Global Capitalism and the End of the American Century
1980 to the Present

For historians, the recent past can be a challenge to evaluate and assess. Insufficient time has passed for scholars to weigh the significance of events and to determine which developments will have a lasting effect and which are more fleeting. Nevertheless, the period between the early 1980s and our own day has begun to emerge in the minds of historians with some clarity. Scholars generally agree on the era’s three most significant developments: the resurgence of political conservatism, the end of the Cold War, and the globalization of communications and the economy. What *Time* magazine publisher Henry Luce had named the American Century—its call for the United States to assume global leadership in the decades after World War II—came decisively to an end in the last quarter of the twentieth century and the first decade of the twenty-first. The United States lost its role as the world’s dominant economy, faced rising competition from a united Europe and a surging China, and experienced a wide-ranging and divisive internal debate over its own values and priorities. Part 9 remains necessarily a work-in-progress as events continue to unfold; however, through equal parts conflict, struggle, and ingenuity, Americans collectively created a new era in national history after the 1980s, which we consider in terms of the aforementioned three developments:
Conservative Ascendancy

The 1980s constituted a crucial period in which the forthright conservatism of Ronald Reagan and the New Right was consolidated in the Republican Party and challenged the aggressive liberalism of Lyndon Johnson’s Great Society. Under Reagan, the conservative agenda reduced the regulatory power of the federal government, shrank the welfare state created by liberal Democrats during the New Deal and the Great Society, and expanded the military. Evangelical Christians and conservative lawmakers challenged abortion rights, feminism, and gay rights, setting off a “culture war” that sharply divided Americans.

Even as the Reagan coalition brought an end to decades of liberal government activism, much of the legacy of the New Deal was preserved, and in some instances expanded. Medicare, Medicaid, and Social Security survived and grew as a proportion of the federal budget. Conservatives put a stamp on U.S. foreign policy, however, dramatically increasing the defense budget and, under George W. Bush, asserting a new doctrine of “preemptive war” that led to a decades-long war in Iraq. By the presidential election of 2012, national politics seemed as divided as ever. Americans reelected Barack Obama but returned a conservative majority to the House of Representatives. Polls showed that Americans embraced a moderate liberalism on such issues as gay rights and taxes, but the national political system remained mired in stalemate.

End of the Cold War and Rising Conflict in the Middle East

Under Ronald Reagan, between 1981 and 1989 the United States increased government military spending and returned to the sharp Cold War rhetoric of earlier decades. Yet during the second half of the 1980s, as internal reforms swept through the Soviet Union, Reagan softened his stance measuredly and engaged in productive dialogue with the Soviet leader Mikhail Gorbachev. Then, between 1989 and 1991, the four-decade Cold War came to a stunning halt. The Soviet Union and its satellite communist regimes in Eastern Europe collapsed. The result was, in the words of President George H. W. Bush, a “new world order.” Without a credible rival, the United States emerged in the 1990s as the lone military “superpower” in the world. In the absence of a clear Cold War enemy, it intervened in civil wars, worked to disrupt terrorist activities, and provided humanitarian aid—but on a case-by-case basis, guided more by pragmatism than by principle.

The foremost region that occupied U.S. attention was the Middle East, where strategic interest in oil supplies remained paramount. Between 1991 and 2011, U.S. armed forces fought three wars in the region—two in Iraq and one in Afghanistan—and became even more deeply embedded in its politics. The end of the Cold War thus brought a dramatic expansion of the U.S. role in the Middle East and renewed debates at home about the proper American role in the world.
Globalization and Increasing Social Inequality

The post–World War II expansion of the American economy had ended by the early 1970s. Wages stagnated. Inflation skyrocketed. In the 1980s and 1990s, however, productivity increased, military spending boosted production, and new industries—such as computer technology—emerged. These developments led to renewed economic growth. More and more, though, the economy produced services rather than goods, which Americans increasingly bought from overseas.

The fall of communism and the end of the Cold War had made possible this global expansion of capitalism, as multinational corporations moved production to low-wage countries and international trade increased. Governments across the world facilitated this process by deregulating financial markets and by creating new trading zones such as the European Union (EU) and the North American Free Trade Agreement (NAFTA).

Conservative tax policies, deindustrialization, the decline of unions, and globalization all contributed to a widening inequality between the wealthiest Americans and the middle class and poor. Between 2007 and 2010, the negative side of global market deregulation became apparent, as Europe and much of North America suffered the worst economic downturn since the Great Depression. Globalization thus brought new economic opportunities and interconnections as well as the potential for renewed economic insecurity.
### AMERICA IN THE WORLD
- Ronald Reagan begins arms buildup
- United States annexes Panama Canal Zone
- Berlin Wall comes down (1989)
- Persian Gulf War (1990–1991)
- USS 13 breaks apart; end of Cold War
- Al Qaeda bombs World Trade Center (1993)
- UN peacekeeping forces in Bosnia (1992–1995)
- Arab Spring (2010–2012)
- Osama bin Laden killed (2011)
- Last combat troops withdrawn from Iraq (2011)

### POLITICS AND POWER
- New right helps elect Ronald Reagan president
- Iran-Contra scandal (1985–1987)
- George H. W. Bush elected president (1988)
- Bill Clinton elected president (1992)
- Republican resurgence (1994)
- Welfare reform (1996)
- Clinton impeached and acquitted (1998–1999)
- George W. Bush wins presidency in contested election (2000)
- USA PATRIOT Act (2002)
- Barack Obama elected first African American president (2008)
- Health-care reform (2010)
- Tea Party helps Republicans regain control of House of Representatives
- Barack Obama re-elected president (2012)

### IDEAS, BELIEFS, AND CULTURE
- HIV/AIDS crisis prompts national conversation about homosexuality
- Renewed emphasis on material success and the "rich and famous"
- "Culture war" (1992)
- Proposition 209 ends affirmative action in California universities
- "War on terror" becomes fixture in American discourse
- New scrutiny of airport passengers after 9/11
- "Don't Ask, Don't Tell" policy in U.S. military (2011)
- Obama's 2012 electoral coalition heavily African American, Hispanic, Asian American, female, and young

### PEOPING
- Rise in Latino and Asian immigration
- Californians vote to establish English as official language (1986)
- Backlash against "multiculturalism"
- New scrutiny of airport passengers after 9/11
- California, Texas, Hawaii, and New Mexico become "majority-minority" states (where the majority of the population is composed of minorities)

### WORK, EXCHANGE, AND TECHNOLOGY
- Reagan tax cut (1981)
- Apple personal computer introduced (1983)
- Internet gains in popularity
- President Bush asks for and receives bank bailout from Congress (2008)
- Unemployment hits 10 percent

### MODEL ANSWER
**Thematic Understanding**

The major events of the culture wars included the HIV/AIDS epidemic, the debate over reproductive rights in the 1989 Webster case, the debate over bilingual education in California in the 1990s, the controversy concerning affirmative action as seen in the ban against affirmative action in California, the debate about the legitimacy of gay marriage, and the advent of homosexuals openly serving in the military beginning in 2011. Between the 1980s and 2010s, American policies became more liberal concerning the rights of homosexuals and immigrants, but in 2012 the American populace remained torn between a more socially liberal agenda and the backlash against it.