

Chapter 31: Confronting Global and National Dilemmas, 1989–Present

I. America in the Global Economy

A. The Rise of the European Union and China

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

B. An Era of Globalization

1. The end of the Cold War shattered barriers that had restrained international trade and impeded capitalist development of vast areas of the world. New communications systems were shrinking the world’s physical spaces to a degree unimaginable at the beginning of the twentieth century.
2. Global financial markets became integrated to an unprecedented extent, allowing investment capital to “flow” into and out of nations and around the world in a matter of moments. International organizations set the rules for capitalism’s worldwide expansion. During the final decades of the Cold War, the leading capitalist industrial nations formed the Group of Seven (or G7) to manage global economic policy. Russia joined the group in 1997.
3. The G8 nations – the United States, Britain, Germany, France, Italy, Japan, Canada, and Russia – largely controlled the major international financial organizations.
4. As globalization accelerated, so did the integration of regional economies. To offset the economic clout of the European bloc, in 1993 the United States, Canada, and Mexico signed the North American Free Trade Agreement (NAFTA). This treaty envisioned the eventual creation of a free-trade zone covering all of North America.
5. The capitalist nations of Japan, South Korea, Taiwan, and Singapore consulted on economic policy; as China developed a quasi-capitalist economy and became a major exporter of manufactures, its Communist-led government joined their deliberations.
6. Globalization was driven by more than a quest for new markets. Corporations sought ever-cheaper sources of labor. Many American multinational corporations closed their factories in the United States and “outsourced” manufacturing jobs to plants in Mexico, Eastern Europe, and especially Asia.
7. As trade restrictions among nations began to fall in the 1980s and 1990s, so did restrictions on investment. One of the principal differences between this new era of globalization and previous eras has been the opening of national financial and currency markets to investment from around the world. Global financial integration

has been a hallmark of our time. Financial deregulation led to spectacular profits for investors but produced a more fragile, crash-prone global economy.

C. The New Technology

1. Computers, cellular phones, the Internet and World Wide Web, the iPod, and other electronic devices altered work, leisure, and access to knowledge in stunning ways. Like unimpeded trade and advances in communications, these personal technologies made the world smaller and more global.
2. During the 1990s, personal computers grew even more significant with the spread of the Internet and the World Wide Web. Like the computer itself, the Internet was the product of military-based research. During the 1970s, the Pentagon set up a decentralized system of hundreds of computers, an “internet” designed to preserve military communications in case of a Soviet nuclear attack. But it was soon used by government scientists, academic specialists, and military contractors to exchange electronic text messages. By the 1980s, the Internet had spread to universities, businesses, and the general public.
3. The debut in 1991 of the graphics-based World Wide Web, a collection of servers that allowed access to millions of documents, pictures, and other materials, enhanced the popular appeal and commercial possibilities of the Internet. By 2009, 75 percent of all Americans and more than one billion people worldwide used the Internet to send messages and view information. Businesses used the World Wide Web to sell their products and services; e-commerce transactions totaled \$114 billion in 2003, \$172 billion in 2005, and well over \$200 billion by 2008. The Web proved instantly democratic, providing ordinary people with easy access to knowledge.
4. The 1980s saw the introduction of videocassette recorders (VCRs), compact disc (CD) players, cellular telephones, and inexpensive fax machines. By 2000, cameras took digital pictures that could be stored and transmitted on computers, and digital video discs (DVDs) became the newest technology for viewing movies. Wireless telephones, which became available in the 1980s, ignited a communications revolution.
5. By the first decade of the twenty-first century, Americans had come to live in a world saturated with instantaneous electronic information. This total media environment left one of the most significant forms of media of the last four centuries struggling to survive: newspapers.

II. Politics and Partisanship in a New Era

A. An Increasingly Plural Society

1. Demographers predict that at some point between 2040 and 2050 the United States will become a “majority-minority” nation: no single ethnic or racial group will be in the numerical majority. This is already the case in California, where in 2010 African Americans, Latinos, and Asians together constituted a majority of the state’s residents.
2. An extraordinary inflow of immigrants was the unintended result of the Immigration and Nationality Act of 1965, which eliminated the 1924 quota system that favored Northern Europe.
3. The legislation also included provisions that eased the entry of immigrants who were professionals, scientists, and artists “of exceptional ability,” or who possessed skills in high demand in the United States. Finally, a provision with far-reaching implications was included in the new law: immediate family members of those already legally resident in the United States were admitted outside of the total numerical limit.
4. Most new immigrants arrived under the terms of the 1965 law. But those who did not – and became known as “illegal aliens” – stirred political controversy. Significantly, state governments led the efforts to deal with illegal immigration. In 1986, California voters overwhelmingly supported Proposition 63, which established English as the state’s official language; seventeen other states followed suit.
5. The concept of multiculturalism emerged to define social diversity. It suggested Americans were not a single people into whom others melted but comprised a diverse set of ethnic and racial groups living and working together. A shared set of public values held the society together. Critics, however, charged that multiculturalism perpetuated ethnic chauvinism and conferred preferential treatment on minority groups.
6. Conservatives argued that such governmental programs were deeply flawed, because they promoted “reverse discrimination” against white men and resulted in the selection and promotion of less-qualified applicants for jobs and educational advancement.
7. The U.S. Supreme Court spoke loudest on the subject. In two parallel 2003 cases, the Court invalidated one affirmative action plan at the University of Michigan but allowed racial preference policies that promoted a “diverse” student body. Thus, diversity became the law of the land, the constitutionally acceptable basis for affirmative action. The policy had been narrowed but preserved.

B. Clashes over “Family Values”

1. New Right conservatives claimed that liberalism had eroded respect for marriage and what they had called “family values.” They pointed to the 40 percent rate of divorce among whites and the nearly 60 percent rate of out-of-wedlock pregnancies among African Americans.
2. Abortion was central to the battles between feminists and religious conservatives and a defining issue between Democrats and Republicans. Feminists, who described themselves as “pro-choice,” viewed the issue from the perspective of the pregnant woman; they argued that the right to a legal, safe abortion was crucial to her control over her body and life. Conversely, religious conservatives, who pronounced themselves “pro-life,” viewed abortion from the perspective of the unborn fetus and claimed that its rights trumped those of the living mother.
3. By the 1980s, fundamentalist Protestants had assumed leadership of the antiabortion movement, which became increasingly confrontational and politically powerful. In 1987, religious activist Randall Terry founded Operation Rescue, which mounted protests outside abortion clinics and harassed their staffs and clients. Antiabortion activists also won state laws that limited public funding for abortions, required parental notification before minors could obtain abortions, and mandated waiting periods before any woman could undergo an abortion procedure.
4. The issue of homosexuality stirred equally deep passions. As more gay men and women “came out of the closet” they demanded legal protections from discrimination in housing, education, and employment. Public opinion about these demands varied by region, but by the 1990s, many cities and states had indeed banned discrimination on the basis of sexual orientation.
5. Gay rights groups also sought legal rights for same-sex couples that were akin to those enjoyed by married heterosexuals. Many of the most prominent national gay rights organizations focused on full marriage equality.
6. The Religious Right had long condemned homosexuality as morally wrong. Public opinion remained sharply divided. In 1992, Colorado voters approved an amendment to the state constitution that prevented local governments from enacting ordinances protecting gays and lesbians – a measure that the Supreme Court overturned as unconstitutional. That same year Oregon voters defeated a more radical initiative that would have prevented the state from using any funds “to promote, encourage or facilitate” homosexuality.
7. In 1998, Congress passed the Defense of Marriage Act, which allowed states to refuse to recognize gay marriages or civil unions formed in other jurisdictions.
8. These divisive “rights” issues increasingly came before the U.S. Supreme Court. Decisions in *Webster v. Reproductive Health Services* (1989), and *Planned Parenthood of Southeastern Pennsylvania v. Casey* (1992) limited abortion rights, but *Lawrence v. Texas* (2003) limited the power of states to prohibit private homosexual activity between consenting adults.

C. The Clinton Presidency, 1993–2001

1. In 1992, Clinton, the governor of Arkansas, styled himself a “New Democrat” who would bring “Reagan Democrats” back to the party. At only forty-six, he was young, energetic, ambitious, and a policy “wonk” – extraordinarily well informed about the details of public policy.
2. To win the Democratic nomination in 1992, Clinton had to survive charges that he embodied the permissive social values that conservatives associated with the 1960s. President George H. W. Bush won renomination over his lone opponent, the conservative columnist Pat Buchanan. The Democrats mounted an aggressive campaign that focused on Clinton’s domestic agenda: he promised a tax cut for the middle classes, universal health insurance, and a reduction of the huge Republican budget deficit.
3. For his part, Bush could not overcome voters’ discontent with the weak economy and conservatives’ disgust at his tax hikes. He received only 37 percent of the popular vote as millions of Republicans cast their ballots for independent businessman Ross Perot, who won more votes (19 percent) than any independent candidate since Theodore Roosevelt in 1912. With 43 percent of the vote, Clinton won the election.
4. As a self-proclaimed New Democrat, Clinton tried to steer a middle course through the nation’s increasingly divisive partisanship. Clinton had notable successes as well as spectacular failures pursuing this course. Clinton’s proposed health care system of “managed competition” failed and forty million Americans remained without health coverage.
5. More successful was Clinton’s plan to reduce the budget deficits of the Reagan-Bush presidencies. In 1993, he secured a five-year budget package that would reduce the federal deficit by \$500 billion. By 1998, Clinton’s fiscal policies had balanced the federal budget and begun to pay down the federal debt. As fiscal sanity

returned to Washington, the economy boomed, thanks in part to the low interest rates stemming from deficit reduction.

6. But those economic results lay in the future. More immediately, the midterm election of 1994 confirmed that the Clinton presidency had not produced an electoral realignment: Conservatives still had a working majority. In a well-organized campaign, Republicans gained a majority in the House for the first time since 1954, and took control of the Senate. Leading the Republican charge was Representative Newt Gingrich of Georgia, who revived calls for significant tax cuts, reductions in welfare programs, anticrime initiatives, and cutbacks in federal regulations.
7. In response to the massive Democratic losses in 1994, Clinton moved to the right. Claiming in 1996 that “the era of big government is over,” he avoided expansive social welfare proposals for the remainder of his presidency and sought Republican support for a centrist, New Democrat program. The signal piece of that program was reforming the welfare system.
8. Even with the concession on welfare, Clinton could not escape an opposition deeply hostile to his presidency. Following a relatively easy victory in the 1996 election, his second term unraveled when a sex scandal led to his impeachment. Clinton denied having had a sexual affair with Monica Lewinsky, a former White House intern. Independent prosecutor Kenneth Starr, a conservative Republican, concluded that Clinton had lied and obstructed justice, and that these actions were grounds for impeachment.
9. Historically, Americans have usually defined “high crimes and misdemeanors” – the constitutional standard for impeachment – as involving a serious abuse of public trust that endangered the republic. In 1998, conservative Republicans favored a much lower standard because they did not accept Clinton’s legitimacy as president. They vowed to oust him from office.
10. On December 19, the House of Representatives narrowly approved two articles of impeachment. Only a minority of Americans supported the House’s action. Lacking public support, Republicans in the Senate fell well short of the two-thirds majority they needed to remove the president.

D. Post–Cold War Foreign Policy

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

bombings, bin Laden issued a call for holy war – in which it was said to be the duty of every Muslim to kill Americans and their allies.

9. After the embassy attacks, Clinton ordered air strikes on Al Qaeda bases in Afghanistan, but the strikes failed to disrupt this growing terrorist network, and when Clinton left office, the CIA, the State Department, and the Pentagon were well aware of the potential threat posed by bin Laden's followers.

III. Into a New Century

A. The Ascendance of George W. Bush

1. The election of 2000 would join those of 1876 and 1960 as the closest and most contested in American history. Gore won the popular vote, amassing 50.9 million votes to Bush's 50.4 million but fell short in the Electoral College, 267 to 271. Consumer- and labor-rights activist Ralph Nader ran as the Green Party candidate and drew away precious votes in key states that certainly would have carried Gore to victory.
2. Late on election night, the vote tally in Florida gave Bush the narrowest of victories. As was their legal prerogative, the Democrats demanded hand recounts in several counties. A month of tumult followed, until the U.S. Supreme Court, voting strictly along conservative/liberal lines, ordered the recount stopped and let Bush's victory stand. Recounting ballots without a consistent standard to determine "voter intent," the Court reasoned, violated the rights of Floridian voters under the Fourteenth Amendment's equal protection clause.
3. As if acknowledging the frailty of their argument, the Court declared that Bush v. Gore was not to be regarded as precedent. But by making a transparently partisan decision, Justice John Paul Stevens warned in a dissenting opinion, the conservative majority undermined "the Nation's confidence in the judge as an impartial guardian of the rule of law."
4. Bush also brought into the administration his campaign advisor, Karl Rove, whose advice made for an exceptionally politicized White House. Rove foreclosed the easygoing centrism of Bush the campaigner by arguing that a permanent Republican majority could be built on the party's conservative base. Bush's vice president, the uncompromising conservative Richard Cheney, became, with Bush's consent, virtually a co-president. On Capitol Hill, Rove's hard line was reinforced by Tom DeLay, the House majority leader, who in 1995 had declared "all-out war" on the Democrats.
5. The domestic issue that most engaged President Bush, as it had Ronald Reagan, was taxes. Bush's Economic Growth and Tax Relief Act of 2001 slashed income tax rates, extended the earned income credit for the poor, and phased out the estate tax by 2010.
6. A second round of cuts in 2003 targeted dividend income and capital gains. His signature cuts skewed the distribution of tax benefits upwards. Bush had pushed far beyond any postwar president, even Reagan, in slashing federal taxes.
7. Critics warned that such massive tax cuts would plunge the federal government into debt. By 2006, federal expenditures had jumped 33 percent, at a faster clip than under any president since Lyndon Johnson. Huge increases in health-care costs were the main culprit. Two of the largest federal programs, Medicare and Medicaid – health care for the elderly and the poor, respectively – could not contain run-away medical costs.
8. Midway through Bush's second term, the national debt stood at over \$8 trillion – much of it owned by foreign investors, who also financed the nation's huge trade deficit. On top of that, staggering Social Security and Medicare obligations were coming due for retiring baby boomers.
9. On September 11, 2001, nineteen Islamic terrorists from Al Qaeda hijacked four commercial jets and flew two of them into New York City's World Trade Center, destroying its twin towers and killing over 2,900 people. A third plane crashed into the Pentagon, near Washington, D.C. The fourth crashed in Pennsylvania when the passengers fought back and thwarted the hijackers.
10. As an outburst of patriotism swept the United States, George W. Bush proclaimed a "war on terror" and vowed to carry the battle to Al Qaeda. Operating out of Afghanistan, where they had been harbored by the fundamentalist Taliban regime, the elusive Al Qaeda briefly offered a clear target. The United States attacked by deploying military advisors and supplies that bolstered anti-Taliban rebel forces. While Afghani allies carried the ground war, American planes rained destruction on the enemy.
11. By early 2002, this lethal combination had ousted the Taliban regime, destroyed Al Qaeda's training camps, and killed or captured many of its operatives. Al Qaeda leader Osama bin Laden retreated to a mountain redoubt and evidently bought off the local war lords and escaped over the border into Pakistan.
12. On the domestic side, Bush declared the terrorist threat too big to be contained by ordinary law-enforcement means. He wanted the government's powers of domestic surveillance placed on a wartime

footing. With little debate, Congress passed the USA Patriot Act, granting the administration sweeping authority to monitor citizens and apprehend suspected terrorists.

13. On the international front, Bush used the war on terror as the premise for a new policy of preventive war. Under international law, only an imminent threat justified a nation's right to strike first. Now, under the Bush doctrine, the United States reserved for itself the right to act in "anticipatory self-defense." President Bush singled out Iran, North Korea, and Iraq – "an axis of evil" – as the targeted states.
14. Officials in the Pentagon regarded Iraq as unfinished business, left over from the Gulf War of 1991 and saw in Iraq an opportunity to unveil America's supposed mission to democratize the world. The democratizing effect would spread across the Middle East, toppling or reforming other unpopular Arab regimes and stabilizing the region. That, in turn, would secure the Middle East's oil supply, whose fragility Saddam's invasion of Kuwait had made all too clear. It was the oil, in the end, that was of vital interest to the United States.
15. Insisting that Iraq constituted a "grave and gathering danger" and ignoring its failure to secure a legitimizing UN resolution, Bush invaded in March 2003. America's one major ally in the rush to war was Great Britain. Relations with France and Germany became poisonous. Even neighboring Mexico and Canada condemned the invasion, and Turkey, a key military ally, refused transit permission, ruining the army's plan for a northern thrust into Iraq. The Arab world exploded in anti-American demonstrations.
16. Within three weeks, American troops had taken the Iraqi capital. The regime collapsed, and its leaders went into hiding (Saddam Hussein was captured nine months later). However, the Pentagon had made no provision for postconflict operations. Thousands of poor Iraqis looted everything they could get their hands on, shattering the infrastructure of Iraq's cities.
17. In the midst of this turmoil, an insurgency began, sparked by Sunni Muslims who had dominated Iraq under Saddam's Baathist regime. The Shiite majority at first welcomed the Americans, but extremist Shiite elements soon turned hostile, and U.S. forces found themselves under fire from both sides. With the borders unguarded, Al Qaeda supporters flocked in from all over the Middle East, eager to do battle with the infidel Americans.
18. As the 2004 presidential election approached, Rove, Bush's top advisor, theorized that stirring the culture wars and emphasizing patriotism and Bush's war on terror would mobilize conservatives and further entrench the Republican Party as the dominant power in Washington. Rove encouraged activists to place antigay initiatives on the ballot in key states to draw conservative voters to the polls.
19. The Democratic nominee, Senator John Kerry of Massachusetts, was a Vietnam hero, twice wounded and decorated for bravery – in contrast to the president, who had spent the Vietnam years comfortably in the Texas Air National Guard. But when Kerry returned from service in Vietnam, he had joined the antiwar group, Vietnam Veterans Against the War, and in 1971 had delivered a blistering critique of the war to the Senate Armed Services Committee. In the logic of the culture wars, this made him vulnerable to charges of being weak and unpatriotic. A sudden onslaught of slick television ads by a group calling itself Swift Boat Veterans for Truth, falsely charging that Kerry had lied to win his medals, fatally undercut his advantage.
20. Bush beat Kerry, with 286 electoral votes to Kerry's 252. He was no longer a minority president and had won narrow yet clear popular majority.

B. Violence Abroad and Economic Collapse at Home

1. George Bush's second term was defined by crisis management. In 2005, Hurricane Katrina – one of the deadliest hurricanes in the nation's history – devastated New Orleans.
2. The run of crises did not abate after Katrina. Increasing violence and a rising insurgency in Iraq made the war there even more unpopular in the United States in 2005 and 2006. In 2007, changes in U.S. military strategy helped quell some of the worst violence, but the war dragged into its fifth and sixth years under Bush's watch.
3. In 2008 the American economy began to stumble. By fall, the Dow Jones Industrial Average had lost half its total value in under a year, and major banks, insurance companies, and financial institutions were on the verge of collapse. The entire automobile industry was near bankruptcy. Millions of Americans lost their jobs, and the unemployment rate surged to 10 percent. Housing prices dropped by as much as 40 percent in some parts of the country, and millions of Americans defaulted on their mortgages. The United States had entered the worst economic recession since the 1930s, what soon became known as the Great Recession.

4. The 2008 presidential election took shape in that perilous context. The Democratic nomination was contested between the first woman and the first African American to be viable presidential contenders, Hillary Rodham Clinton and Barack Hussein Obama.
5. In a close-fought contest, Obama emerged by early summer as the nominee. Meanwhile, the Bush administration confronted an economy in freefall. In September, less than two months before the election, the secretary of the treasury, Henry Paulson, urged Congress to pass the Emergency Economic Stabilization Act. Passed in early October, the act dedicated \$700 billion to rescuing many of the nation's largest banks and brokerage houses. Between Congress's actions and the independent efforts of the Treasury Department and the Federal Reserve, the U.S. government invested close to \$1 trillion in saving the nation's financial system.

C. The Obama Presidency

1. Barack Obama took the oath of office of the presidency on January 21, 2009, amidst the deepest economic recession since the Great Depression and with the United States mired in two wars in the Middle East.
2. From the podium, the new president recognized the crises and worried about "a nagging fear that America's decline is inevitable." But like all presidents at the opening of their term, Obama hoped to strike an optimistic tone. Americans, he said, must "begin again the work of remaking America."
3. As the first African American president of the United States, the burdens on Obama seemed immense. A nation that a mere two generations ago would not allow black Americans to dine with white Americans had elected a black man to the highest office. Obama himself was less taken with this historic accomplishment – which was also part of his deliberate strategy to downplay race – than with developing a plan to deal with the nation's innumerable challenges, at home and abroad.
4. With explicit comparisons to Franklin Roosevelt, Obama used the "first hundred days" to lay out an ambitious agenda: an economic stimulus package of federal spending to invigorate the economy; plans to draw down the war in Iraq and re-focus American military efforts in Afghanistan; reform of the nation's health-care insurance system; and new federal laws to regulate Wall Street.
5. In February, Congress passed the American Recovery and Reinvestment Act, an economic stimulus bill that provided \$787 billion to state and local governments for schools, hospitals, and transportation projects (roads, bridges, and rail). Next, Obama announced his plan to withdraw all active combat troops from Iraq by 2010. In December, the president ordered an additional 30,000 American troops to Afghanistan, where the Taliban had regained control of much of the country and Obama had pledged renewed U.S. efforts.
6. Obama allowed congressional Democrats to put forth their own proposals on health-care reform, in an attempt to avoid the top-down approach taken by President Clinton. As debate dragged on, a powerful new far-right oppositional group emerged, the Tea Party. None of these developments derailed the legislation, but when the president signed the final health-care reform bill on March 24, it contained enough compromises that few could predict its long-term impact.
7. It remains unclear how the Obama presidency will affect American politics. The history of his presidency, and of the early twenty-first century more broadly, continues to unfold.