



HERITAGE ADMINISTRATION U.J. CLINTON IN THE SOCIO-ECONOMIC AND BUDGETARY SPHERES

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ABSTRACT

This scientific article examines the socio-economic problems inherited by the administration of W.J. Clinton from previous administrations and ways to solve them, especially in the area of budget deficits, the education and health care systems.

KEYWORDS

Budget deficit, “New Democrats”, neoliberal course, “third way” strategy, accelerated development, education problem, Health care, social programs, employment problem, crime.

INTRODUCTION

US fiscal policy throughout post-war American history has been constantly influenced by the different approaches of different US presidential administrations. This can explain the decline in the role of the legislative and executive powers, which became the reason for the aggravation of discussions in the socio-political, economic and academic circles of the United States. Modern neoliberals and neoconservatives had different views on the country's financial and economic policy measures, as a result of which the problem of the growing US budget deficit became increasingly urgent. Financial policy based on the ideas of neoconservatives and their successors, in

particular, the so-called “Reaganomics” - the basis of American globalism, embodying the political, economic and financial primacy of the United States in the world, as a result of which the financial condition of the United States has reached an unprecedented increase in public debt in the context of the expanding dominance of oligarchic capital. And as a consequence, this led to an exorbitant increase in the country's budget deficit.

It is no coincidence that the budget issue began to acquire an increasingly political rather than economic character. W.J. Clinton had to choose between the old ideas of the neoconservatives of the 1980s and early



90s. and the new neoliberal program. Having come to power, he began to implement a neoliberal program for transforming budget policy.

The New Democrats, led by the 42nd US President W.J. Clinton, relying on a neoliberal course, tried to overcome the neoconservative approaches of the Republicans in budget policy. The main point of this course is to expand reforms in the systems of healthcare, education, pensions, etc. To do this, the Democrats needed large appropriations, the passage of which through Congress was blocked by the Republicans. In the first half of the 1990s. B. Clinton managed to smooth out discussions in Congress on budget policy issues thanks to the Democratic majority in it.

During the 1996 election campaign, reporting on the work done during his first term in office, W. J. Clinton indicated that in 1994, for the first time in the last decade, the World Economic Forum in Switzerland rated the economy of the United States of America as the most efficient and competitive in the world, and in 1995 not only confirmed this assessment, but also stated the fact that the United States is developing at a faster pace than Japan and Germany .[1] “Among the main achievements of the administration, the president also named the reduction of the state budget deficit by almost 2.5 times - from 290 to 117 billion dollars” .[2]

During the second term of President W. J. Clinton, US successes continued to increase. At the end of 1997, the president announced that the state budget deficit had been reduced to a minimum -, and a deficit-free budget was planned for 1998. Some economists and political strategists cited calculations that showed that in 1998, government revenues even exceeded expenditures. In Washington, they began to discuss how to use free money with the greatest benefit (neoconservatives pointed out the need to cut taxes,

and neoliberals demanded an increase in some items of social spending -). “Unemployment in 1997 was less than 5% - the lowest figure over the past quarter century in the United States” [3]

The US victory in the Cold War freed up resources for the accelerated development of the civilian economy. Figures support this assessment: in 1996, US military spending compared to 1989, the last year of R. Reagan’s presidency, “which unleashed the arms race, decreased from 303.5 to 265.5 billion dollars, and in constant (for 1987) and even more - from 286 to 197 billion dollars” .[4]

The saved funds were directed to the social sphere. An important expense item was the one listed in the budget as “human resources.”

He motivated W. J. Clinton's strategic plan in the field of social reforms by the fact that in the electronic information age the main factor in a competitive economy is the “human factor.”

The problem of education stood apart. In the United States, historically, the education system has been funded primarily by state and local governments, while federal funding was capped at 12.1% per year by 1990. Bill Clinton proposed "increasing appropriations, particularly increasing investment in public high schools, raising their standards, and providing incentives for more students to go to college " [5] The President supported full funding of the Head Start program . [6] While still in office, funding for this program “increased from \$508.7 billion in 1990 to \$646.8 billion, considering it the most successful early childhood education program in the United States” .[7] This program helped prepare young children from low-income families for school, and its services also included early learning, child health, and family well-being. Thanks to such a broad social program, the Democrats were provided with greater electoral



support. After all, the “New Democrats” were able to build their program in such a way as to take into account the interests of almost all social strata of American society, while simultaneously moving closer to the positions of the Republicans.

Health care and education are the fundamental basis of the “human factor” as a productive force in post-industrial, today they are also called post-modern societies. The cost of maintaining the health of one American today is twice as high as that of Japan and Germany.

W. J. Clinton, in his final speech to Congress entitled “Seven Years of Peace, Progress and Prosperity,” pointed out “that during the years of his administration, the average growth rate of the US economy was unprecedentedly high in the 20th century and amounted to about 4%” [8]

If in 1993 the budget had a deficit of “290 billion”, then by 2001 the positive balance to the balance of payments amounted to 236.2 billion dollars” [9] During the 8 years of the administration of W.J. Clinton in power, “the US national debt decreased by \$363 billion” [10] At the same time, “the share of government spending in GNP for the period 1992-2000 decreased from 22.2 to 9.7%” [11]

The successful implementation of a number of social programs has yielded results: “the real income of the average American family has increased by an average of \$6,338 per year. The share of citizens with income below the poverty level decreased from 15.1 to 11.3%. During the 8 years of Democratic rule, “22 million jobs were created, and the unemployment rate decreased significantly” [12] If in the 80s unemployment averaged about 7% of the labor force, then by the end of the 90s it was only 4.4%, which was a record low. The number of poor people constantly living on benefits decreased by 1/3 during the reign of the Democrats

(their total number by 2001 was 5.8 million people, or 2.1% of the population)” [13]

Employers, in order to interest their employees in increasing labor productivity and quality, introduced various programs to improve the social atmosphere at work, introduced new systems to attract workers to make a profit. [14] W. J. Clinton, in his report entitled “Eight Years of Prosperity,” notes that “from 1992 to 2001, the number of US citizens owning shares increased by 40%” [15].

The positive results of the implementation of reforms in the field of employment have had a significant impact on the well-being of society. Thanks to the social reforms of the W. J. Clinton administration, by 1999, “by increasing the police force by 100 thousand people, the statistical crime rate decreased by 69%” [16]. Attitudes towards environmental issues and taxes have not changed, however, “only 41% of respondents expressed concern about the level of employment. According to these polls, a new issue has risen to the forefront: 77% of Americans now consider improving the education system to be the most important.” [17]

In the 1992 election program of W. J. Clinton and A. Gore, projects of socio-economic reforms were summarized in the following formula: “How much you earn depends on how much and what you studied” [18]

Even during his first term in the White House, W.J. Clinton, some of the promises in the election program were implemented. In September 1993, a commission was created headed by Vice President A. Gore, which put forward more than 300 recommendations to improve the quality of public administration, cancel overlapping programs, and transfer some functions to public and commercial structures. According to R.G. Zozulya, “this made it possible to reduce the number of employees in government agencies and



management costs -, made it more flexible and dynamic, and -increased citizens' trust in the institutions of the executive power ". [19]

On the eve of the next 1996 elections to the White House, the new Democrats developed the concept of a "third way", which became the theoretical basis of the ideology of the "new Democrats". One of the main issues was the role -of the state in implementing this new concept. With the beginning of the second term of President W. J. Clinton, the clearest and most complete statement of the theory of the "third way" was given in the "New Declaration of Progress" adopted by the Executive Committee of the Democratic Party in July 1996 . [20]

According to the same V.E. Ruga " in the "New Declaration", in contrast to those adopted in New Orleans, where only general approaches to the "third way" were formulated, which became the basic principles of the Democratic Party, an attempt was made to determine which principles of organizing the life of society and the role of the state in it correspond to the ideas of the "new democrats" about progress " [21]

Only on the basis of the "new progressive" philosophy is it possible to characterize the role of the state as an institution that serves society, and does not possess it, that promotes the manifestation of broader civic initiatives and powers, that responds to the needs of citizens and their communities at the place of residence and work, controlled by them" .

The formation of a new progressive policy was based on three main principles:

1) equal opportunities for everyone, based on the principles of each according to work, without discrimination, lack of special benefits, investment in

personal development, taking into account starting inequality, etc.;

2) the responsibility of everyone based on social ethics, which implies unethical demands from the state without giving -anything in return;

3) decentralization of power with the aim of creating public institutions for the development of self-government -. "With their help, citizens will be able to expand the possibilities of personal choice, introduce elements of competition into the implementation of public functions, and use the flexibility of market mechanisms for the benefit of society" . [22]

In the Democratic election program, based on the ideas of the "New Declaration," the foundations were laid for " further improvement of policies in the field of education, medical care, pensions, support -for the poor, the environment, etc., the platform also contained commitments to reform the government " . [23] "We need a smaller, more efficient and business-like, less bureaucratic government that reflects our traditional values. Americans do not want big government -decisions imposed on them and empty promises ..." , [24] the declaration noted in the preamble.

" Mandate for Change " strategy adopted in the 1997-2000s was called "Building the Bridge: 10 Great Ideas for Transforming -America." The essence of the strategy: carrying out reforms to further democratize political life. Namely, limiting the cost of election campaigns, providing candidates with free air time on television, which was supposed to limit the influence of big business on the course of election events.

A. Gore, as vice -president, led and participated in preparing the foundations of the reform, so the emphasis was placed on the need to " reinvent" the government, bringing the principles of its -work and



organization into line with the realities of the information age ” [25]

Analyzing the plans of the Democrats, we can highlight:

1) rejection of the practice of monopoly resolving the issue of the volume and timing of medical, educational and other social services in order to make them accessible to the population. For this purpose, it was planned to introduce other alternative programs based on an individual approach for citizens so that they could select the optimal system of social services;

2) expanding the decentralization of power, providing broad competencies to local governments, including the fight for the environment, overcoming poverty, and preventing crime;

3) new methods of financing - which provided for the expenditure of federal financial resources on specific social programs aimed at solving certain problems related to the relevant areas of the administration, with a clear reporting system for the expenditure of allocated funds. At the same time, local government bodies, if there was appropriate justification, were given the opportunity to maneuver their funds without additional approvals” [26]

Since the second half of 1998, W. J. Clinton, analyzing new methods of implementing social reforms, stated that “ during the reforms, 16 thousand outdated regulations and 640 thousand internal instructions were canceled, 250 federal programs were canceled, the staff of officials was reduced by 300 thousand people, the total annual savings of public funds amounted to 137 billion dollars ” [27].

The foundations for reforming governance institutions were laid in the New Orleans Declaration. In particular, based on the concept, a number of laws were adopted such as (National Service Act) allowing students to

earn money for their studies by working for the benefit of society, (The Crime Bill) this law authorized the creation of a volunteer police corps, (Violence Against Woman Act) the law - on the protection of women from domestic violence, (The Brady Bill) - on limiting the sale of firearms to former prisoners, “ all these legislations were aimed at creating social institutions and reducing the crime rate ” [28]

In preparation for the next presidential election in 1996, which coincided with the “midterm” elections to Congress, Bill Clinton intended to consolidate the emerging consensus with the Republicans in budget policy. On February 6, 1995, in his next annual budget message to Congress, he announced that the White House intended, on the one hand, to cut taxes for 15 million working families and 40 million average Americans, and also provided for the creation of 6 million new jobs (the highest percentage for 50 years), but on the other hand, he was ready to significantly increase spending on the military-industrial complex and information technology. Despite pressure from Republicans, Democrats refused to cut funding for social programs [29]

Proposals to improve the quality of educational training of the workforce and create additional incentives to increase labor productivity are reflected in legislative acts that expand youth access to higher education, vocational training and the introduction of a continuing education system , and job protection. [30] They guaranteed that an employee on leave at his own expense for health or family reasons could not be fired (Family & Medical Leave act).

In the interpretation of W. J. Clinton, the reforms that were carried out marked not only specific practical measures to improve the mechanisms of public administration, but also an important step towards making the “American Dream” a reality. However, the course towards the development of mechanisms of



local self-government, towards the liberation of people from the tutelage of bureaucratic structures and the pressure of unfavorable circumstances through a model of equal starting opportunities, is “American dream” and not only but also possible methods for solving the problem –of social inequality among the US population.

Thus, we can conclude that throughout post-war history, US budget policy was influenced by various economic programs associated with the arrival in the White House of a representative of one or another political party with his own view of the problems that had matured by that time, both domestic and in foreign policy. The Cold War, the confrontation with the USSR, undoubtedly had a great influence on this. But as a result of victory in this confrontation, the United States was faced with an exorbitant increase in the budget deficit. By 1993, the country's budget deficit soared to a record figure in US history - \$290.404 billion . At the same time, the real income of the “average” American found itself stagnant, and with rising unemployment, the foreign trade deficit and US national debt continued to grow in parallel. "New Democrats" with W.J. Clinton, relying on the “neoliberal” course, set the goal of overcoming the “neoconservative” tendencies of the Republicans in the field of budget policy. The core of this course was the expansion of social reforms in the systems of health care, education, pensions, etc.

The search for new ways of consensus with the Republicans caused a shift in the budget policy of the “New Democrats” towards the “third way” strategy and, as a consequence, a convergence of the positions of the two branches of government on budgetary issues. The end of the Cold War, in which the United States emerged victorious, made it possible to redirect financial resources allocated for defense to the needs of the domestic social economy. If we compare US military spending in 1996 with military spending in 1989

(this coincides with the second term of President Reagan), “then the defense line of the US budget decreased from 303.5 to 265.5 billion dollars”. These budget savings were reflected in the human resources indicator. Reductions in defense spending, as well as reform of the administrative apparatus from the federal level to the level of local states in the form of layoffs of officials, and the abolition of outdated social programs made it possible to stabilize the federal budget without raising taxes. Thanks to the reforms, statistics show that American incomes –have increased by an average of \$6,338 per year since 1993 . At the same time, the number of citizens with income below the poverty level decreased from 15.1 to 11.3%” . During W. J. Clinton's two terms in office, “ 22 million jobs were created, and the unemployment rate decreased significantly. If in the 1980s it averaged about 7% of the labor –force, and by the end of the 1990s it was only 4.4%, this was a record figure for the last quarter century in US history ” . The number of Americans who received benefits and lived only on these funds, “ during the period of Democratic rule, decreased by 1/3 (their total number by 2001 was 5.8 million people, or 2.1% of the population”

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