

# Chapter 32

## The Age of Globalization

Finn Frankis  
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### A Resurgence of Partisanship

What defined the American resurgence of partisanship?

The Clinton administration struggled with the Republican dominance in Congress and was plagued by numerous scandals. Despite this, Clinton ushered in a time of budget surplus and resolved foreign disputes. George W. Bush succeeded Clinton, winning a tight election against Al Gore. Bush relied on Clinton's surplus to implement a tax reduction and implement staunchly Republican policies. In 2004, Bush won another election against John Kerry, once again by a small margin.

- Clinton administration initially defined by many misfortunes, requiring numerous withdrawals
- Defined by a few important achievements
  - Included budget approval away from Reagan-Bush years, including tax increase on wealthy, reduction in government spending, expansion of tax credits to working people
  - Advocated free trade, globalism
    - \* Seen in long battle for approval of NAFTA, eliminating trade barriers
    - \* Received approval of far-reaching trade agreement in GATT
  - Saw major reform of health care system, supervised by task force led by wife
    - \* Reform promised to guarantee coverage to all Americans
  - Some foreign successes, including negotiation to end war between Muslims and Christians in Bosnia through partitioning

How did the Clinton presidency start off?

**The Clinton presidency was initially defined by a few major setbacks requiring major changes in policy; however, Clinton later achieved free trade agreements, began major reform of health care system, and foreign successes.**

What led to the Republican resurgence in 1994?

- Republicans gained both houses of Congress in 1994, taking advantage of this to construct ambitious legislative program
  - Proposed measures to transfer power from federal government to states to consequently reduce federal spending
  - Hoped to restructure Medicare program
- Clinton responded to Republican majority by shifting agenda to center
  - Proposed tax cuts and budget balances to align with Republicans
  - Still challenging to find compromise, leading to federal shutdown for several days due to inability to agree on budget
    - \* Discredited Republican leadership, improving Clinton's standings

**The Republican resurgence of 1994 was initially caused by a Republican majority in both houses of Congress. Although the Republicans took this opportunity to construct a new legislative program, their inability to agree with Clinton on key matters culminating in a federal government shutdown ultimately discredited their leadership and improved Clinton's standings.**

What was the result of the election of 1996?

- Clinton reached commanding position for reelection by 1996, unopposed for nomination
  - Faced **Robert Dole**, senator unable to inspire enthusiasm even within party
  - Clinton reached position of high popularity due to centrist stance, undermining Republicans and championing ideals promoted by Reagan such as peace and prosperity
- Congress passed many important bills as election neared
  - Raised legal minimum wage
  - Clinton reluctantly signed **welfare reform** bill
    - \* Ended guaranteed federal assistance to families with dependent children
    - \* Transferred majority of power to state governments
    - \* Shifted welfare benefits to those with low-wage jobs rather than those without jobs
- Clinton won election despite slight campaign flagging by conclusion
  - Failed to regain either house of Congress
  - First Republican president to win two terms since Franklin Roosevelt

**Clinton won the election against Robert Dole by a significant amount due to his centrist stance and important bills passed as the election approached, including the raise of minimum wage.**

What major events marked Clinton's second term as president?

- Clinton still faced hostile Republican Congress
  - Forced to propose modest tax agenda with tax cuts, credits for middle-class Americans
  - Negotiated balanced budget with Republicans, generating first surplus in 30 years by 1998
- Despite having been faced with many scandals, most extreme was denied sexual relations with young intern **Lewinsky**
  - Charged for having lied about events in deposition
  - Continued to deny charges while heavily backed by public
    - \* Popularity soared to record levels
  - Scandal revived after Lewinsky testified about relationship with Clinton
    - \* After **special counsel Starr** subpoenaed Clinton, president finally agreed to "improper relationship"
    - \* Recommended impeachment to Congress
  - Full House approved impeachment by 1998, finally moved to Senate which ended in acquittal
- Serious foreign policy crisis emerged in 1999 in Balkans
  - Serbian government and Kosovo separatists engaged in bitter civil war
  - NATO forces dominated by U.S. began to bomb Serbians, leading to cease-fire in exchange for Serbian withdrawals
  - Precarious peace followed
- Despite numerous scandals, Clinton ended eight years with popularity higher than initially due to overall stability and prosperity

**Clinton's second term began with an important budget agreement leading to a major surplus, followed up by a major scandal concerning a sexual relation with an intern, Monica Lewinsky. Finally, he authorized NATO forces to bomb Serbia, marking an end to the Serbia-Kosovo separation crisis.**

What was the result of the election of 2000?

- Republican **George W. Bush** and Democrat **Al Gore** both easily won party nominations
- Both ran centrist campaigns, with polls showing extremely tight race even up to end
- After the election, neither candidate immediately won due to inaccuracy in Florida
  - Led to recount, resulting in Bush leading by no more than 300 votes
  - When court deadline came, recount had not yet been complete; Republican Florida secretary of state claimed that Bush had won
  - Gore campaign contested, leading to 5-4 Supreme Court decision in favor of Bush

**The election of 2000 was extremely controversial due to the approximately equal popularity of both Gore and Bush. Ultimately, however, after a recount in Florida and a Supreme Court decision, it was decided that Bush won an extremely tight race.**

What defined Bush's first term in office?

- Principal campaign promise to use budget surplus to finance tax reduction; became narrowly possible
- Despite campaign as moderate centrist hoping to bridge gap between parties, governed as staunch conservative
  - Refused to support renewal of Clinton's assault weapons ban
  - Mobilized evangelical Christians as part of coalition
- Entirety of presidency ultimately defined by September 11 attacks

**Bush's presidency was marked by a major tax reduction and staunchly Republican policies despite centrist campaign, including limited gun control. However, Bush's presidency was, in all, defined by the September 11 attacks.**

What was the result of the election of 2004?

**Bush won the election against uncontested John Kerry, once again by a very small amount with the votes approximately equal.**

## The Economic Boom

What caused the dramatic transformation to the American economy?

**The economic boom emerged due to reduced labor costs and the rapid growth of the technology sector; it led the wage gap to further increase, and also coincided with the globalization of the American economy.**

- Roots of economic growth of '80s onward lay in troubled years of '70s
  - Stagnation encouraged American businesses to adopt new practices, most significantly investment in technology
  - Sought to reduce labor costs, with many comparisons being drawn to increasingly prosperous nations with low-wage workers
    - \* Implemented by taking harsher actions against unions or moving where union activity was low
    - \* Often out-sourced production to China, Mexico
- Technology boom created many more jobs, but not as many as originally in the industrial sector
- Began to experience great prosperity at unprecedented levels, including booming stock prices, rapidly growing GDP, and significantly lowered rate of inflation
- Lasted for long period of time

**The economic boom in the U.S. emerged from the great troubles in the '70s: it was primarily caused by reduced labor costs and the rapid growth of the technology sector.**

What were the roots of the economic boom in America?

**The two-tiered economy emerged significantly with the economic boom as only those talented enough to profit from areas of growth were able to earn large incomes. For most Americans, income was unchanged or even reduced, with the poverty rate beginning to increase significantly.**

What defines the American two-tiered economy?

**In the '50s/'60s, the economy prospered with little external influence; however, by the late '70s, the American economy had become heavily import-oriented, leading to a great trade imbalance with American products facing competition from within U.S.**

What were the effects of the globalization of the American economy?