippi teens in building more than 125 new high-speed multimedia computers during a Computer Blitz Build at Jackson State University e-Center.

Barbara Gauntt/The Clarion-Ledger

QUICK REVIEW

Cable Television, the Internet, and Cell Phones

- ◆ Cable television reflected the fragmentation of American society and the increasing dependence on instant communication.
- ◆ The World Wide Web expanded dramatically in the 1990s.
- ◆ Cell phone subscribers reached 86 million by 2000.

World Wide Web A part of the Internet designed to allow easier navigation of the network through the use of graphical user interfaces and hypertext links between different addresses.

many other products. Pharmaceuticals, medical imaging and diagnosis, bioengineering, and genetic engineering were all areas of rapid advance in the 1990s with momentum for the future.

AN INSTANT SOCIETY

On June 1, 1980, CNN Cable News Network gave television viewers their first chance to watch news coverage twenty-four hours a day. A decade later, CNN had hundreds of millions of viewers in more than seventy-five countries.

Fourteen months after CNN went on the air, another new cable channel, MTV: Music Television, started broadcasting round-the-clock music videos. It then created a new form of popular art and advertising, aimed at viewers aged 18 to 34.

CNN, MTV, and the rest of cable television reflected both the fragmentation of American society in the 1980s and 1990s and the increasing dependence on instant communication. As late as 1980, ordinary Americans had few shared choices for learning about their nation and world: virtually identical newscasts on NBC, CBS, and ABC and similar stories in *Time* and *Newsweek*. Fifteen years later, they had learned to surf through dozens of cable channels in search of specialized programs and were beginning to explore the Internet. Hundreds of magazines for niche markets had replaced the general-circulation periodicals of the postwar generation. Vast quantities of information were more easily available, but much of it was packaged for a subdivided marketplace of specialized consumers.

The electronic society in the 1990s also learned to communicate by email and to look up information on the **World Wide Web**. No longer did messages need the delays of the postal system or the costs of long-distance telephone calls. Students could avoid inconvenient trips to the library because information was so much quicker to search on the Web. The United States was increasingly a society that depended on instant information and expected instant results.

The Internet grew out of concerns about defense and national security. Its first form in 1969 was ARPANet (for Advanced Research Projects Administration, part of the Defense Department), intended to be a communication system to survive nuclear attack. As the Internet evolved to connected universities and national weapons laboratories, the Pentagon gave up control in 1984. The World Wide Web, created in 1991, expanded the Internet's uses by allowing organizations and companies to create Web sites that placed information only a few clicks away from wired consumers. The equally rapid expansion of bandwidth and modem capacities allowed Web pages filled with pictures and graphics to replace the text-only sites of the 1980s. By the start of the new century, Web surfers could find vast quantities of material, from Paris hotel rates to pornography, from song lyrics to stock prices. Although many of the dot-com companies crashed in 2001, they can be viewed as extensions of ongoing trends in retailing and services. Americans in 2000 spent 48 cents on meals out for every 52 cents spent on food to eat at home, paying for the convenience of quick meals without preparation and clean up time. Automatic-teller machines had become a necessity. Americans expected to be able to pull cash from their bank accounts 168 hours a week rather than finding a bank open perhaps 30 hours a week.

Mobile telephones or "cell phones" were part of the same instant society. The 5 million cell phone subscribers of 1990 had exploded to 86 million before the end of the decade.



IN THE WORLD MARKET

Instant access to business and financial information accelerated the globalizing of the American economy. With the help of national policy and booming economies overseas, the value of American imports and exports more than doubled, from 7 percent of the gross domestic product in 1965 to 16 percent in 1990. Americans in the 1970s began to worry about a “colonial” status, in which the United States exported food and raw materials and imported manufactured goods. By the 1980s, foreign economic competitiveness and trade deficits, especially with Japan, became issues of national concern.

The effects of international competition were more complex than “Japan-bashers” acknowledged. Mass-production industries, such as textiles and aluminum, suffered from cheaper and sometimes higher-quality imports, but many specialized industries and services such as Houston’s oil equipment and exploration firms thrived. Globalization also created new regional winners and losers. In 1982, the United States began to do more business with Pacific nations than with Europe.

More recent steps to expand the global reach of the American economy were the **North American Free Trade Agreement (NAFTA)** in 1993 and a new world wide General Agreement on Tarriffs and Trade (GATT) approved in 1994. Negotiated by Republican George H. W. Bush and pushed through Congress in 1993 by Democrat Bill Clinton, NAFTA combined 25 million Canadians, 90 million Mexicans, and 250 million U.S. consumers in a single “common market” similar to that of western Europe. GATT cut tariffs among 100 nations. NAFTA may have been a holdover from the Bush years, but it matched Clinton’s ideas about reforming the American economy.

It was, however, a hard pill for many Democrats to swallow. Support was strongest from professional businesses and industries that sought foreign customers, including agriculture and electronics. Opponents included organized labor, communities already hit by industrial shutdowns, and environmentalists worried about industrial pollution in Mexico.

The **World Trade Organization (WTO)** which replaced GATT in 1996, became the unexpected target of a global protest movement. Thousands of protesters converged on its meetings in Geneva, Switzerland, Seattle, and Genoa, Italy. They were convinced that the WTO is a tool of transnational corporations that tramples on local labor and environmental protections in the name of “free trade” and benefits only the wealthy nations and their businesses. WTO defenders argued that open trade raised net production in the world economy and thereby made more wealth available for developing nations.

North American Free Trade Agreement (NAFTA) Agreement reached in 1993 by Canada, Mexico, and the United States to substantially reduce barriers to trade.

World Trade Organization (WTO) International organization that sets standards and practices for global trade, and the focus of international protests over world economic policy in the late 1990s.

BROADENING DEMOCRACY

Closely related to the changes in the American economy were the changing composition of the American people and the continued emergence of new participants in American government. In both the Clinton and George W. Bush administrations, the prominence of women and minorities in the cabinet and national government followed years of growing success in cities and states.

HOW DID the makeup of the American population change in the 1990s?

AMERICANS IN 2000

The federal census for the year 2000 found 281,400,000 Americans in the 50 states, District of Columbia, and Puerto Rico. The increase from 1990 was 13.2 percent, or 32,700,000, the largest ten-year population rise in U.S. history.



TABLE 31.1

States with Highest Proportions of Minority Residents in 2000 (percent of total population)

Hispanic

New Mexico	42%
California	32
Texas	32
Arizona	35
Nevada	20

Asian and Pacific Islander

Hawaii	51%
California	11
Washington	6
New Jersey	6
New York	6

Black

Mississippi	36%
Louisiana	33
South Carolina	30
Georgia	29
Maryland	28

American Indian

Alaska	16%
New Mexico	10
South Dakota	8
Oklahoma	8
Montana	6

One-third of all Americans lived in four states: California, Texas, New York, and Florida. Their regulations and consumer preferences conditioned national markets for products ranging from automobiles to textbooks.

No state lost populations, but the West grew the fastest. The super boom states were Nevada (66 percent growth), Arizona (40 percent), Colorado (31 percent), Utah (30 percent), and Idaho (29 percent).

In contrast, rural counties continued to empty out in Appalachia and across the Great Plains as fewer Americans were needed for mining and farming or for the small towns associated with those industries.

Another important trend was increasing ethnic and racial diversity (Table 3.1). Hispanics were the fastest-growing group in the American population. Indeed, the number of Hispanics in 2000 (35.2 million) matched the number of African Americans. Both Asians and Hispanics who had been in the United States for some time showed substantial economic success. Non-Hispanic whites are now a minority in California, the District of Columbia, Hawaii, and New Mexico. Over the coming decades, the effects of ethnic change will be apparent in schools, the workplace, popular culture, and politics.

WOMEN FROM THE GRASS ROOTS TO CONGRESS

The increasing prominence of women and family issues in national politics was a steady, quiet revolution that bore fruit in the 1990s, when the number of women in Congress more than doubled. In 1981, President Reagan had appointed Sandra Day O'Connor to be the first woman on the United States Supreme Court. In 1984, Walter Mondale chose Geraldine Ferraro as his vice presidential candidate. In 1993 Clinton appointed the second woman to the Supreme Court, Ruth Bader Ginsburg. Clinton appointee Janet Reno was the first woman to serve as Attorney General and Madeleine K. Albright, the first to serve as Secretary of State. In 2001, George W. Bush named Condoleezza Rice as his National Security Advisor.

Political gains for women at the national level reflected their importance in grass-roots politics. The spreading suburbs of post-war America were "frontiers" that required concerted action to solve immediate needs such as adequate schools and decent parks.

They offered numerous opportunities for women to engage in civic work, learn political skills, and run for local office. Moreover, new cities and suburbs had fewer established political institutions, such as political machines and strong parties; their politics were open to energetic women.

Important support and training grounds are the League of Women Voters, which does nonpartisan studies of basic issues, and the National Women's Political Caucus, designed to support women candidates of both parties.

In 1991, the nomination of Judge Clarence Thomas, an African American, to the U.S. Supreme Court ensured that everyone knew that the terms of American politics were changing. His conservative positions on social and civil-rights issues, made Thomas a controversial nominee. Controversy



deepened when law professor Anita Hill accused Thomas of harassing her sexually while she had served on his staff at the U.S. Civil Rights Commission. Critics tried to discredit Hill with vicious attacks on her character, but failed to dispute her story. The public was left with Hill's unproved allegations and Thomas's equally unproved denials. The Senate confirmed Thomas to the Supreme Court.

Hill's badgering by skeptical senators angered millions of women. In the shadow of the hearings, women made impressive gains in the 1992 election, when the number of women in the U.S. Senate jumped from two to six (and grew further to nine Democrats and four Republicans after November 2000, including Hillary Rodham Clinton from New York).

Since the 1980s, voting patterns have shown a widening gender gap. Women in the 1990s identified with the Democratic party and voted for its candidates at a higher rate than men. This gender gap has helped keep Democrats competitive and dampened the nation's conservative swing.

MINORITIES AT THE BALLOT BOX

The changing makeup of the American populace also helped black and Latino candidates for public office to increased success. After the racial violence of the 1960s, many black people had turned to local politics to gain control of their own communities. The first black mayors of major twentieth-century cities included Carl Stokes in Cleveland in 1967 and Tom Bradley in Los Angeles in 1973. By 1983, three of the nation's four largest cities had black mayors. In 1989, Virginia made Douglas Wilder the first black state governor since Reconstruction.

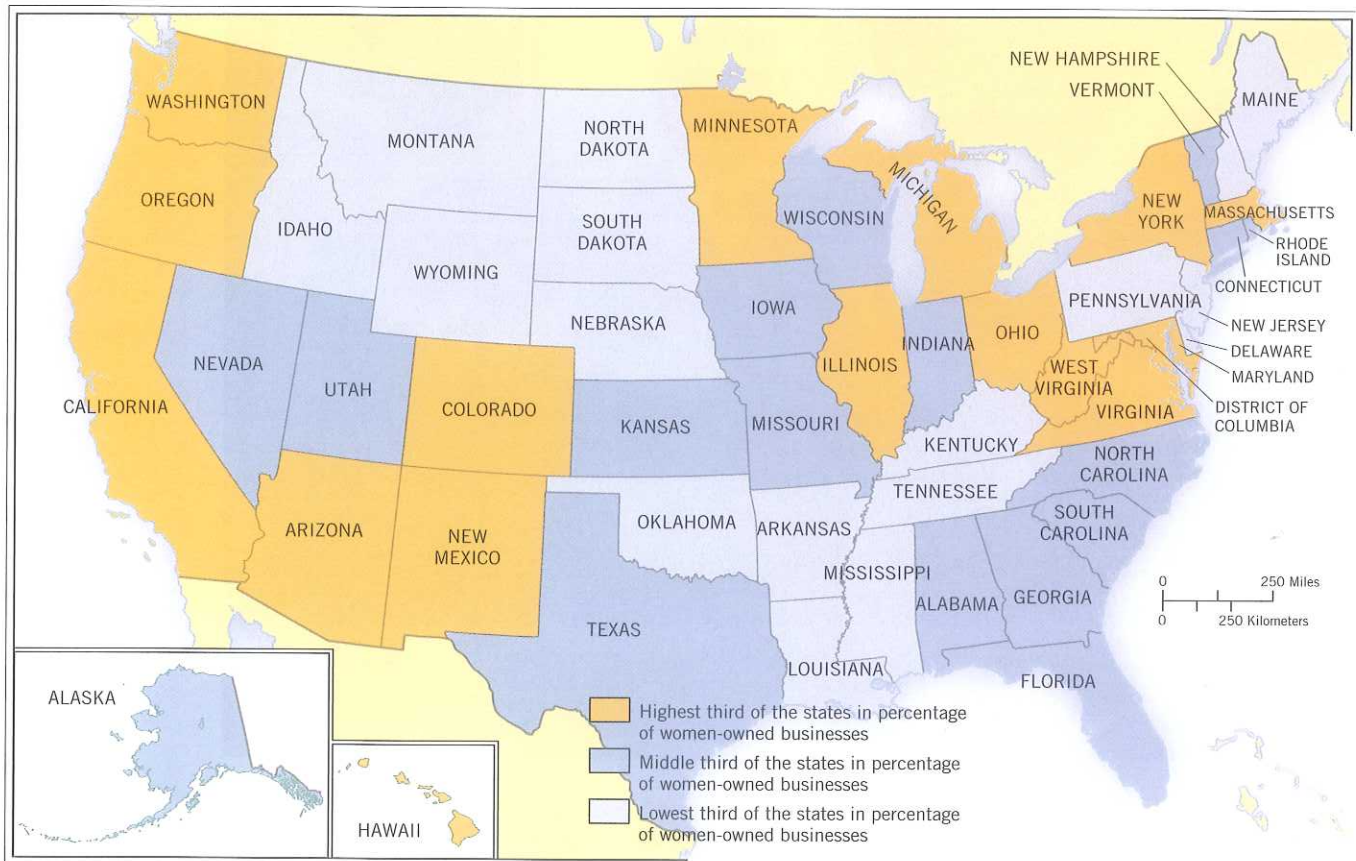
As leadership opportunities for African Americans have increased in recent decades, they have gained positions of influence in a growing range of activities. In the field of foreign policy, for example, President George W. Bush chose Colin Powell as Secretary of State and Condoleezza Rice as National Security Advisor. Here Powell (2nd from left) and Rice (right) observe a White House meeting between Bush and United Nations Secretary General Kofi Annan.

© AFP/Corbis Photo by Stephen Jaffe



MAP EXPLORATION

To explore an interactive version of this map, go to <http://www.prenhall.com/goldfield2/map31.2>



MAP 31-2

Women as Business Owners, 1997 Some parts of the nation are more inviting to women-owned businesses than are others. The western and Great Lakes states, with histories of innovative politics, stand out as supportive of business opportunities for women.
U.S. Census Bureau, 1997 Economic Census

WHICH region of the country had the lowest percentage of women-owned businesses in 1997?

Most mid-sized cities had stopped electing city councils by wards or districts during the first half of the twentieth century. In the 1970s, minority leaders and community activists realized that a return to district voting could convert neighborhood segregation from a liability to a political resource. As amended in 1975, the federal Voting Rights Act allowed minorities to use the federal courts to challenge at-large voting systems that diluted the impact of their votes. African Americans and Mexican Americans used the act to reestablish city council districts in the late 1970s and early 1980s in city after city across the South and Southwest.

Young Hispanic and African-American politicians such as Henry Cisneros in San Antonio, Federico Peña in Denver, Dennis Archer in Detroit and Andrew Young in Atlanta, won elections, on positive platforms of growth and equity and mended fences with business leaders. Meanwhile, Washington state elected a Chinese American as governor, and Hawaii elected Japanese-American, native Hawaiian, and Filipino-American governors.

At the national level, minorities gradually increased their representation in Congress. Ben Nighthorse Campbell of Colorado, a Cheyenne, brought a Native American voice to the U.S. Senate in 1992. The number of African Americans in the House of Representatives topped forty after 1992, while the number of Latino members rose to 22 by 2003.



RIGHTS AND OPPORTUNITIES

The increasing presence of Latinos and African Americans in public life highlighted a set of troublesome debates that replayed many of the questions that European immigration had raised at the beginning of the twentieth Century.

One issue has been the economic impact of illegal immigration. Advocates of tight borders assert that illegal immigrants take jobs away from legal residents and eat up public assistance. Many studies, however, find that illegal immigrants fill jobs that nobody else wants. Over the long run, high employment levels among immigrants mean that their tax contributions more than pay for their use of welfare, food stamps, and unemployment benefits, which illegal immigrants are often afraid to claim. Nevertheless, high immigration can strain local government budgets. Partly for this reason, 60 percent of California voters approved **Proposition 187** in 1994, cutting off access to state-funded public education and health care for illegal immigrants. The mostly white supporters of the measure said that it was about following the rules; Hispanic opponents saw it as racism.

A symbolic issue was the degree to which American institutions should accommodate non-English speakers. Twenty-six states declared English their official language. California voters in 1998 banned bilingual public education, a system under which children whose first language was Spanish or another “immigrant” tongue were taught for several years in that language before shifting to English-language classrooms. Advocates of bilingual education claimed that it eased the transition into American society, while opponents said that it blocked immigrant children from fully assimilating into American life.

A more encompassing issue was a set of policies that originated in the 1960s as **affirmative action**. The initial goal was to require businesses that received federal contracts to “take affirmative action to ensure that employees are treated without regard for their race, creed, color, or national origin.” By the 1970s, many states and cities had adopted similar policies for hiring their own employees and choosing contractors and extended affirmative action to women as well as minorities. Colleges and universities used affirmative action policies to recruit faculty and admit students.

As these efforts spread, the initial goal of nondiscrimination evolved into expectations and requirements for active (“affirmative”) efforts to achieve greater diversity. Government agencies began to set aside a small percentages of contracts for woman-owned or minority-owned firms. Cities worked to hire more minority police officers and fire fighters. Colleges made special efforts to attract minority students. The landmark court case about affirmative action was *University of California v. Bakke* (1978). Allan Bakke, an unsuccessful applicant to the medical school at the University of California at Davis, argued that the university by reserving 16 of 100 places in its entering class for minority students, had engaged in reverse discrimination against white applicants. The U.S. Supreme Court ordered Bakke admitted because the only basis for his rejection had been race, but the Court also stated that race or ethnicity could legally be one of several factors considered in university admissions as long as a specific number of places were not reserved for minorities.

In 1996, California voters approved a ballot measure to eliminate state-sponsored affirmative action. One effect was to prohibit state-funded schools from using race or ethnicity as a factor in deciding which applicants to admit. In the same year, the Supreme Court let stand a lower-court ruling in *Hopwood v. Texas*, that had forbidden the University of Texas to consider race in admission decisions.

QUICK REVIEW

Divisive Issues

- ◆ The proper response to illegal immigration.
- ◆ Degree of accommodation of non-English speakers in U.S. schools.
- ◆ Affirmative action.

Proposition 187 California legislation adopted by popular vote in California in 1994, which cuts off state-funded health and education benefits to undocumented or illegal immigrants.

Affirmative action A set of policies to open opportunities in business and education for members of minority groups and women by allowing race and sex to be factors included in decisions to hire, award contracts, or admit students to higher education programs.

University of California v. Bakke U.S. Supreme Court case in 1978 that allowed race to be used as one of several factors in college and university admission decisions but made rigid quotas unacceptable.



The number of black freshmen in the University Texas dropped by half in 1997 and the number of black and Hispanic first-year law students by two-thirds. The results were similar at the University of California at Berkeley.

Affirmative action is a lightning rod for disagreements about American society. The goal of diversity seems to conflict with the fundamental American value of individual opportunity. Most Americans believe that individual merit and qualifications should be the sole basis for getting into school or getting a job, and that SAT scores and civil-service exams can measure those qualifications. Others argue that the merit system is severely flawed and that affirmative action helps to level the field. Nevertheless, many minorities worry that affirmative action suggests that they received jobs or contracts by racial preference rather than merit.

EDGING INTO A NEW CENTURY

On the evening of November 7, 2000, CBS-TV made a mistake that journalists dread. Relying on questions put to a sample of voters after they cast their ballots in the presidential contest between Albert Gore Jr. and George W. Bush, the CBS newsroom first projected that Gore would win Florida and likely the election, then reversed itself and called the election for Bush, only to find that it would be weeks before the votes in several pivotal states, including Florida, could be certified.

The inability to predict the outcome in 2000 was an indication of the degree to which Americans were split down the middle in their political preferences and their visions for the future. The United States entered the twenty-first century both divided and balanced, with extremes of opinion revolving around a center of basic goals and values.

THE ELECTION OF 2000

On November 8, 2000, the day after their national election, Americans woke up to the news that neither Republican George W. Bush nor Democrat Albert Gore Jr. had secured a majority of votes in the electoral college. Although Gore held a lead in the popular vote (about 340,000 votes out of more than 100 million cast), both candidates needed a majority in Florida to secure its electoral votes and the White House. After protracted protests and an on-again off-again recount in key counties, the U.S. Supreme Court ordered a halt to recounting on December 12 by the politically charged margin of 5 to 4. The result made Bush the winner in Florida by a few hundred votes and the winner nationwide by 271 electoral votes to 267.

It is difficult to know who “really” won Florida. African-American voters, who strongly favored Gore, were turned away in disproportionate numbers because of technical challenges to their registration. In one county, a poorly designed ballot probably caused several thousand mistaken votes for a minor candidate rather than Gore. Overseas absentee ballots, likely to favor Bush, were counted despite their frequent failure to meet the criteria for legitimate votes. But recounts by newspaper reporters came to different conclusions about who might have won, depending on what criteria were used to accept or reject disputed punch card ballots.

The election showed a nation that was paradoxically divided around a strong center. Gore appealed especially to residents of large cities, to women, to African

WHAT WERE the policies of George W. Bush during his first two years in office?

QUICK REVIEW

Election Controversy

- ◆ Al Gore secured a majority of the popular vote.
- ◆ Both sides needed Florida's contested electoral votes to secure election.
- ◆ The U.S. Supreme Court voted 5–4 to end the recount in Florida, making George W. Bush the new president.

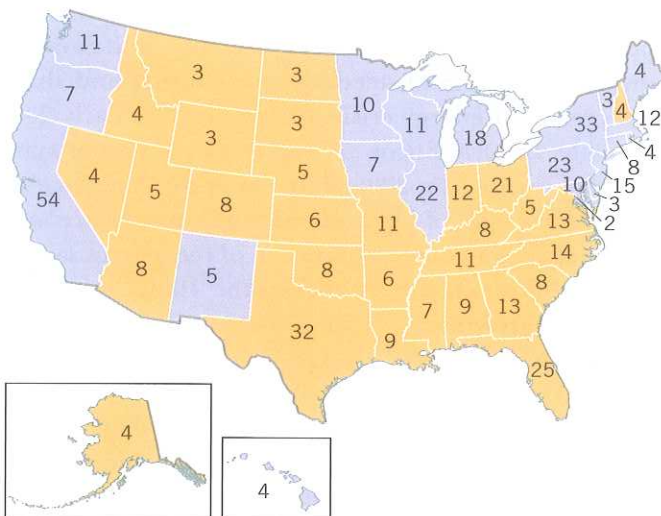


Americans, and to families struggling to make it economically. Bush appealed to people from small towns, to men, and to members of households who had benefited the most from the prosperity of the Clinton era. These divisions had marked the two parties since the 1930s, and their persistence was a reminder of the nation's diversity of opinions and values. The nation also divided regionally, with Gore strong in the Northeast, upper Midwest, and Pacific Coast, Bush in the South, Ohio Valley, Great Plains, and Rocky Mountain states.

Both Bush and Gore targeted their campaigns at middle Americans. Each offered to cut taxes, reduce the federal government, and protect Social Security. Voters also shaved the Republican control of Congress to razor-thin margins, further undermining any chance of radical change in either a conservative or a liberal direction. To those on the political left and right, it looked like a formula for paralysis; for most Americans, it looked like stability.

REAGANOMICS REVISITED

Nevertheless, the Bush administration tilted domestic policy abruptly to the right. It decided it had a mandate for change and acted boldly to implement its goals. Following the example of Ronald Reagan, Bush made massive tax cuts

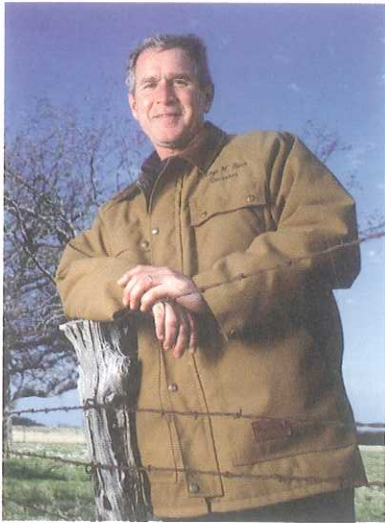


	Electoral Vote (%)	Popular Vote (%)
GEORGE W. BUSH (Republican)	271 (50.4)	50,459,624 (47.9)
Albert Gore (Democrat)	266 (49.4)	51,003,328 (48.4)
Ralph Nader (Green)	–	2,882,985 (2.7)

MAP 31-3

The Election of 2000 In the nation's closest presidential election, Democrat Al Gore was most successful in the Northeast and Far West, while George W. Bush swept the South and won most of the Great Plains states. Green Party candidate Ralph Nader took most of his votes from Gore, and, in a twist of irony, helped to swing the election to Bush.

WHAT DO the 2000 election results reveal about the divisions that separate Americans today?



George W. Bush awaits the results of the 2000 Presidential Election recount at his ranch in Texas. The controversial Florida recount was part of the closest election in U.S. history, finally granting Bush the presidency one month after election day.
Corbis/Bettmann

the centerpiece of his first months in office. By starting with proposals for ten-year cuts so large that two generations of federal programs were threatened, Bush and congressional Republicans forced the Democrats to “compromise” on reductions far higher than the economy could probably support. The resulting cuts to income taxes and estate taxes were projected to total \$1,350 billion over the decade, with one-third of the benefits going to families earning more than \$200,000. By 2003, officials were forecasting a budget deficit of at least \$300 billion for the coming year, undoing the fiscal discipline of the Clinton administration. Nevertheless, the administration seemed likely to achieve its goal of making the tax cuts permanent after the 2002 elections confirmed a Republican majority in Congress.

The Bush team also moved to deregulate the economy. It opened many of the environmental and business regulations of the last two decades to reconsideration—from arsenic standards in drinking water to protections for wetlands to the pollution controls required of electric utilities. In many cases, the administration proposed to rely on the market through voluntary compliance and incentives to replace regulations. Vice President Dick Cheney developed a new production-oriented energy policy in consultation with energy companies but not with environmental or consumer groups. The administration failed to secure congressional approval for oil drilling in the Arctic National Wildlife Refuge in the far north of Alaska but crafted development-friendly policies for other federal lands. Collapse of the energy-trading company Enron in a hailstorm of deceptive accounting and shady market manipulations to create an energy crisis in California in early 2000 slowed the push to deregulate. In turn, Enron proved to be the first of many companies that had to restate earnings in 2002, depressing the stock market and raising questions about the ethics of big business and business accounting practices. Stock market declines and the evaporation of retirement savings for many workers raised doubts about the solidity of the 1990s boom and helped to hold down economic growth.

Education policy, a centerpiece of Bush’s image as an innovator from his service as governor of Texas, was another legislative front. Tough battles with Congress resulted in compromise legislation, reminiscent of the 1990s, that included national testing standards, as Bush wanted, balanced by more federal funding. More important for both education and religion was the narrow decision by the Supreme Court in *Zelman v. Simmons-Harris* (2002) to uphold the use of taxpayer-funded assistance, or vouchers, to help students attend religious schools. By declaring that both religious and secular institutions can compete for government money as long as it is channeled through individuals who decided how to spend it, the court continued a two-decade trend to narrow the constitutional prohibition on the “establishment of religion.”

DOWNSIDED DIPLOMACY

Conservatives had long criticized subordinating U.S. authority and freedom of action to international agreements. The new Bush administration repeatedly adopted unilateral or bilateral policies in preference to the complexities of negotiations with an entire range of nations.

In his first eighteen months, Bush opted out of a series of treaties and negotiations on global issues. The goal in each case was to reduce restrictions on U.S. business and the military. The administration undercut efforts to



implement the Convention on Biological Warfare. It refused to sign on to efforts to reduce the international trade in armaments, declined to acknowledge a new International Criminal Court to try war criminals, and ignored an international compact on the rights of women. Most prominently, it refused to accept the Kyoto Agreement, aimed at combating the threat of massive environmental change through global warming resulting from the carbon dioxide released by fossil fuels, dismissing a growing scientific consensus on the problem.

Bush also ended the 1972 treaty that had limited the deployment of antimissile defenses by the United States and Russia. In its place he revived Ronald Reagan's idea of a Strategic Defense Initiative with proposals for new but unproven technologies to protect the United States against nuclear attacks by "rogue states." This argument was supported in 2002 by North Korea's revelation that it was pursuing a nuclear weapons program, even though it had agreed not to do so in 1994. A new U.S. policy that explicitly claimed the right to act militarily to preempt potential threats confirmed the go-it-alone approach.

PARADOXES OF POWER

The United States in the twenty-first century faced the paradox of power: The enormous economic, military, and technological capacity, that allowed it to impose its will on other nations could not prevent anti-American actions by enraged individuals.

In the 1990s, the U.S. economy had surged while Japan stagnated, Europe marked time, and Russia verged on economic collapse. The American military budget exceeded the total military spending of the next dozen nations.

But the United States remained vulnerable. Terrorist attacks by Islamic radicals killed nineteen American soldiers at military housing in Saudi Arabia in 1996 and seventeen sailors on the destroyer *Cole* while in port in the Arab nation of Yemen in 2000. Bombs at the U.S. embassies in Kenya and Tanzania in 1998 killed more than 200 people. These bombings followed the detonation of explosives in the basement garage of the World Trade Center in New York in February 1993. Terrorism remained a constant threat—realized in an appalling manner on September 11, 2001.

After September 11, there were reports of information-gathering failures by the FBI and CIA, to be investigated by a commission appointed by President Bush at the end of 2002. However, it is always easier to read the warnings after an event has occurred than to pick out the essential data before the unexpected happens—something as true about the attack on Pearl Harbor, for example, as about the attack of 9/11.

SECURITY AND CONFLICT

On September 12, President George W. Bush called the Pentagon and World Trade Center attacks "acts of war." Three days later, Congress passed a Joint Resolution that gave the president sweeping powers "to use all necessary and appropriate force against those nations, organizations, or persons he determines planned, authorized, committed, or aided the terrorist attacks that occurred on September 11, 2001."

HOW DID 9/11 affect

American views on security and
foreign affairs?



FROM THEN TO NOW

Loyalty in 2001 and 1917

In mid-October of 2001, Congress completed work on anti-terrorism legislation that President George W. Bush and Attorney General John Ashcroft had demanded in the aftermath of the September 11 tragedy. The Patriot Act gave federal authorities substantial new capacity to conduct criminal investigations, in most provisions for the next three to five years. These included the power to request “roving” wiretaps of individuals rather than single telephones; to obtain nationwide search warrants; to tap information in computerized records; and to detain foreigners without filing charges for up to a week.

These measures raised a number of concerns about the protection of civil liberties, as noted by the several dozen members of Congress who voted against the act. In historical perspective, however, it is comparatively restrained. Congress deliberated for several weeks rather than instantly ratifying the administration’s request. And it seemed as if some history lessons had sunk in, for numerous lawmakers and commentators raised the painful memory of the unnecessary internment of Japanese Americans during World War II.

Perhaps the most useful historical comparison—and contrast—is not World War II but World War I. (see Chapter 23). When Americans plunged into war in April 1917, the nation’s political and economic leaders took the occasion to muffle dissent in the name of unity. Congress rushed through an Espionage Act that set prison terms for obstructing the war effort and quickly became a tool for squashing dissenting voices. The Sedition Act of 1918 was even broader, establishing penalties for speaking or writing against the draft, bond sales, or war production.

Federal authorities in the Justice Department cooperated with the private, reactionary American Protective League and with tens of thousands of local councils of defense. Neighbors spied on each other and reported suspicious conversations. The “loyalty” efforts targeted African Americans and Asian Americans as well as German Americans. The Post Office censored mail. Schools stopped teaching German, and immigrants spoke the language at their peril. Workers who failed to buy war bonds were fired. Loyalty became an excuse for crushing working class organizing. Socialist Party leader Eugene Debs was put in jail for noting, accurately, that it was now hard to exercise free speech. Authorities and their allies raided labor union offices and used the war emergency as an excuse for violent strike breaking.

The anti-radical vigilantism of 1917–18 segued into the Red Scare of 1919–20, when federal and local authorities targeted immigrants and labor organizers as potential revolutionaries. The Wilson administration kept wartime political prisoners in jail and arrested thousands more before the nation got tired of fighting off a revolution that never came.

In contrast to the 1910s, Americans in 2001 and 2002 were careful on the homefront. The leaders and supporters of the War on Terrorism have reacted to dissenting voices, particularly those from a pacifist tradition, with caustic remarks rather than repression. Censorship to date consists of careful management of the news and stonewalling of requests under the Freedom of Information Act rather than direct censorship of speech and the press. Violations of civil liberties have affected individuals rather than entire groups. Ethnic profiling has resulted in heightened suspicion and surveillance of Muslims, selective enforcement of immigration laws on visitors from twenty Muslim nations, and detention of several hundred U.S. residents of middle eastern origin, rather than incarceration of entire ethnic groups. Because a number of the detainees have been held without formal charges for periods of many months, a close analogy is the suspension of the writ of habeas corpus by President Lincoln during the Civil War rather than the wholesale constriction of freedom during World War I.

The different reactions can be linked to the far greater sense of national identity at the start of the twenty-first century than early in the twentieth century. Americans in the twenty-first century worry about the challenges of racial and ethnic variety and the stresses of immigration, but mass media and easy travel have helped to promote a shared sense of “being American.” There are small fringe groups that advocate or practice violent preservation of a “white nation,” but the middle and upper classes do not fear immigration or working class revolution in the way that was common a hundred years ago. Despite a number of individual hate crimes, the formal effort to recognize the Americanness of most of the nation’s six million Muslims and Arab Americans stands in contrast to the demonizing of Japanese-Americans in the 1940s and discrimination against German-Americans in 1917–1918. Through the second half of the twentieth century, Americans seem to have learned at least something about tolerance, diversity, and the value of civil liberties.

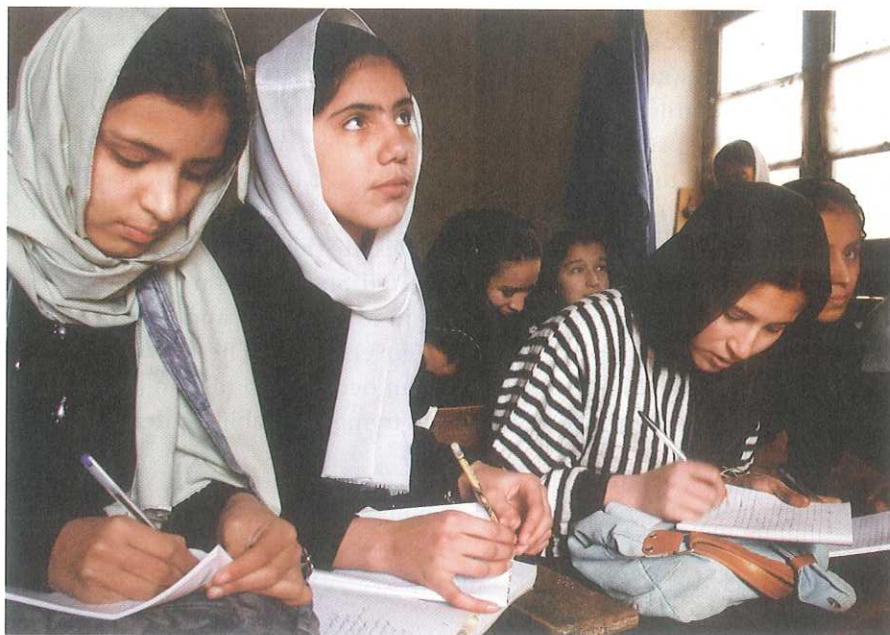


The government response in the United States was a hodge-podge of security measures and arrests. Air travelers found endless lines and stringent new screening procedures, watched over by army reservists called to duty by the president. Members of Congress and journalists received letters containing potentially deadly anthrax spores, heightening fears of biological warfare (the source of the letters is still a mystery). Federal agents detained more than one thousand terrorist suspects, mostly men from the Middle East, releasing some but holding hundreds without charges, evidence, or legal counsel. President Bush also declared that “enemy combatants” could be tried by special military tribunals, although domestic and international protest caused the administration to agree to more legal safeguards than originally planned. Congress passed the **Patriot Act** in late October. The legislation tries to bring surveillance and information gathering into the electronic age.

In November 2002, Congress approved a massive reorganization of the federal government to improve security at home. The new Department of Homeland Security with 170,000 employees is the second-largest federal agency, after the Defense Department, but it leaves unsolved the problem of an ineffective FBI and CIA.

In the months after 9/11, the military response overseas focused on Afghanistan, where the ruling Taliban regime was harboring Bin-Laden. Afghanistan had been wracked by civil war since it had been invaded by the Soviet Union in 1979. The Taliban, who came to power after Soviet withdrawal and civil war, were repressive rulers with few international friends. American bombing attacks on Taliban forces began in early October 2001, and opposition groups within Afghanistan threw the Taliban out of power by December. Bin-Laden, however, escaped, leaving the U.S. with an uncertain commitment to rebuild a stable Afghanistan. The Al-Qaeda network and its sympathizer remained active around the world.

Patriot Act Federal legislation adopted in 2001, in response to the terrorist attacks of September 11, intended to facilitate antiterror actions by federal law enforcement and intelligence agencies.



The overthrow of the Taliban regime in Afghanistan reopened many opportunities for women, including access to education as called for in Muslim scriptures. These young women are among 600 who were studying at the Cheva school for girls in Kabul by December 2002.

AP/Wilde World Photos



Saddam Hussein upon capture by U.S. troops in Iraq in December 2003.

Corbis/Bettmann

IRAQ AND CONFLICTS IN THE MIDDLE EAST

Even while the United States was intervening in Afghanistan, the administration was expanding its attention to other nations. George Bush named North Korea, Iran, and Iraq as an “axis of evil” for supporting terrorism and bearing weapons of mass destruction focused on Iraq. After the first Gulf War, Iraq had grudgingly accepted a United Nations requirement that it eliminate such weapons but had gradually made U.N. inspections impossible. Such resistance caused Bush to make the overthrow of Iraq’s ruthless dictator, Saddam Hussein, the center of foreign policy. In effect, he declared one small, and possibly dangerous, nation to be the greatest menace that the United States faced. In the meantime, North Korea created a further crisis by actively pursuing its atomic weapons program with the threat of additional war.

In addition to the direct fallout from the first Gulf War, U.S. support of Israel in its worsening of relations with Arab Palestinians in territories occupied by Israel since 1967 also increased tensions in the Middle East. The United States has consistently backed Israel since the 1960s. The cornerstones of American policy have been the full endorsement of Israel’s right to exist with secure borders and agreement on the right of Palestinians to a national state—in effect, a policy of coexistence. The United States had helped to broker an Israel-Egypt peace agreement in 1977 and agreements pointing toward an independent Palestinian state in the 1990s, but hardline Israeli governments have repeatedly taken advantage of U.S. support.

In 2001–2002, the United States watched from the sidelines as the Israeli-Palestinian agreements for transition to a Palestinian state fell apart. Palestinian extremists and suicide bombers and an Israeli government that favored military responses locked each other into a downward spiral that turned anti-Israel demonstrations into civil war. As a result, many Arabs regard the United States as an enemy of Arab nations and peoples, despite formal U.S. policy. The deep and seemingly unsolvable Israel-Palestinian conflict helps to explain anti-American terrorism among Arabs and other Muslims.

In the spring and summer of 2002, the administration began preparations for a second war in the Persian Gulf. On October 10, Congress authorized preemptive military action against Iraq. However, the prospect of war dismayed key allies, such as France and Germany. Together with Russia and China, they refused to support a war without U.N. backing and demanded that Bush allow more time for U.N. inspectors to search out and destroy any Iraqi weapons of mass destruction. Nonetheless, despite these objections and massive peace demonstrations in cities in the United States and around the world, American and British forces invaded Iraq in March 2003 and occupied Baghdad within two weeks, toppling Saddam’s government. The United States was now faced with the possibility of a long-term occupation of Iraq and the difficult problems of rebuilding the country and trying to establish a democratic and pro-Western regime there.

CONCLUSION

If there was a dominant theme that ran through the changes and challenges of the 1990s and early 2000s, it was interconnection. The Internet, email, and cell phones brought instant communication. The national economy was more and more deeply engaged with the rest of the world through



trade, investment, travel, and immigration. Corporate mismanagement affected far more people than before because of pensions and savings invested in the stock market.

The nation's growing diversity—closely connected to its internationalized economy—was reflected in the political gains of African Americans and Hispanics, as well as women. The same diversity fueled battles over affirmative action and language politics. It underlay the effort to increase security against terrorism without endangering the civil liberties of Muslim Americans.

Despite what some might have wished, Americans also found that they could not always isolate the nation from the world's problems and conflicts. The Clinton administration joined international peacekeeping efforts in Bosnia and Kosovo. The Bush administration adopted a “go it alone” policy.

The events of September 11 sparked a renewed sense of national unity, at least in the short run. There were inspiring acts of heroism and an outpouring of volunteers and contributions for rescue and relief efforts. However, the question that remained was whether Americans could sustain a new sense of unity and inclusiveness under the pressures of economic uncertainty, threats of terrorism, and war.

SUMMARY

Politics of the Center In 1992 voters ranked the economy as their first concern, and Bill Clinton hammered at this in his campaign messages. His elections in 1992 and 1996 showed a move toward the political center; Clinton emerged as a neoliberal. Conservative political ideology and animosity toward the Clintons dominated the headlines; the Contract with America, the budget battle that shut down the federal government, Whitewater, the Clinton scandals, and impeachment filled the political headlines. Domestic terrorism (Waco, Oklahoma City, and Columbine) also grabbed the national spotlight. In foreign affairs, the United States became involved in a multinational effort to restore peace in Bosnia and Kosovo.

A New Economy? At the end of the millennium, America had a new worry, the “Y2K” problem, that did not materialize. Americans enjoyed nine years of continuous economic expansion; services became the new underpinning of the economy; and an instant society based on twenty-four hour access gave people immediate satisfaction. The American economy also expanded internationally. The controversial North American Free Trade Act went into effect and protestors took on the World Trade Organization in the streets of Seattle which demonstrated part of a larger worldwide debate over free trade and the role of transnational corporations.

Broadening Democracy The changing composition of the American people is related to the changes in the economy. The growing West, the concentration of one-third of the population in four states, the largest ten-year population increase in history, and racial and ethnic diversity, are all significance trends. As women have become more influential in national politics, so have minorities; both have contributed to a political rebalancing. Questions about equal rights and equal opportunities (Proposition 187, bilingual education, and affirmative action) have become part of the American dialogue.





REVIEW QUESTIONS

1. Was the American political system more polarized and divided in 1992 than in 1980? How did religiously conservative and liberal Americans differ over foreign relations and economic policy? What was the gender gap in national politics in the 1990s? Why were Republicans unable to appeal to most black and Hispanic voters in 1992?
 2. What were Bill Clinton's major policy accomplishments? Do these represent "liberal," "moderate," or "conservative" positions?
 3. How was a conservative political trend evident in the 1990s?
 4. What issues were involved in Clinton's impeachment? How does the impeachment compare with the challenges to presidents Andrew Johnson and Richard Nixon?
 5. How did the American economy change in the 1990s? What has been the impact of the computer revolution?
 6. What new directions did George W. Bush establish for U.S. domestic and foreign policy?
 7. How did the terrorist attacks of September 11, 2001 change life inside the United States?
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KEY TERMS






Affirmative action (p. 837)
Bosnia (p. 824)
Contract with America
 (p. 825)
Internet (p. 829)
Kosovo (p. 824)
Neoliberal (p. 825)

North American Free Trade Agreement (NAFTA) (p. 833)
Patriot Act (p. 843)
Proposition 187 (p. 837)
Silicon Valley (p. 829)
Temporary Assistance for Needy Families (TANF) (p. 826)

University of California vs. Bakke
 (p. 837)
Whitewater (p. 827)
World Trade Organization (WTO) (p. 833)
World Wide Web (p. 832)



WHERE TO LEARN MORE

-  **Oklahoma City National Memorial Center Museum, Oklahoma City, OK.** Exhibits about the federal building bombing and its impacts on the community. www.oklahomacitynationalmemorial.org
-  **U.S. Census Bureau.** Explore the demographic composition of the United States through the use of statistics concerning such topics as age, population distribution, income, education, and race. <http://www.census.gov/>
-  **Computer History Museum.** Trace the evolution of computers from 1945 through the present day with one of the largest collections of artifacts, photographs, documents, and film found anywhere in the world. <http://www.computerhistory.org>
-  **Clinton Presidential Center.** Showcases the legacy of the Clinton years and functions as the first virtual presidential library. The William J. Clinton Presidential Center in Little Rock, Arkansas opens November 2004. <http://www.clintonpresidentialcenter.com>
-  **Republican Contract with America.** Read the full text document of the official Republican campaign platform for the 1994 election. <http://www.house.gov/house/Contract/CONTRACT.html>



For additional study resources for this chapter, go to:
www.prenhall.com/goldfield/chapter31

