

**AP United States History**  
**Unit 9: The New Millennium**  
**Topic- A Changing America, 1992-2000**

## **A Changing America, 1992-2000**

### **A Changing Economy**

**Explain the causes and effects of economic and technological change over time.**

**Economic productivity increased as improvements in digital communications enabled increased American participation in worldwide economic opportunities.**

**Technological innovations in computing, digital mobile technology, and the internet transformed daily life, increased access to information, and led to new social behaviors and networks.**

**Employment increased in service sectors and decreased in manufacturing, and union membership declined.**

**Real wages stagnated for the working and middle class amid growing economic inequality.**

In 1991, after the conclusion of the Persian Gulf War, the American president, George H.W. Bush enjoyed tremendous approval ratings. He had also guided the nation through the fall of the Berlin Wall, tanks running through Tiananmen Square in China, and the end of the Cold War. But, when the wave of patriotism came to an end in early 1992 and the economy began to sputter, so did the popularity of the Bush presidency. As a person, Bush held the respect of the American people, but the policies of his predecessor began to catch up with him— for better or worse. Other than the Persian Gulf War, his administration had prevented the collapse of democracy in Panama, by removing the drug kingpin— Manuel Noriega from power (through military force), which was a popular move at the time in America and showed that Bush could be both diplomatic on the one hand, but also, decisive on the other. His administration also passed perhaps the final civil rights measure enacted— the Americans with Disabilities Act in 1990, which for the first time prohibited discrimination for those who suffered from both physical and mental handicaps or disabilities. By the end of that year, the Soviet Union had collapsed and the situation in the Middle East had somewhat stabilized, but the economy remained an issue for the Bush administration. In the late 1980s, as the Reagan administration had deregulated the banking industry, quite a few Americans had put their money into institutions which were referred to as savings and loan institutions. However, these institutions also made risky loans throughout the late 1980s and by 1990, a credit crisis was beginning to loom, as the borrowers were unable to pay back their obligations. To keep the crisis at bay, the Bush administration proposed a bailout program to the tune of 100 billion dollars, plus a tax increase. The tax increase was designed to pay for the arms buildup during the Cold War and to also begin the process of balancing the federal budget. It also alienated many of his supporters. During the election of 1988, Bush famously promised in multiple commercials to prospective voters, “Read my lips, no new taxes,” and at the time, he was elected president in a landslide. By 1992, with a floundering economic situation— despite his foreign policy achievements (most notably, peacefully guiding America through the end of the Cold War), George H.W. Bush would face not one, but two opponents for the presidency. A third-party candidate, H. Ross Perot, a Texas billionaire entered the race as an independent candidate. The Democrats nominated a moderate, Bill Clinton, who was then serving as the governor of Arkansas. He oversaw a tremendous economic boom during the 1990s after scoring the victory in the 1992 presidential election. Bush lost because Perot, as a third-party candidate, took votes away from him— mostly conservatives who were miffed at even the very

modest tax increases. However, without them there would not have been the balanced federal budgets of the late 1990s.

Throughout the 1990s, new technologies led to a tremendous economic boom. These new technologies included more powerful personal computers, laptop computers, cell phones, and eventually the internet. While the companies which began to capitalize on this economic boom produced new component hardware devices and software-based operating systems and programs, such as Apple, others, such as Microsoft began by licensing their software-based operating system to third-party hardware vendors (such as Dell and or, Hewlett-Packard). The new personal computers were more affordable, easier to use, and much more powerful than the machines of the 1980s which were largely used for word processing, educational activities, and simple video games. During the 1990s, laptop computers became increasingly popular. Both Apple (Macbook and Powerbook) and IBM (The ThinkPad) were two revolutionary early laptop models, which set the true standards for both the look and functionality of the laptop machines that we use today. Cell phones also began to come of age during the 1990s. These phones allowed people to be able to communicate with one another from any location as long as there was a connection to be able to do so. Plus, the precursor to the smartphone, or PDA (personal data assistants) also appeared during the 1990s. Using these devices, a person could send text messages, work, and send email messages. But, it was the internet that truly started a major boom— in some respects a Third Industrial Revolution. The internet revolutionized both communications and information sharing. It allowed users from all over the world to be interconnected with one another for the very first time on an instantaneous basis. But, while the technological revolution and boom boosted the economy of the United States during the Clinton's years, it also signaled the continued death of American manufacturing.

In 1992, the Bush administration completed the negotiations for what would become NAFTA, or the North American Free Trade Agreement, which would allow for goods flow from Mexico, the United States, and Canada with fewer import restrictions. It was passed by Congress after the Clinton administration took office. In America, cheaper goods which had been made in Mexico at the behest of American companies began appearing in American stores. As American companies continued the processing of outsourcing jobs into Latin America and the communist nations of Southeast Asia— including Vietnam, after the normalization of the relationship between the two countries in 1995, America continued its transition from being a manufacturing-based economy to becoming a service-based economy. During the 1990s, this would have a tremendous impact, in a negative way. As service-oriented jobs (such as sales clerks) became increasingly more important in the economy, it led to tremendous growth in those positions which paid lower wages to workers than the manufacturing jobs that the economy was losing. On the flip side, with new technologies becoming more and more the focal point of the economy, it led to a boom for highly-skilled workers who had college-educated backgrounds. America's socio-economic divide between wage earners who worked in service-oriented jobs and those who worked in the fields of high-tech, medicine, law, and engineering became even more pronounced than ever before. This divide also changed communities and the nature of the way in which Americans purchased the cheap foreign-made goods that were becoming increasingly important in their daily lives. Chain stores such as Wal-Mart began to replace the small family-owned stores— particularly in America's small towns and rural communities which could not compete with a retail giant that offered lower prices for goods which could be purchased in bulk. As these small, family owned businesses began to disappear, so, too, did the jobs from the downtown areas in America's small towns and rural communities. Those families who could afford to do so, began a new trend along with the farmers who were going out of business due to an influx of cheap agricultural products from Latin America and Southeast Asia— they began migrating into America's suburbs and out its small towns and rural areas.

### **Migration and Immigration in the 1990s and 2000s**

**After 1980, the political, economic, and cultural influence of the American South and West continued to increase as population shifted to those areas.**

**International migration from Latin America and Asia increased dramatically. The new immigrants affected U.S. culture in many ways and supplied the economy with an important labor force.**

As American farms began to fail due to an influx of cheap foreign agricultural products, manufacturing dried up due to an influx of cheap foreign goods, and small town and rural community stores began to close, the suburbs of major cities where service-oriented job opportunities boomed, began to grow— particularly in the states of California, Texas, and Florida. Throughout the 1980s and into the 1990s, the Rust Belt states such as Michigan, Ohio, Pennsylvania, West Virginia, Indiana, and Illinois, began to suffer from tremendous population and job losses due to the shift in the American economy. Many of these migrants relocated to California, Texas, and Florida, as service and retail industries moved their locations from the Northeast into the Sunbelt. As these states grew in size, so did their political power, especially California. Until the early 1990s, California could be depended upon to be a reliably red state and a lock for Republicans, despite the liberal-leaning colleges and universities that were located in its major cities. In the years leading up to the 1992 election, immigrants from Latin America began moving in large numbers to California to find work in its agricultural fields, while immigrants from Southeast Asia came in large numbers to the state to find work in high-tech. Since these trends have occurred, California has become a reliably Democratic state and the most populous in the nation— it also boasts the 5th largest economy in the world. It began to shift the political balance of power away from states such as New York and Massachusetts in the Northeast to those in the Sun Belt. These trends, however, have led to tremendous battles over the issues of immigration and housing. First, the large influx of immigrants from Latin America into states such as Texas and Arizona, have led to tremendous battles over issues such as housing, education, and even the process of immigration itself, as white populations are set to become the minority in these states within a decade, or so. In California, the influx of highly-skilled and well-educated immigrants has had a much different effect. As these immigrants work in positions which are extremely well-paid, it has led to the cost of housing to balloon in places like Silicon Valley in the suburbs of San Francisco. In Florida, a different trend began to emerge in the 1990s as retirees from the Rust Belt and the Northeast began to move from reliably Democratic states into the Sunshine state. While these migrants tended to be both white and wealthy, they brought another element into the culture of the state because they do not work, while immigrants from Puerto Rico and Cuba have relocated to the state in large numbers and have also changed its political and socio-economic dynamics— which is the reason why Florida has for some time been a battleground state on the political map for both political parties. During the 1990s, Bill Clinton, a moderate Democrat from Arkansas would serve two terms as President of the United States— not only would he preside over a changing country, but the fights during his two terms in office would come to symbolize the partisanship which characterizes American politics today.

Bill Clinton became one of the youngest presidents to ever hold the office when he was elected in 1992 at the age of 46. He was also the first president since FDR to not have served in the military when he became President of the United States. Though he was a moderate, Clinton pushed forward an economic tax proposal his first year in office which raised taxes on the wealthiest Americans, but also cut the funding for programs for those living in poverty. It reduced the federal deficit for the first time in decades and by 1998, it had led to a balanced budget and by the next year, 1999, the nation for the first time since the presidency of Andrew Jackson had a budget surplus. However, at the time, despite it being a Republican priority to balance the federal budget, not a single member from that party voted for it. Clinton then wanted to tackle healthcare reform. To do so, he put his wife, Hillary, in charge of the process. Until Hillary Clinton, unless one considers also Eleanor Roosevelt, as an exception, First Ladies had rarely tried to shape policy decisions in the nation's capital. Her effort to reform the American healthcare system to make it more affordable was met with stiff political resistance from the beginning, as many Americans were miffed that she was stepping outside of the role of the First Lady to be so involved in the process. Though large-scale healthcare reform did not pass, it did result in the creation of CHIP— the Children's Health Insurance Program, which provided medical and dental care for children in need. From the beginning of his presidency, Bill Clinton was beset by investigations by Republicans in Congress about his personal conduct. There was a sexual harassment lawsuit by a former employee, Paula Jones, and the Whitewater Investigation- which was an investigation into properties that the Clintons had purchased in Arkansas, plus, there was the death of an aide named Vince Foster, whose suicide

some painted as having been caused by working with the Clintons. Due to the Whitewater Investigation, a special prosecutor, Kenneth Starr was appointed to investigate every aspect of the issue. However, Starr began to investigate every aspect of their lives. Also, in the Congressional midterms, the Republicans won control of the House of Representatives and were led by Newt Gingrich of Georgia, who despised the Clintons. The failed issue of healthcare reform had backfired on the Democratic Party, though a sizable majority of Americans had agreed with the need for it to occur in some fashion. With their congressional win, the Republicans stood behind what became known as the Contract with America which was a series of campaign promises that had been written before the party won the majority. It included the following: tort reform, shrinking the size of the government, welfare reform, and emphasizing entrepreneurship. As a moderate, Clinton voted with them on welfare reform. In 1995, there was a government shutdown, as Clinton and the Republicans in Congress disagreed over funding for education, the environment, and public health initiatives. He was able to paint the Republicans in Congress as extremists and in 1996 won reelection handily. But, by 1998 the investigations had caught up with Clinton, as he was accused of lying about an affair that he had with a White House intern, Monica Lewinsky. Throughout the summer and fall of 1998, Clinton went through impeachment proceedings—the first president to do so since Andrew Johnson in 1868. In early 1999, Clinton was acquitted of the charges by the U.S. Senate. In foreign affairs, Clinton had dealt with crises in Somalia, Rwanda, and in Bosnia, where an ethnic cleansing campaign threatened to wipe out the Muslim population in Kosovo. He tried to deal with the continuing Arab-Israeli conflict, but was unsuccessful. However, despite his impeachment, when Bill Clinton was leaving the office of the presidency he was highly popular (about 70% approval), while his wife— who stood beside her husband throughout the ordeal came out of it with even higher ratings than her husband, which would help launch her political career in the early 2000s.

But, despite his high approval ratings, the election in 2000 would be one of the closest and most controversial in American history. America was moving into a new century, and as it did, problems in the Middle East would once again take center stage.