

## CHALLENGES OF THE 21<sup>ST</sup> CENTURY, 2000–PRESENT

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

Barack Obama, Democratic Convention Keynote Address, 2004

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

### **Political Polarization**

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

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

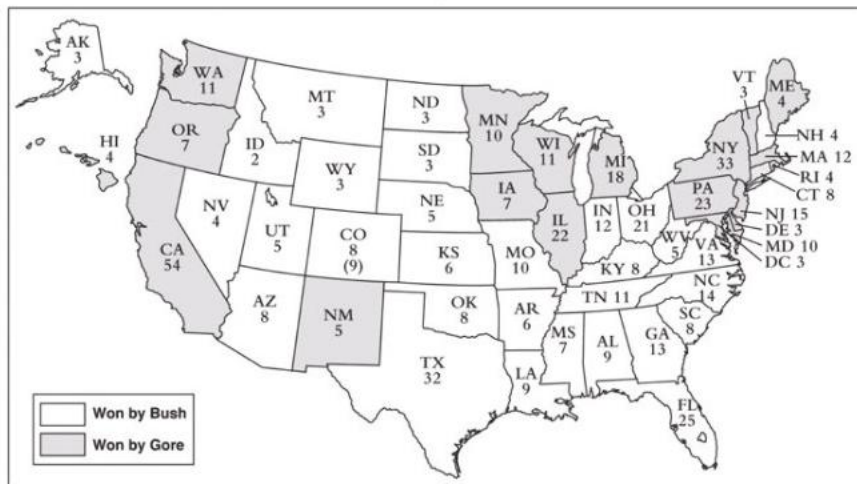
### ***Disputed Election of 2000***

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

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

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

PRESIDENTIAL ELECTION 2000, ELECTORAL VOTES BY STATE



### ***Domestic Policies of the George W. Bush Administration***

President George W. Bush aggressively pushed his conservative agenda: tax cuts, deregulation, federal aid to faith-based organizations, pro-life legislation, school choice, privatization of Social Security and Medicare, drilling for oil and gas in the Alaska wildlife refuge, and voluntary environmental standards for industry.

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

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

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

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

### ***The War on Terrorism***

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

### ***Elections of 2004 and a Bush Second Term***

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

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

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

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

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

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

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

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

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

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

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

### ***Election of 2008***

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

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

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

### **The First Obama Administration, 2009–2013**

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mr. Tuckers Website

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

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

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

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

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

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

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

## Election of 2012

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

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

## Second Obama Administration

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

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

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

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

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

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

## Rulings of the Roberts Court

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

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

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

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

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

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

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

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

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

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

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

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

#### **HISTORICAL PERSPECTIVES: WHAT CAUSES BOOMS AND BUSTS?**

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

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