

“As we look ahead  
into the next century,  
leaders will be those who  
empower others.”

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Microsoft co-founder and chairman  
Bill Gates, 2007

For most Americans the 1990s would be a time of peace, prosperity, and rapid technological change. Some attributed this to the “Reagan Revolution” and the end of the Cold War, others to the return of a Democrat to the presidency. During this period, the majority of Americans—political affiliation aside—asserted their support for traditional family values, often grounded in their faiths. *New York Times* columnist David Brooks suggested that the country was experiencing “moral self-repair,” as “many of the indicators of social breakdown, which shot upward in the late 1960s and 1970s, and which plateaued at high levels in the 1980s,” were now in decline.

Improved crime and other social statistics aside, American politics remained ideological, emotional, and characterized by intense divisions. Shortly after the nation entered the new millennium, moreover, its post-Cold War sense of security was jolted by an unprecedented terrorist attack that launched it on a new and difficult international track.

### THE 1992 PRESIDENTIAL ELECTION

As the 1992 presidential election approached, Americans found themselves in a world transformed in ways almost unimaginable four years earlier. The familiar landmarks of the Cold War—from the

Berlin Wall to intercontinental missiles and bombers on constant high alert—were gone. Eastern Europe was independent, the Soviet Union had dissolved, Germany was united, Arabs and Israelis were engaged in direct negotiations, and the threat of nuclear conflict was greatly diminished. It was as though one great history volume had closed and another had opened.

Yet at home, Americans were less sanguine, and they faced some familiar problems. The United States found itself in its deepest recession since the early 1980s. Many of the job losses were occurring among white-collar workers in middle management positions, not solely, as earlier, among blue-collar workers in the manufacturing sector. Even when the economy began recovering in 1992, its growth was virtually imperceptible until late in the year. Moreover, the federal deficit continued to mount, propelled most strikingly by rising expenditures for health care.

President George Bush and Vice President Dan Quayle easily won re-nomination by the Republican Party. On the Democratic side, Bill Clinton, governor of Arkansas, defeated a crowded field of candidates to win his party's nomination. As his vice presidential nominee, he selected Senator Al Gore of Tennessee, generally acknowledged as one of the Congress's strongest advocates of environmental protection.

The country's deep unease over the direction of the economy also

sparked the emergence of a remarkable independent candidate, wealthy Texas entrepreneur H. Ross Perot. Perot tapped into a deep wellspring of frustration over the inability of Washington to deal effectively with economic issues, principally the federal deficit. He possessed a colorful personality and a gift for the telling one-line political quip. He would be the most successful third-party candidate since Theodore Roosevelt in 1912.

The Bush re-election effort was built around a set of ideas traditionally used by incumbents: experience and trust. George Bush, 68, the last of a line of presidents who had served in World War II, faced a young challenger in Bill Clinton who, at age 46, had never served in the military and had participated in protests against the Vietnam War. In emphasizing his experience as president and commander-in-chief, Bush drew attention to Clinton's inexperience at the national level.

Bill Clinton organized his campaign around another of the oldest and most powerful themes in electoral politics: youth and change. As a high school student, Clinton had once met President Kennedy; 30 years later, much of his rhetoric consciously echoed that of Kennedy in the 1960 presidential campaign.

As governor of Arkansas for 12 years, Clinton could point to his experience in wrestling with the very issues of economic growth, education, and health care that were, according to public opinion polls,

among President Bush's chief vulnerabilities. Where Bush offered an economic program based on lower taxes and cuts in government spending, Clinton proposed higher taxes on the wealthy and increased spending on investments in education, transportation, and communications that, he believed, would boost the nation's productivity and growth and thereby lower the deficit. Similarly, Clinton's health care proposals called for much heavier involvement by the federal government than Bush's.

Clinton proved to be a highly effective communicator, not least on television, a medium that highlighted his charm and intelligence. The incumbent's very success in handling the end of the Cold War and reversing the Iraqi thrust into Kuwait lent strength to Clinton's implicit argument that foreign affairs had become relatively less important, given pressing social and economic needs at home.

On November 3, Clinton won election as the 42nd president of the United States, with 43 percent of the popular vote against 37 percent for Bush and 19 percent for Perot.

### A NEW PRESIDENCY

Clinton was in many respects the perfect leader for a party divided between liberal and moderate wings. He ran as a pragmatic centrist who could moderate the demands of various Democratic Party interest groups without alienating them.

Avoiding ideological rhetoric that declared big government to be a positive good, he proposed a number of programs that earned him the label "New Democrat." Control of the federal bureaucracy and judicial appointments provided one means of satisfying political claims of organized labor and civil rights groups. On the ever-controversial abortion issue, Clinton supported the *Roe v. Wade* decision, but also declared that abortion should be "safe, legal, and rare."

President Clinton's closest collaborator was his wife, Hillary Rodham Clinton. In the campaign, he had quipped that those who voted for him "got two for the price of one." As energetic and as activist as her husband, Ms. Clinton assumed a more prominent role in the administration than any first lady before her, even Eleanor Roosevelt. Her first important assignment would be to develop a national health program. In 2000, with her husband's administration coming to a close, she would be elected a U.S. senator from New York.

### LAUNCHING A NEW DOMESTIC POLICY

In practice, Clinton's centrism demanded choices that sometimes elicited vehement emotions. The president's first policy initiative was designed to meet the demands of gays, who, claiming a group status as victims of discrimination, had

become an important constituency for the Democratic Party.

Immediately after his inauguration, President Clinton issued an executive order rescinding the long-established military policy of dismissing known gays from the service. The order quickly drew furious criticism from the military, most Republicans, and large segments of American society. Clinton quickly modified it with a “don’t ask, don’t tell” order that effectively restored the old policy but discouraged active investigation of one’s sexual practices.

The effort to achieve a national health plan proved to be a far larger setback. The administration set up a large task force, chaired by Hillary Clinton. Composed of prominent policy intellectuals and political activists, it labored in secrecy for months to develop a plan that would provide medical coverage for every American citizen.

The working assumption behind the plan was that a government-managed “single-payer” plan could deliver health services to the entire nation more efficiently than the current decentralized system with its thousands of insurers and disconnected providers. As finally delivered to Congress in September 1993, however, the plan mirrored the complexity of its subject. Most Republicans and some Democrats criticized it as a hopelessly elaborate federal takeover of American medicine. After a year of discussion, it died without a vote in Congress.

President Clinton was more successful on another matter with great repercussions for the domestic economy. The previous president, George Bush, had negotiated the North American Free Trade Agreement (NAFTA) to establish fully open trade between Canada, the United States, and Mexico. Key Democratic constituencies opposed the agreement. Labor unions believed it would encourage the export of jobs and undermine American labor standards. Environmentalists asserted that it would lead American industries to relocate to countries with weak pollution controls. These were the first indications of a growing movement on the left wing of American politics against the vision of an integrated world economic system.

Clinton nonetheless accepted the argument that open trade was ultimately beneficial to all parties because it would lead to a greater flow of more efficiently produced goods and services. His administration not only submitted NAFTA to the Senate, it also backed the establishment of a greatly liberalized international trading system to be administered by the World Trade Organization (WTO). After a vigorous debate, Congress approved NAFTA in 1993. It would approve membership in the WTO a year later.

Although Clinton had talked about a “middle-class tax cut” during the presidential campaign, he submitted to Congress a budget

calling for a general tax increase. It originally included a wide tax on energy consumption designed to promote conservation, but that was quickly replaced by a nominal increase in the federal gasoline tax. It also taxed social security benefits for recipients of moderate income and above. The big emphasis, however, was on increasing the income tax for high earners. The subsequent debate amounted to a rerun of the arguments between tax cutters and advocates of "fiscal responsibility" that had marked the Reagan years. In the end, Clinton got his way, but very narrowly. The tax bill passed the House of Representatives by only one vote.

By then, the congressional election campaigns of 1994 were under way. Although the administration already had made numerous foreign policy decisions, issues at home were clearly most important to the voters. The Republicans depicted Clinton and the Democrats as unreformed tax and spenders. Clinton himself was already beleaguered with charges of past financial impropriety in an Arkansas real estate project and new claims of sexual impropriety.

In November, the voters gave the Republicans control of both houses of Congress for the first time since the election of 1952. Many observers believed that Bill Clinton would likely be a one-term president. Apparently making a decision to conform to new political realities, Clinton in-

stead moderated his political course. Policy initiatives for the remainder of his presidency were few. Contrary to Republican predictions of doom, the tax increases of 1993 did not get in the way of a steadily improving economy.

The new Republican leadership in the House of Representatives, by contrast, pressed hard to achieve its policy objectives, a sharp contrast with the administration's new moderate tone. When right-wing extremists bombed an Oklahoma City federal building in April 1995, Clinton responded with a tone of moderation and healing that heightened his stature and implicitly raised some doubts about his conservative opponents. At the end of the year, he vetoed a Republican budget bill, shutting down the government for weeks. Most of the public seemed to blame the Republicans.

The president also co-opted part of the Republican program. In his State of the Union address of January 1996, he ostentatiously declared, "The era of big government is over." That summer, on the eve of the presidential campaign, he signed a major welfare reform bill that was essentially a Republican product. Designed to end permanent support for most welfare recipients and move them to work, it was opposed by many in his own party. By and large, it would prove successful in operation over the next decade.

## THE AMERICAN ECONOMY IN THE 1990s

By the mid-1990s, the country had not simply recovered from the brief, but sharp, recession of the Bush presidency. It was entering an era of booming prosperity, and doing so despite the decline of its traditional industrial base. Probably the major force behind this new growth was the blossoming of the personal computer (PC).

Less than 20 years after its introduction, the PC had become a familiar item, not simply in business offices of all types, but in homes throughout America. Vastly more powerful than anyone could have imagined two decades earlier, able to store enormous amounts of data, available at the cost of a good refrigerator, it became a common appliance in American homes.

Employing prepackaged software, people used it for bookkeeping, word processing, or as a depository for music, photos, and video. The rise of the Internet, which grew out of a previously closed defense data network, provided access to information of all sorts, created new shopping opportunities, and established e-mail as a common mode of communication. The popularity of the mobile phone created a huge new industry that cross-fertilized with the PC.

Instant communication and lightning-fast data manipulation speeded up the tempo of many busi-

nesses, greatly enhancing productivity and creating new opportunities for profit. Fledgling industries that fed demand for the new equipment became multi-billion-dollar companies almost overnight, creating an enormous new middle class of software technicians, managers, marketers, and publicists.

A final impetus was the turn of the millennium. A huge push to upgrade outdated computing equipment that might not recognize the year 2000 brought data technology spending to a peak.

These developments began to take shape during Clinton's first term. By the end of his second one they were fueling a surging economy. When he had been elected president, unemployment was at 7.4 percent. When he stood for re-election in 1996, it was at 5.4 percent. When voters went to the polls to choose his successor in November 2000, it was 3.9 percent. In many places, the issue was less one of taking care of the jobless than of finding employable workers.

No less a figure than Federal Reserve Chairman Alan Greenspan viewed a rapidly escalating stock market with concern and warned of "irrational exuberance." Investor exuberance, at its greatest since the 1920s, continued in the conviction that ordinary standards of valuation had been rendered obsolete by a "new economy" with unlimited potential. The good times were rolling dangerously fast, but most

Americans were more inclined to enjoy the ride while it lasted than to plan for a coming bust.

### **THE ELECTION OF 1996 AND THE POLITICAL AFTERMATH**

**P**resident Clinton undertook his campaign for re-election in 1996 under the most favorable of circumstances. If not an imposing personality in the manner of a Roosevelt, he was a natural campaigner, whom many felt had an infectious charm. He presided over a growing economic recovery. He had positioned himself on the political spectrum in a way that made him appear a man of the center leaning left. His Republican opponent, Senator Robert Dole of Kansas, Republican leader in the upper house, was a formidable legislator but less successful as a presidential candidate.

Clinton, promising to “build a bridge to the 21st century,” easily defeated Dole in a three-party race, 49.2 percent to 40.7 percent, with 8.4 percent to Ross Perot. He thus became the second American president to win two consecutive elections with less than a majority of the total vote. (The other was Woodrow Wilson in 1912 and 1916.) The Republicans, however, retained control of both the House of Representatives and the Senate.

Clinton never stated much of a domestic program for his second term. The highlight of its first year was an accord with Congress de-

signed to balance the budget, further reinforcing the president’s standing as a fiscally responsible moderate liberal.

In 1998, American politics entered a period of turmoil with the revelation that Clinton had carried on an affair inside the White House with a young intern. At first the president denied this, telling the American people: “I did not have sexual relations with that woman.” The president had faced similar charges in the past. In a sexual harassment lawsuit filed by a woman he had known in Arkansas, Clinton denied under oath the White House affair. This fit most Americans’ definition of perjury. In October 1998, the House of Representatives began impeachment hearings, focusing on charges of perjury and obstruction of justice.

Whatever the merits of that approach, a majority of Americans seemed to view the matter as a private one to be sorted out with one’s family, a significant shift in public attitude. Also significantly, Hillary Clinton continued to support her husband. It surely helped also that the times were good. In the midst of the House impeachment debate, the president announced the largest budget surplus in 30 years. Public opinion polls showed Clinton’s approval rating to be the highest of his six years in office.

That November, the Republicans took further losses in the midterm congressional elections, cutting their majorities to razor-thin mar-

gins. House Speaker Newt Gingrich resigned, and the party attempted to develop a less strident image. Nevertheless, in December the House voted the first impeachment resolution against a sitting president since Andrew Johnson (1868), thereby handing the case to the Senate for a trial.

Clinton's impeachment trial, presided over by the Chief Justice of the United States, held little suspense. In the midst of it, the president delivered his annual State of the Union address to Congress. He never testified, and no serious observer expected that any of the several charges against him would win the two-thirds vote required for removal from office. In the end, none got even a simple majority. On February 12, 1999, Clinton was acquitted of all charges.

### AMERICAN FOREIGN RELATIONS IN THE CLINTON YEARS

**B**ill Clinton did not expect to be a president who emphasized foreign policy. However, like his immediate predecessors, he quickly discovered that all international crises seemed to take a road that led through Washington.

He had to deal with the messy aftermath of the 1991 Gulf War. Having failed to depose Saddam Hussein, the United States, backed by Britain, attempted to contain him. A United Nations-administered economic sanctions regime, designed to allow

Iraq to sell enough oil to meet humanitarian needs, proved relatively ineffective. Saddam funneled much of the proceeds to himself, leaving large masses of his people in misery. Military "no-fly zones," imposed to prevent the Iraqi government from deploying its air power against rebellious Kurds in the north and Shiites in the south, required constant U.S. and British air patrols, which regularly fended off anti-aircraft missiles.

The United States also provided the main backing for U.N. weapons inspection teams, whose mission was to ferret out Iraq's chemical, biological, and nuclear programs, verify the destruction of existing weapons of mass destruction, and suppress ongoing programs to manufacture them. Increasingly obstructed, the U.N. inspectors were finally expelled in 1998. On this, as well as earlier occasions of provocation, the United States responded with limited missile strikes. Saddam, Secretary of State Madeline Albright declared, was still "in his box."

The seemingly endless Israeli-Palestinian dispute inevitably engaged the administration, although neither President Clinton nor former President Bush had much to do with the Oslo agreement of 1993, which established a Palestinian "authority" to govern the Palestinian population within the West Bank and the Gaza Strip and obtained Palestinian recognition of Israel's right to exist.

As with so many past Middle Eastern agreements in principle,

however, Oslo eventually fell apart when details were discussed. Palestinian leader Yasser Arafat rejected final offers from peace-minded Israeli leader Ehud Barak in 2000 and January 2001. A full-scale Palestinian insurgency, marked by the use of suicide bombers, erupted. Barak fell from power, to be replaced by the far tougher Ariel Sharon. U.S. identification with Israel was considered by some a major problem in dealing with other issues in the region, but American diplomats could do little more than hope to contain the violence. After Arafat's death in late 2004, new Palestinian leadership appeared more receptive to a peace agreement, and American policy makers resumed efforts to promote a settlement.

President Clinton also became closely engaged with "the troubles" in Northern Ireland. On one side was the violent Irish Republican Army, supported primarily by those Catholic Irish who wanted to incorporate these British counties into the Republic of Ireland. On the other side were Unionists, with equally violent paramilitary forces, supported by most of the Protestant Scots-Irish population, who wanted to remain in the United Kingdom.

Clinton gave the separatists greater recognition than they ever had obtained in the United States, but also worked closely with the British governments of John Major and Tony Blair. The ultimate result, the Good Friday peace accords of 1998, established a political pro-

cess but left many details to be worked out. Over the next several years, peace and order held better in Northern Ireland than in the Middle East, but remained precarious. The final accord continued to elude negotiators.

The post-Cold War disintegration of Yugoslavia—a state ethnically and religiously divided among Serbs, Croats, Slovenes, Bosnian Muslims, and Albanian Kosovars—also made its way to Washington after European governments failed to impose order. The Bush administration had refused to get involved in the initial violence; the Clinton administration finally did so with great reluctance after being urged to do so by the European allies. In 1995, it negotiated an accord in Dayton, Ohio, to establish a semblance of peace in Bosnia. In 1999, faced with Serbian massacres of Kosovars, it led a three-month NATO bombing campaign against Serbia, which finally forced a settlement.

In 1994, the administration restored ousted President Jean-Bertrand Aristide to power in Haiti, where he would rule for nine years before being ousted again. The intervention was largely a result of Aristide's carefully cultivated support in the United States and American fears of waves of Haitian illegal immigrants.

In sum, the Clinton administration remained primarily inward looking, willing to tackle international problems that could not be

avoided, and, in other instances, forced by the rest of the world to do so.

### INTIMATIONS OF TERRORISM

Near the close of his administration, George H.W. Bush sent American troops to the chaotic East African nation of Somalia. Their mission was to spearhead a U.N. force that would allow the regular movement of food to a starving population.

Somalia became yet another legacy for the Clinton administration. Efforts to establish a representative government there became a "nation-building" enterprise. In October 1993, American troops sent to arrest a recalcitrant warlord ran into unexpectedly strong resistance, losing an attack helicopter and suffering 18 deaths. The warlord was never arrested. Over the next several months, all American combat units were withdrawn.

From the standpoint of the administration, it seemed prudent enough simply to end a marginal, ill-advised commitment and concentrate on other priorities. It only became clear later that the Somalian warlord had been aided by a shadowy and emerging organization that would become known as al-Qaida, headed by a fundamentalist Muslim named Osama bin Laden. A fanatical enemy of Western civilization, bin Laden reportedly felt confirmed in his belief that Americans would not fight when attacked.

By then the United States had already experienced an attack by Muslim extremists. In February 1993, a huge car bomb was exploded in an underground parking garage beneath one of the twin towers of the World Trade Center in lower Manhattan. The blast killed seven people and injured nearly a thousand, but it failed to bring down the huge building with its thousands of workers. New York and federal authorities treated it as a criminal act, apprehended four of the plotters, and obtained life prison sentences for them. Subsequent plots to blow up traffic tunnels, public buildings, and even the United Nations were all discovered and dealt with in a similar fashion.

Possible foreign terrorism was nonetheless overshadowed by domestic terrorism, primarily the Oklahoma City bombing. The work of right-wing extremists Timothy McVeigh and Terry Nichols, it killed 166 and injured hundreds, a far greater toll than the 1993 Trade Center attack. But on June 25, 1996, another huge bomb exploded at the Khobar Towers U.S. military housing complex in Saudi Arabia, killing 19 and wounding 515. A federal grand jury indicted 13 Saudis and one Lebanese man for the attack, but Saudi Arabia ruled out any extraditions.

Two years later, on August 7, 1998, powerful bombs exploding simultaneously destroyed U.S. embassies in Kenya and Tanzania, killing 301 people and injuring more

than 5,000. In retaliation Clinton ordered missile attacks on terrorist training camps run by bin Laden in Afghanistan, but they appear to have been deserted. He also ordered a missile strike to destroy a suspect chemical factory in Sudan, a country which earlier had given sanctuary to bin Laden.

On October 12, 2000, suicide bombers rammed a speedboat into the U.S. Navy destroyer *Cole*, on a courtesy visit to Yemen. Heroic action by the crew kept the ship afloat, but 17 sailors were killed. Bin Laden had pretty clearly been behind the attacks in Saudi Arabia, Africa, and Yemen, but he was beyond reach unless the administration was prepared to invade Afghanistan to search for him.

The Clinton administration was never willing to take such a step. It even shrank from the possibility of assassinating him if others might be killed in the process. The attacks had been remote and widely separated. It was easy to accept them as unwelcome but inevitable costs associated with superpower status. Bin Laden remained a serious nuisance, but not a top priority for an administration that was nearing its end.

### **THE PRESIDENTIAL ELECTION OF 2000 AND THE WAR ON TERROR**

**T**he Democratic Party nominated Vice President Al Gore to head its ticket in 2000. To oppose him, the Republicans chose George W. Bush,

the governor of Texas and son of former president George H.W. Bush.

Gore ran as a dedicated liberal, intensely concerned with damage to the environment and determined to seek more assistance for the less privileged sectors of American society. He seemed to position himself to the left of President Clinton.

Bush established a position on the right wing of the Republican Party, closer to the heritage of Ronald Reagan than to that of his father. He softened this image by displaying a special interest in education and calling himself a “compassionate conservative.” His embrace of evangelical Christianity, which he declared had changed his life after a misspent youth, was of particular note. It underscored an attachment to traditional cultural values that contrasted sharply to Gore’s technocratic modernism. Corporate critic Ralph Nader ran well to Gore’s left as the candidate of the Green Party. Conservative Republican Patrick Buchanan mounted an independent candidacy.

The final vote was nearly evenly divided nationally; so were the electoral votes. The pivotal state was Florida, where a razor-thin margin separated Bush and Gore and thousands of ballots were disputed. After a series of court challenges at the state and federal levels, the U.S. Supreme Court handed down a narrow decision that effectively gave the election to Bush. The Republicans maintained control of both houses of Congress by a small margin.

The final totals underscored the tightness of the election: Bush won 271 electoral votes to Gore's 266, but Gore led him in the national popular vote 48.4 percent to 47.9 percent. Nader polled 2.1 percent and Buchanan .4 percent. Gore, his states colored blue in media graphics, swept the Northeast and the West Coast; he also ran well in the Midwestern industrial heartland. Bush, whose states were colored red, beat his opponent in the South, the rest of the Midwest, and the mountain states. Commentators everywhere commented on the vast gap between "red" and "blue" America, a divide characterized by cultural and social, rather than economic, differences, and all the more deep-seated and emotional for that reason. George W. Bush took office in a climate of extreme partisan bitterness.

Bush expected to be a president primarily concerned with domestic policy. He wanted to meld traditional Republican Party belief in private enterprise, low taxation, and small government with a sense of social responsibility for the less fortunate groups in American society. He had talked during his campaign about reforming the Social Security system. Impressed by Reagan's supply-side economics, he advocated lower taxes to stimulate economic growth.

The economy was beginning to slip back from its lofty peak of the late 1990s. This helped Bush secure passage of a tax cut in May 2001. Lower taxes would indeed buoy the economy, but at the cost of an omi-

nously growing federal budget deficit. At the end of the year, Bush also obtained the "No Child Left Behind" Act, which required public schools to test reading and mathematical proficiency on an annual basis; it prescribed penalties for schools unable to achieve a specified standard. Social Security remained unaddressed despite Bush's efforts to make it a priority in his second term.

The Bush presidency changed irrevocably on September 11, 2001, as the United States suffered the most devastating foreign attack ever against its mainland. That morning, Middle Eastern terrorists simultaneously hijacked four passenger airplanes and used two of them as suicide vehicles to destroy the twin towers of the World Trade Center in New York City. A third crashed into the Pentagon building, the Defense Department headquarters just outside of Washington, D.C. The fourth, probably aimed at the U.S. Capitol, dived into the Pennsylvania countryside as passengers fought the hijackers.

The death toll, most of it consisting of civilians at the Trade Center, was approximately 3,000, exceeding that of the Japanese attack on Pearl Harbor. The economic costs were also heavy. Several other buildings near the Trade Center also were destroyed, shutting down the financial markets for several days. The effect was to prolong the already developing recession.

As the nation began to recover from the attack, an unknown person

or group sent out letters containing small amounts of anthrax bacteria. Some went to members of Congress and administration officials, others to obscure individuals. No notable person was infected. But five victims died, and several others suffered serious illness. The mailings touched off a wave of national hysteria, then stopped as suddenly as they had begun, and remained a mystery. In 2008, the Federal Bureau of Investigation announced that the likely culprit was a troubled government scientist who had committed suicide.

The administration obtained passage of the USA Patriot Act in October 2001. Designed to fight domestic terrorism, the new law considerably broadened the search, seizure, and detention powers of the federal government. Its opponents argued that it violated constitutionally protected individual rights. Its backers responded that a country at war needed to protect itself.

After initial hesitation, the Bush administration also decided to support the establishment of the Department of Homeland Security. Authorized in November 2002 and designed to coordinate the fight against domestic terrorist attack, the new department consolidated 22 federal agencies.

The administration, like its predecessor, had been unprepared for the unimaginable. However, it retaliated quickly. Determining that the attack had been an al-Qaida operation, it launched a military offensive against Osama bin Laden

and the fundamentalist Muslim Taliban government of Afghanistan that had provided him refuge. The United States secured the passive cooperation of the Russian Federation, established relationships with the former Soviet republics that bordered Afghanistan, and, above all, resumed a long-neglected alliance with Pakistan, which provided political support and access to air bases.

Utilizing U.S. Army Special Forces and Central Intelligence Agency paramilitary operatives, the administration allied with long-marginalized Afghan rebels. Given effective air support the coalition ousted the Taliban government in two months. Bin Laden, Taliban leaders, and many of their fighters, however, escaped into remote, semi-autonomous areas of Northeastern Pakistan. From there they would try to regroup and attack the new Afghan government.

In the meantime, the Bush administration was looking elsewhere for sources of enemy terrorism. In his 2002 State of the Union address, the president identified an "axis of evil" that he thought threatened the nation: Iraq, Iran, and North Korea. Of these three, Iraq seemed to him and his advisers the most troublesome and probably easiest to bring down.

Saddam Hussein had ejected United Nations weapons inspectors. The economic sanctions against Iraq were breaking down, and, although the regime was not believed to be involved in the 9/11 attacks, it had engaged in some contacts with al-

Qaida. It was widely believed, not just in the United States but throughout the world, that Iraq had large stockpiles of chemical and biological weapons and might be working to acquire a nuclear capability. Why else throw out the inspection teams and endure continuing sanctions?

Throughout the year, the administration pressed for a United Nations resolution demanding resumption of weapons inspection with full and free access. In October 2002, Iraq declared it would comply. Nonetheless, the new inspectors complained of bad faith. In January, their chief, Hans Blix, presented a report to the UN declaring that Iraq had failed to account for its weapons of mass destruction, although he recommended a resumption of weapons inspections before withdrawing.

Bush in the meantime had received a Senate authorization by a vote of 77–23 for the use of military force. The U.S. military began a buildup of personnel and materiel in Kuwait.

The American plans for war with Iraq encountered unusually strong opposition in much of Europe. France, Russia, and Germany all were against the use of force. Even in those nations whose governments supported the United States, there was strong popular hostility to cooperation. Britain became the major U.S. ally in the war that followed; most of the newly independent Eastern European nations contributed assistance. The governments of Italy and (for a time) Spain also lent

their backing. Turkey, long a reliable American ally, declined to do so.

Nevertheless, on March 19, 2003, American and British troops, supported by small contingents from several other countries, began an invasion of Iraq from the South. Groups airlifted into the North coordinated with Kurdish militia. On both fronts, resistance was occasionally fierce, but usually melted away. Baghdad fell on April 8. On April 14, the military campaign in Iraq was declared over.

Taking Iraq turned out to be far easier than administering it. In the first days after the end of major combat, the country experienced pervasive looting. Hit-and-run attacks on allied troops followed and became increasingly organized, despite the capture of Saddam Hussein and the deaths of his two sons and heirs. Different Iraqi factions seemed on the verge of war with each other.

New weapons inspection teams were unable to find the expected stockpiles of chemical and biological weaponry. It became clear that Iraq had never restarted the nuclear program it had been pursuing before the first Gulf War. After his apprehension, Saddam Hussein admitted that he had engaged in a gigantic bluff to forestall attack from abroad or insurrection at home.

In the year and a quarter after the fall of Baghdad, the United States and the United Kingdom, with increasing cooperation from the United Nations, moved ahead with establishment of a provisional govern-

ment that would assume sovereignty over Iraq. The effort occurred amidst increasing violence that included attacks not only on allied troops, but also on Iraqis connected in any way with the new government. Most of the insurgents appeared to be Saddam loyalists; some were indigenous Muslim sectarians; others likely were foreign fighters.

### **THE 2004 PRESIDENTIAL ELECTION AND GEORGE W. BUSH'S SECOND TERM**

**B**y mid-2004, with the United States facing a violent insurgency in Iraq, considerable foreign opposition to the war there, and increasingly sharp divisions about the conflict at home, the country faced another presidential election. The Democrats nominated Senator John Kerry of Massachusetts, a decorated Vietnam veteran in his fourth Senate term. Kerry's dignified demeanor and speaking skills made him a formidable candidate. A reliable liberal on domestic issues, he was a critic of the Iraq war. Bush, renominated without opposition by the Republicans, portrayed himself as frank and consistent in speech and deed, a man of action willing to take all necessary steps to protect the United States.

Marked by intense feelings on both sides about the war and the cultural conflicts that increasingly defined the differences between the two major parties, the campaign revealed a nation nearly as divided as in 2000. The strong emotions of the

race fueled a voter turnout 20 percent higher than four years earlier. Bush won a narrow victory, 51 percent to 48 percent with the remainder of the vote going to Ralph Nader and other independents. The Republicans scored small but important gains in Congress.

George W. Bush began his second term in January 2005, facing challenges aplenty: Iraq, increasing federal budget deficits, a chronic international balance-of-payments shortfall, the escalating cost of social entitlements, and a shaky currency. None were susceptible to quick or easy solutions.

Iraq was the largest and most visible problem. The country had adopted a new constitution and held parliamentary elections in 2005. Saddam Hussein, tried by an Iraqi tribunal, was executed in December 2006. All the same, American forces and the new government faced a mounting insurgency. Composed of antagonistic factions—among them Sunni supporters of Saddam and dissident Shiites aided by Iran—the insurgency could be contained, but not quelled without using harsh tactics that would be unacceptable at home and would alienate the Iraqi population. The constitutional Iraqi government lacked the power and stability needed to impose order, yet the costs—human and financial—of the American occupation eroded support at home.

In January 2007, the president adopted an anti-insurgency strategy advocated by General David Pe-

traeus—one of outreach and support for Sunni leaders willing to accept a new democratic order in Iraq, along with continued backing of the predominantly Shiite government in Baghdad. He accompanied this with a “surge” of additional troops. Over the next year, the strategy appeared to calm the country. The United States began to turn over increased security responsibilities to the Iraqis and negotiated an agreement for complete withdrawal by 2011. Nonetheless, Iraq remained very unstable, its fragile peace regularly disrupted by bombings and assassinations, its Sunni-Shiite conflict complicated by Kurdish separatists. It was not clear whether a liberal-democratic nation could be created out of such chaos, but certain that the United States could not impose one if the Iraqis did not want it.

As Iraq progressed uncertainly toward stability, Afghanistan moved in the other direction. The post-Taliban government of Hamid Karzai proved unable to establish effective control over the historically decentralized country. Operating from the Pakistani tribal areas to which they had escaped in 2001, the Taliban and al-Qaida began to filter back into Afghanistan and establish significant areas of control in the southern provinces. Using remote-controlled drone aircraft equipped with guided missiles, U.S. forces staged attacks against enemy encampments and leaders within Pakistan. In 2009, the new American president, Barack Obama, approved a U.S. military

buildup and anti-insurgency effort similar to the Iraq surge. As with Iraq, the outcome remained in doubt.

As the first decade of the 21st century drew to a close, the United States found itself adjusting to a world considerably more complex than that of the Cold War. The bipolar rivalry of that era, for all its dangers and challenges, had imposed an unprecedented simplicity on international affairs. The newer, messier world order (or disorder) featured the rapid rise of China as a major economic force. India and Brazil were not far behind. Post-Soviet Russia re-emerged as an oil and natural gas power seeking to regain lost influence in Eastern Europe. The United States remained the pre-eminent power in the world, but was now first in a complex multipolar international system.

At home, the nation remained generally prosperous through most of the Bush years. After a weak first year, gross domestic product grew at a relatively steady, if unspectacular, rate and unemployment held at fairly low levels. Yet the prosperity was fragile. Most noticeable was the rapid decline of American manufacturing, a trend that was well along by the time George W. Bush became president and was in sharp contrast to the rise of China as an industrial power. Increasingly, the economy was sustained by consumer spending, finance, and a construction boom led by residential housing. Federal policy, reflecting the American ideal

that every person should have an opportunity to own a home, encouraged the extension of mortgage loans to individuals whose prospects for repayment were dim. The financial institutions in turn repackaged these loans into complex securities, represented them as sound investments, and sold them to institutional investors. These ultimately unsustainable investments were fueled to excess by an easy-money policy as the nation's central bank, the Federal Reserve System, held interest rates at low levels. Similar economic currents flowed in much of the rest of the developed Western world, but the United States was the pacesetter.

In line with the theme of compassionate conservatism, Bush proposed a major overhaul of the Social Security system that would allow individuals some discretion in investing the taxes they paid into it. The plan aroused nearly unanimous Democratic opposition, generated little public enthusiasm, and never got to a vote in Congress. Bush's other major project—the enhancement

of Medicare by the addition of a voluntary prescription drug program—proved much more popular. It appeased conservative qualms about big government by subsidizing qualified private insurance plans, required fairly large out-of-pocket payments from those who bought into it, but still provided real savings to elderly patients who required multiple medications. Yet, as was the case with already existing Medicare provisions, the costs of the drug program were not fully covered. It added substantially to a federal deficit that seemed uncontrollable.

The growing deficit became a major issue among not simply opposition Democrats but many Republican conservatives, who thought their party was spending too freely. In addition, the difficult war in Iraq was increasingly unpopular. In the 2006 midterm elections, Republicans lost control of Congress to the opposition Democrats, who more than ever looked with confidence to the next presidential election. ◇