

SECTION
1

The 1990s and the New Millennium

MAIN IDEA

The nation became divided as the Democrats gained control of the White House in the 1990s, and the Republicans came to power at the beginning of the new millennium.

WHY IT MATTERS NOW

Democrats and Republicans need to find a way to work together and unite a divided nation.

Terms & Names

- William Jefferson Clinton
- H. Ross Perot
- Hillary Rodham Clinton
- NAFTA
- Newt Gingrich
- Contract with America
- Al Gore
- George W. Bush

One American's Story

On January 20, 1993, poet Maya Angelou was honored as the first woman and the first African American to read her work at a presidential inauguration. Bill Clinton asked Angelou to compose and deliver a poem. Angelou expressed the optimism of the day, recalling the dream of Martin Luther King, Jr., as she recited her poem “On the Pulse of Morning.”

A PERSONAL VOICE MAYA ANGELOU

“Lift up your faces, you have a piercing need
For this bright morning dawning for you.
History, despite its wrenching pain,
Cannot be unlived, but if faced
With courage, need not be lived again.

Lift up your eyes
Upon this day breaking for you.
Give birth again
To the dream.”

—“On the Pulse of Morning”



Maya Angelou

Moments later, William Jefferson Clinton was inaugurated as the 42nd president of the United States. Clinton entered the presidency at a time when America was at a turning point. A severe economic recession had made many Americans uneasy about the future. They looked to Clinton to lead a government that would be more responsive to the people.

Clinton Wins the Presidency

Governor **William Jefferson Clinton** of Arkansas became the first member of the baby-boom generation to win the presidency. He captured the White House, at the age of 46, by vowing to strengthen the nation’s weak economy and to lead the Democratic Party in a more moderate direction.


MAIN IDEA
Analyzing Causes

A What factors accounted for Bush's decline in popularity?

THE ELECTION OF 1992 After the U.S. victory in the Persian Gulf War in 1991, Republican president George Bush's popularity had climbed to an 89 percent approval rating. Shortly after the war ended, however, the nation found itself in the grips of a recession. In early 1992, Bush's approval rating nose-dived to 40 percent. In his run for reelection, President Bush could not convince the public that he had a clear strategy for ending the recession and creating jobs. **A**

Throughout the presidential race, Bill Clinton campaigned as the candidate to lead the nation out of its economic crisis. So did a third-party candidate—Texas billionaire **H. Ross Perot**. Perot targeted the soaring federal budget deficit as the nation's number one problem. A budget deficit occurs when the federal government borrows money to meet all its spending commitments. "It's time," Perot declared in his usual blunt style, "to take out the trash and clean up the barn."

Election Day results, however, demonstrated that Clinton's center-of-the-road strategy had the widest appeal. Though Clinton won, he captured only 43 percent of the popular vote. Bush received 38 percent, while Perot managed an impressive 19 percent.

A "NEW" DEMOCRAT Bill Clinton won the presidency in part by promising to move away from traditional Democratic policies. He also emphasized the need to move people off welfare and called for growth in private business as a means to economic progress.

In office, Clinton worked to move the Democratic Party toward the political center by embracing both liberal and conservative programs. According to an ally, Clinton hoped "to modernize liberalism so it could sell again." By doing so, he sought to create a "new" and more inclusive Democratic Party.

Moderate Reform and Economic Boom

President Clinton demonstrated his willingness to pursue both liberal and conservative policies on health care, the budget deficit, crime, and welfare.

HEALTH CARE REFORM Clinton had pledged to create a plan to guarantee affordable health care for all Americans, especially for the millions of Americans who lacked medical insurance. Once in office, Clinton appointed First Lady **Hillary Rodham Clinton**, a skilled lawyer and child-welfare advocate, to head the team creating the plan. The president presented the health care reform bill to Congress in September 1993.

Congress debated the plan for a year. Intense lobbying and Republican attacks on the plan for promoting "big government" sealed its doom. In the end, Congress never even voted on the bill. **B**

MAIN IDEA
Analyzing Causes

B What factors led to the defeat of Clinton's health care plan?

KEY PLAYER


WILLIAM JEFFERSON CLINTON, 1946–

Born in Hope, Arkansas, at the beginning of the baby boom, Bill Clinton had wanted to be president most of his life. As a college student in the 1960s, he had opposed the Vietnam War and pulled strings to avoid being drafted.

After studying in England as a Rhodes scholar and graduating from Yale law school, Clinton returned to Arkansas. He taught at the University of Arkansas School of Law and dived into politics, becoming governor in 1979 at the age of thirty-two.



▲ Hillary Rodham Clinton explains the health care reform plan to a Senate subcommittee.



BALANCED BUDGET AND AN ECONOMIC BOOM President Clinton was more successful in his efforts to reduce the federal budget deficit. Clinton and the Republican-controlled Congress agreed in 1997 on legislation to balance the federal budget by the year 2002. The bill cut spending by billions of dollars, lowered taxes to win Republican support, and included programs aimed at helping children and improving health care.

A year later, Clinton announced that—for the first time in nearly 30 years—the federal budget had a surplus. That is, the government took in more than it spent. Surpluses were used, in part, to pay down the nation's debt, which had soared to around \$5.5 trillion.

Perhaps the most effective tool in generating a surplus was the booming economy. About the time Clinton took office, the economy rebounded. Unemployment fell and the stock market soared to new heights. As a result, the government's tax revenues rose, and fewer people received public aid. These factors helped slash the federal debt.

REFORMING WELFARE Clinton and the congressional Republicans cooperated to reform the welfare system. In 1996, a bill was proposed to place limits on how long people could receive benefits. It also put an end to a 61-year federal guarantee of welfare, and instead gave states “block grants”—set amounts of federal money they could spend on welfare or for other social concerns.

Although liberal Democrats feared the effects of eliminating the federal safety net for the poor, the president backed the bill. Over the next few years, states moved millions of people from welfare to jobs. Because of the strong economy, the transition was more successful than some had been predicting.

Background


See *national debt* on page R43 in the Economics Handbook.

Injured victims after the April 1995 bombing of the Alfred P. Murrah Federal Building in Oklahoma City, Oklahoma.

Crime and Terrorism

The improved economy—along with enlargement of police forces—combined to lower crime rates in the 1990s. However, fears were raised among Americans by acts of violence and terrorism around the country.


A shocking crime occurred April 1999 when two students at Columbine High School, in Colorado, killed 12 students and a teacher and wounded 23 others, and then shot themselves. Americans were appalled at copycat crimes that began to occur. Some called for tougher gun control, while others argued that exposure to violent imagery should be curtailed. Violence had pervaded television news throughout the decade.

In 1993, terrorists had exploded bombs in the World Trade Center in New York City. This was closely followed by a 1995 blast that destroyed a nine-story federal office building in Oklahoma City, killing 168 children, women, and men. Timothy McVeigh, an American veteran of the Gulf War, was found guilty in the Oklahoma bombing. He was executed in 2001, the first use of the federal death penalty in 38 years. Although American embassies and military targets abroad were subject to sporadic and deadly terrorist attacks during the decade, the U.S. was in no way prepared for a devastating attack that took place on its own soil on the morning of September 11, 2001. 



MAIN IDEA

Summarizing

 What acts of terrorism targeted Americans in the decade preceding 2001?

In a coordinated effort, two hijacked commercial jets struck the twin towers of the World Trade Center in New York City, one crashing just minutes after the other. The jets exploded on impact and subsequently leveled the tallest buildings of New York's skyline, the symbolic center of American finance. About an hour later, a third plane tore into the Pentagon building, the U.S. military headquarters outside Washington, D.C. Air travel ceased almost immediately; across the nation planes in the air were ordered to land. During the evacuation of the White House and the New York financial district, a fourth hijacked plane crashed near Pittsburgh, Pennsylvania.

About 3,000 people were killed in the attacks. These included all the passengers on all four planes, workers and visitors in the World Trade Center and the Pentagon, and hundreds of rescue workers. (See the first issue in "Issues for the 21st Century," on page 1100.)



▲ A view across the Brooklyn Bridge shows the devastating impact of two jets used by terrorists as missiles to destroy the World Trade Center.

New Foreign Policy Challenges

Vocabulary

globalization: to make worldwide in scope or application

Conflicts and confused alliances grew in the wake of the Cold War. The question of U.S. intervention overseas, and the globalization of the economy presented the United States with a host of new challenges.

RELATIONS WITH FORMER COLD WAR FOES Maintaining strong relations with Russia and China became major goals for the Clinton administration. Throughout the 1990s, the U.S. and Russia cooperated on economic and arms-control issues. Still, Russia criticized U.S. intervention in Yugoslavia, where a bloody civil war raged. Meanwhile, U.S. officials protested against Russian attacks on rebels in the Russian region of Chechnya.

U.S. relations with China were strained as well. Clinton had stressed that he would lean on China to grant its citizens more democratic rights. As president, however, he put greater emphasis on increasing trade with China. Despite concerns that Chinese spies had stolen U.S. defense secrets, Clinton supported a bill—passed in 2000—granting China permanent trade rights.

TROOPS ABROAD With the Cold War over, the United States turned more of its attention to regional conflicts. President Clinton proved willing to use troops to end conflicts overseas. In 1991, military leaders in Haiti forced the elected president from office. Thousands of refugees fled the military leaders' harsh rule. In 1994, President Clinton dispatched American troops to Haiti, and the military rulers were forced to step down.

Other interventions occurred in the former Communist country of Yugoslavia. In 1991, Yugoslavia broke apart into five nations. In Bosnia, one of the newly independent states, Serbs began "ethnic cleansing," killing or expelling from their homes people of certain ethnic groups. In 1995, the United States helped negotiate a peace agreement in Bosnia. Clinton sent U.S. troops to join NATO troops to help ensure the deal. About three years later, Serb forces attacked ethnic Albanians in the Serb province of Kosovo. The U.S. and its NATO allies launched air strikes against Serbian targets in 1999, forcing the Serbs to back down. Again, American troops followed up by participating in an international



▲ American workers protest against the North American Free Trade Agreement (NAFTA).

peace-keeping force. In both Bosnia and Kosovo, the administration promised early withdrawal. However, the U.S. troops stayed longer than had been intended, drawing criticism of Clinton's policies. **D**

TRADE AND THE GLOBAL ECONOMY Seeing flourishing trade as essential to U.S. prosperity and to world economic and political stability, President Clinton championed the **North American Free Trade Agreement (NAFTA)**. This legislation would bring Mexico into the free-trade zone that the United States and Canada already had formed. Supporters said NAFTA would strengthen all three economies and create more American jobs. Opponents insisted that NAFTA would transfer American jobs to Mexico, where wages were lower, and harm the environment because of Mexico's weaker antipollution laws. Congress rejected these arguments, and the treaty was ratified by all three countries' legislatures in 1993. Once the treaty took effect, on January 1, 1994, trade with Mexico increased.

Critics of free trade and the global economy remained vocal, however. In late 1999, the World Trade Organization (WTO), an organization that promotes trade and economic development, met in Seattle. Demonstrators protested that the WTO made decisions with little public input and that these decisions harmed poorer countries, the environment, and American manufacturing workers.

Subsequent anti-globalization protests have been held worldwide. Violent clashes erupted between police and demonstrators at the April 2001 third Summit of the Americas, held in Quebec City, Canada. Nevertheless, the activists failed to halt plans to launch, by 2006, the Free Trade Area of the Americas (FTAA)—an enlarged version of NAFTA covering the 34 countries in the Western Hemisphere, except Cuba.

Partisan Politics and Impeachment

While Clinton and Congress worked together on deficit reduction and NAFTA, relations in Washington became increasingly partisan. In the midst of political wrangling, a scandal rocked the White House, and Bill Clinton became the second president in U.S. history to be impeached.

REPUBLICANS TAKE CONTROL OF CONGRESS In mid-1994, after the failure of President Clinton's health care plan and recurring questions regarding his leadership, Republican congressman **Newt Gingrich** began to turn voters' dissatisfaction with Clinton into support for Republicans. He drafted a document called the **Contract with America**—ten items Republicans promised to enact if they won control of Congress. They included congressional term limits, a balanced-budget amendment, tax cuts, tougher crime laws, and welfare reform. **E**

In the November 1994 election, the Republicans handed the Democrats a humiliating defeat. Voters gave Republicans control of both houses of Congress for the first time since 1954. Chosen as the new Speaker of the House, Newt Gingrich was jubilant.

A PERSONAL VOICE NEWT GINGRICH

"I will never forget mounting the rostrum . . . for the first time. . . . The whole scene gave me a wonderful sense of the romance of America and the magic by which Americans share power and accept changes in government."

—To *Renew America*

MAIN IDEA

Analyzing Causes

D Why did the United States send troops to Yugoslavia and Kosovo?

Vocabulary

partisan: devoted to or biased in support of a party, group, or cause

MAIN IDEA

Summarizing

E What were some of the provisions of the Contract of America?

President Clinton and the Republican-controlled Congress clashed. Clinton opposed Republican budgets that slowed entitlements—federal programs which provide for basic human needs—such as Social Security and Medicaid. Clinton and Congress refused to compromise, and the Republicans refused to pass the larger budgets he wanted. As a result, the federal government shut down for almost a week in November 1995, and again for several weeks in the next two months.

THE 1996 REELECTION The budget standoff helped Clinton, as did the strong economy and passage of the welfare reform law of 1996, which suggested an improved working relationship with Congress. As a result, voters reelected Clinton in November 1996. With 49 percent of the popular vote, he outpolled the Republican nominee, U.S. Senator Bob Dole, and the Reform Party candidate, H. Ross Perot. Still, the Republicans maintained control of the House and Senate. Both President Clinton and Republican leaders pledged to work more cooperatively. Soon however, the president faced his most severe problems yet. **F**

CLINTON IMPEACHED President Clinton was accused of improperly using money from a land deal with the Whitewater Development Company to fund his 1984 gubernatorial reelection campaign. In addition, Clinton allegedly had lied under oath about having an improper relationship with a young White House intern. In 1998, Clinton admitted that he had had an improper relationship with the young woman, but he denied lying about the incident under oath or attempting to obstruct the investigation.

In December 1998, the House of Representatives approved two articles of impeachment, charging the president with perjury and obstruction of justice. Clinton became only the second president—and the first in 130 years—to face a trial in the Senate. At the trial a month later, the Senate fell short of the 67 votes—a two-thirds majority—required to convict him. Clinton remained in office and apologized for his actions.

Chicago newspaper headlines leave no doubt about President Clinton's impeachment.

MAIN IDEA

Analyzing Causes

F What factors contributed most to Clinton's reelection?



The Race for the White House

In the 2000 presidential race, the Democrats chose Vice President **Al Gore** to succeed Bill Clinton. The Republicans nominated **George W. Bush**, governor of Texas and the son of the former president. Ralph Nader, a long-time consumer advocate, ran for the Green Party, which championed environmental causes and promoted an overall liberal agenda. On the eve of the election, polls showed that the race would be tight. In fact, the election proved one of the closest in U.S. history. Determining a winner would take over a month.

ELECTION NIGHT CONFUSION As election night unfolded, Al Gore appeared to take the lead. The television networks projected that he would win Florida, Pennsylvania, and Michigan—states rich in electoral votes that would ultimately decide the winner of the race. Then, in a stunning turn of events, the TV networks recanted their original projection about Gore's victory in Florida and proclaimed the state "too close to call."

As midnight passed, it became clear that whoever won Florida would gain the 270 electoral votes needed to win the election. About 2 A.M., the networks predicted Bush the winner of Florida—and thus the presidency. However, as the final votes in Florida rolled in, Bush’s lead shrank considerably and the state again became too close to call. By the next day, Al Gore had won the popular vote by more than 500,000 votes out of 105 million cast across the nation. Meanwhile, George Bush’s razor-thin victory in Florida triggered an automatic recount.

DISPUTE RAGES IN FLORIDA In the weeks following the election, lawyers and spokespersons went to Florida to try to secure victory. The recount of the state’s ballots gave Bush a win by just over 500 votes—but the battle for the presidency did not end there. The Gore campaign requested manual recounts in four mostly Democratic counties. Bush representatives opposed the manual recounts. James A. Baker III, former secretary of state and leader of the Bush team in Florida, argued that such recounts would raise the possibility of political mischief.



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THE BATTLE MOVES TO THE COURTS As the manual recounting began on November 12, the Republicans sued to stop the recounts; a month-long court fight followed. The battle ultimately reached the Supreme Court. On December 12, the court voted 5 to

4 to stop the recounts, thus awarding the Florida electoral votes and the presidency to Bush. The justices argued that manual recounts lacked uniform standards and, therefore, violated equal protection for voters. **G**

MAIN IDEA

Analyzing Issues

G How did the election of 2000 highlight both the weaknesses and the strengths of America’s election process?

▶ More than a month after the votes were cast, Al Gore concedes the 2000 presidential election.

The Bush Administration

After the protests and legal actions subsided, George W. Bush was inaugurated as the 43rd president of the United States on January 20, 2001. Bush inherited several challenges, including a weakening national economy and an energy problem in California.

During his first months as president, Bush began to advance his political agenda. He declared plans to reform the federal role in education and to privatize Social Security. Bush also proposed a \$1.35 trillion tax cut, which became law in June 2001.

ANTITERRORIST MEASURES The political landscape changed dramatically after the September 11 terrorist attacks. The Bush administration, now with the overwhelming support of Congress and the American people, shifted its energy and attention to combating terrorism.

In October 2001, Bush signed an antiterrorism bill into law. The law allowed the government to detain foreigners suspected of terrorism for seven days without charging them with a crime. By the following month, Bush had created the Department of Homeland Security, a government body set up to coordinate national efforts to combat terrorism. In addition, the federal government increased its involvement in aviation security.

KEY PLAYER

GEORGE W. BUSH, 1946–

George W. Bush was born into a family steeped in politics. His father, George H. W. Bush, was the 41st president of the United States (1989–1993). However, George W. Bush did not immediately follow in his father’s political footsteps. In 1975, he started an oil company in Midland, Texas. For a time, he also was part owner of the Texas Rangers baseball team. Eventually, Bush was elected governor of Texas in 1994. Six years later, he became the 43rd president of the United States. He won reelection in 2004.

MAIN IDEA**Evaluating Leadership**

H How do you think the American people responded to Bush's antiterrorist measures?

The Bush Administration also began waging a war against terrorism. In October 2001, coalition forces led by the United States began bombing Afghanistan. The Afghan government was harboring Osama bin Laden and his al-Qaeda terrorist network believed responsible for the September 11 attacks. In 2002, the coalition successfully broke up the al-Qaeda network in Afghanistan. Osama bin Laden, however, remained at large. (See the first issue in "Issues for the 21st Century," on page 1100.) Nonetheless, the Bush administration gained widespread public approval for the decisive steps taken. **H**

Bush also scored a major success when direct elections were held for the first time in Afghanistan in October 2004. The Afghan people elected interim president Hamid Karzai as their first democratically elected president. Although Afghanistan still faced many problems, the elections were considered a positive move toward resolving them.

WAR AGAINST IRAQ In 2003, Bush expanded the war on terrorism to Iraq. Following the Persian Gulf War, Iraq had agreed to UN demands to stop the production of biological, chemical, and nuclear weapons. However, throughout the 1990s, the leader of Iraq, Saddam Hussein, refused to cooperate with UN arms inspectors and eventually barred them from entering his country.

After the September 11 attacks, Bush feared that Hussein was supplying terrorists with weapons of mass destruction (WMD) and called for renewed arms inspections in Iraq. But Hussein refused to cooperate fully with the renewed inspection process. The United States and Great Britain then ended diplomacy with Iraq and ordered Hussein to leave the country.

When Hussein refused to give up control, U.S. and British forces invaded Iraq in March 2003. Within a month, Iraq's forces were defeated and Hussein had gone into hiding. U.S. forces then began an intensive search for WMD in Iraq. No trace of chemical or biological weaponry were found. However, in December 2003, U.S. forces captured Saddam Hussein after they found him hiding in a hole in the ground. The former dictator was handed over to the Iraqis to stand trial for crimes against humanity. (See the second issue in "Issues for the 21st Century," on page 1104.)

DOMESTIC AGENDA Meanwhile, on the home front, President Bush concentrated on education and the economy. He signed into law an education reform plan entitled No Child Left Behind. This plan called for more accountability by states for students' success, mandatory achievement testing, and more school options available for parents.

The economy posed a greater challenge, as corporate scandals, such as those related to such highly successful companies as Enron and WorldCom, rocked the nation. Congress responded to these corporate scandals by passing the Sarbanes-Oxley Act. This act established a regulatory board to oversee the accounting industry and its involvement with corporations. The scandals caused investors to lose faith in corporations, which had a negative effect on an already sluggish U.S. economy.

In 2003, Congress passed and Bush signed into law a \$350 billion tax cut. Bush claimed that the tax cut would help the sagging economy and create jobs. Democrats opposed the cuts, saying they would mostly benefit the rich. The Democrats were overruled, however, because the Republican Party had gained control of Congress in the 2002 election. Now the Republicans held 51 of 100 seats in the Senate and 229 of 435 seats in the House of Representatives.



▲ Hamid Karzai is victorious in Afghanistan's first direct presidential election.

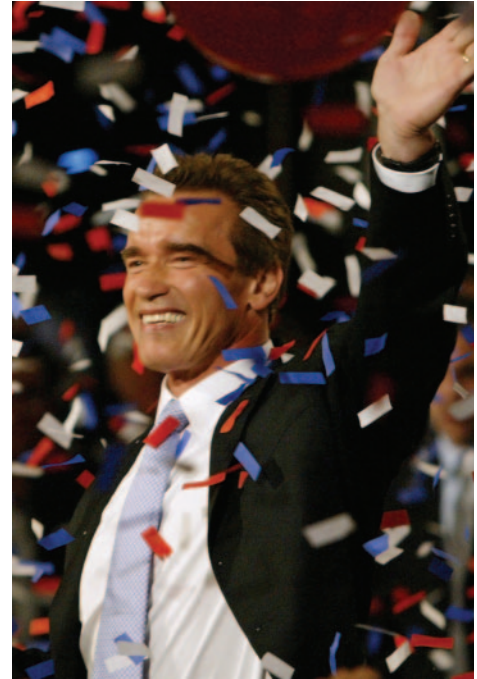
Republicans Gain More Power

Two more elections garnered even more power for the Republicans. The party expanded its influence at the state level in a rare recall election in California in 2003. The Republicans then consolidated their control of the White House with the reelection of George W. Bush in 2004.

CALIFORNIA RECALL The economic problems that had rocked the country were especially acute in California. These problems, as well as a statewide electricity crisis, caused many Californians to lose confidence in Democratic governor Gray Davis. Nonetheless, he was reelected in 2002 by a slim margin.

Early the next year, however, Davis opponents began petitioning for a recall vote under state law to remove the governor from office. Eventually, they gathered more than 1.3 million signatures—enough to force a recall election. On October 7, 2003, more than 55 percent of voters chose to recall Davis. In the highly publicized gubernatorial election that followed, the well-known actor Arnold Schwarzenegger defeated 134 other candidates, capturing over 48 percent of the vote.

BUSH REELECTED IN 2004 Although President Bush had received much initial support for the war on terrorism that he began waging after the September 11 attacks, many Americans had come to question his decision to invade Iraq. They were dismayed by the daily reports of violence and chaos in the country and the failure to find weapons of mass destruction there. In 2004, the Democrats chose Massachusetts senator John Kerry to challenge Bush. Once again, Bush found himself in a presidential race that deeply divided the nation. However, this time, Bush won a majority of the popular vote. After taking the lead in Ohio, he also won the electoral vote, which ensured him reelection.



▲ Arnold Schwarzenegger celebrates after winning the race for governor of California.



ASSESSMENT

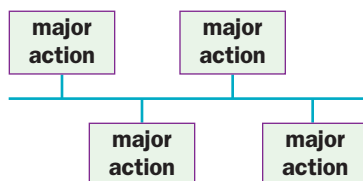
1. TERMS & NAMES For each term or name, write a sentence explaining its significance.

- William Jefferson Clinton
- North American Free Trade Agreement (NAFTA)
- Contract with America
- H. Ross Perot
- Al Gore
- Hillary Rodham Clinton
- Newt Gingrich
- George W. Bush

MAIN IDEA

2. TAKING NOTES

Create a time line of President Clinton's major actions during his two terms. Use a form such as the one below.



Explain whether each action was a success or a failure for Clinton.

CRITICAL THINKING

3. EVALUATING

What event or trend during the Clinton administration do you think will have the most lasting impact on the United States? Why?

4. ANALYZING MOTIVES

Why did the Gore campaign support manual recounts in Florida and the Bush campaign oppose them?

5. EVALUATING DECISIONS

Do you think President Bush's decision to invade Iraq was justified? Explain why or why not.

Think About:

- arms inspections in Iraq
- fear created by the September 11 attacks
- the search for WMD



SECTION 2

The New Global Economy

MAIN IDEA

Because of technological advances and new trade laws, the U.S. economy underwent a boom during the late 20th century.

WHY IT MATTERS NOW

New types of business have meant new work environments and new challenges for American workers.

Terms & Names

- service sector
- downsize
- Bill Gates
- NASDAQ
- dotcom
- General Agreement on Tariffs and Trade (GATT)

One American's Story

As Bill Clinton took office in 1993, some regions of the nation, particularly the Northeast, were still in an economic recession. Near Kennebunkport, Maine, the John Roberts clothing factory faced bankruptcy. With help from their union, the factory workers were able to turn their factory into an employee-owned company.

Ethel Beaudoin, who worked for the company for more than 30 years, was relieved that the plant would not be closing.

A PERSONAL VOICE ETHEL BEAUDOIN

“It’s a nice feeling to be part of the process . . . of deciding what this company buys for machinery and to know the customers more intimately. They’re our customers, and it’s a nicer feeling when the customers know that the coat that we put out is made by owners.”

—quoted in *Divided We Fall*

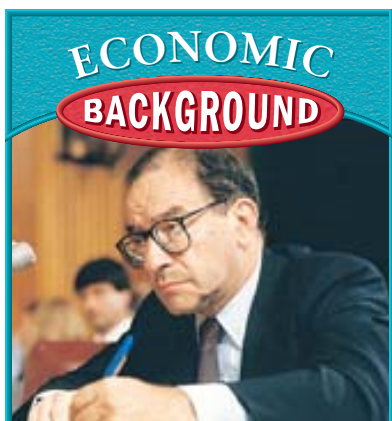
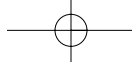
Beaudoin’s experience offered one example of the economic possibilities in America. A new global economy—brought about by new technologies, increased international competition, and the end of the Cold War—changed the nation’s economic prospects.



▲
Workers at the
John Roberts
clothing factory

The Shifting Economy

Americans heard a great deal of good news about the economy. Millions of new jobs were created between 1993 and 1999. By the fall of 2000, the unemployment rate had fallen to the lowest it had been since 1970.



GREENSPAN AND THE FED

Alan Greenspan has been chairman of the Federal Reserve System (the Fed) since 1987, when he was appointed by President Ronald Reagan. The Fed has been described as the economic pacemaker of the United States because it helps determine how much money there will be in the American economy.

Before being elected president in 2000, George W. Bush made it a point to meet with Alan Greenspan before meeting with anyone else in Washington. (See *interest rate* in the Economics Handbook, page R42.)

But there was alarming news as well. Wage inequality between upper- and lower-income Americans—the income gap—widened. Median household income began to drop. Although economists disagreed about the reasons for the economy’s instability, most everyone agreed it was undergoing significant changes.

MORE SERVICE, LESS SECURITY Chief among the far-reaching changes in the workplace of the 1990s was the explosive growth of jobs in the **service sector**, the part of the economy that provides services to consumers. By 2000, nearly 80 percent of American workers were teachers, medical professionals, lawyers, engineers, store clerks, waitstaff, and other service workers.

Low-paying jobs, such as sales and fast-food, grew fastest. These positions, often part-time or temporary, offered limited benefits. Many corporations, rather than invest in salaries and benefits for full-time staff, instead hired temporary workers, or temps, and began to **downsize**—trim payrolls to streamline operations and increase profits. Manpower, Inc., a temporary services agency, became the largest U.S. employer, earning \$2 billion in 1993 when fully 640,000 Americans cashed its paychecks. In 1998, over one-fourth of the nation’s work force worked in temporary or part-time positions. **A**

Of those cut in downsizing, younger workers suffered higher rates of unemployment. In 1999, an average 11 percent of workers aged 16 to 24 were unemployed—more than double the national rate. Three out of four young Americans expected to earn less money as adults than their parents did.

FARMS AND FACTORIES The nation’s shift to a service economy came at the expense of America’s traditional workplaces. Manufacturing, which surpassed farming mid-

century as the largest job sector, experienced a sharp decline in the 1980s and 1990s. In 1992, for example, 140,000 steelworkers did the same work that 240,000 had accomplished ten years earlier. Larry Pugh talked about the downsizing of a farm equipment factory in his hometown of Waterloo, Iowa.

A PERSONAL VOICE LARRY PUGH

“There used to be 17,500 people working here. . . . Now there are 6000. Those people spent their money. They bought the cars. They bought the houses. They were replaced by people that are at the minimum wage—seven or eight dollars an hour, not 15 or 20 dollars an hour. These people can hardly eke out a living at today’s wages.”

—quoted in *Divided We Fall*

The decline in industrial jobs contributed to a drop in union membership. In 1945, 35 percent of American workers belonged to unions; by 1998, only 14 percent were union members. In the 1990s, unions had trouble organizing. High-tech and professional workers felt no need for unions, while low-wage service employees feared losing their jobs in a strike. Some workers saw their incomes decline. The increased use of computer-driven robots to make manufactured goods eliminated many jobs, but it also spurred a vibrant high-tech economy. Those with advanced training and specialized technical skills or a sense of entrepreneurial risk-taking saw their salaries rise and their economic security expand. **B**

MAIN IDEA

Summarizing

A How did the change from an industrial economy to a service economy affect Americans’ economic security?

MAIN IDEA

Analyzing Effects

B How did downsizing affect people?



Persons Employed in Three Economic Sectors*			
Year	Farming	Manufacturing	Service Producing
1900	11,050	7,252	6,832
1950	6,001	18,475	20,721
2006 (projected)	3,618	24,451	111,867

*numbers in millions
Sources: *Historical Statistics of the United States, Colonial Times to 1970*;
Statistical Abstracts of the United States, 1953, 1954, 1999

SKILLBUILDER Interpreting Charts

1. What sector of the U.S. economy has seen the greatest decline in workers over the past century?
2. In terms of employee participation, by roughly what percent is the service sector expected to grow between 1950 and 2006?

HIGH-TECH INDUSTRIES In the late 1990s, entrepreneurs turned innovative ideas about computer technology into huge personal fortunes, hoping to follow in the footsteps of **Bill Gates**, the decade's most celebrated entrepreneur. In 1975, Gates saw the advent of personal computers as a promising opportunity. He founded the software company Microsoft with his friend Paul Allen. In 2000, it had made him the wealthiest individual in the world, with assets estimated at about \$60 billion.

A frenetic outcropping of new businesses accompanied the explosive growth of the Internet late in the decade. The **NASDAQ** (National Association of Securities Dealers Automated Quotation System), a technology-dominated stock index on Wall Street, rose dramatically as enthusiasm grew for high-tech businesses. These businesses were known as **dotcoms**, a nickname derived from their identities, or addresses, on the World Wide Web, which often ended in ".com." The dotcoms expanded rapidly and attracted young talent and at times excessive investment funding for such untested fledgling companies. While many people were drawn into the startup Internet-based companies, others profited from quitting previous jobs to become day traders and exchange stock online. As technology sales accelerated and stock prices rose, personal fortunes increased for some. The euphoria of a seemingly unstoppable economy caused memories of recession to fade.

Even industry giants, such as Microsoft and America Online, could not predict the speed with which the general public would adopt these new technologies. Thousands of smaller businesses were quick to anticipate the changes that the Internet would bring. Suddenly companies could work directly with consumers or with other companies. Many predicted that the price of doing business would fall dramatically and that overall worldwide productivity would jump dramatically, a combination not seen since the Industrial Age of the 19th century. The boom of new business was termed "The New Economy."

Highly overvalued, the NASDAQ fell sharply in 2000, however, and many personal fortunes evaporated. Nevertheless, the fast-growing technology sector gave birth to new fields of enterprise—Web security, wireless communication, robotic engineering, and multimedia programming.

At 18 years old, Shawn Fanning started a free music downloading service on the Internet called Napster. He became a multimillionaire after forming an alliance with a German media company.



Background

See *e-commerce* on page R40 in the Economics Handbook.

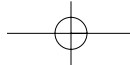


Change and the Global Economy

In 1900, airplanes hadn't yet flown and telephone service was barely 20 years old. U.S. trade with the rest of the world was worth about \$2.2 billion (roughly 12 percent of the economy). Nearly a century later, New Yorkers could hop a supersonic jet and arrive in London within three hours, information traveled instantly by fax machines and computers, and U.S. trade with other countries approached \$2 trillion (more than 25 percent of the economy). As American companies competed for international and domestic markets, American workers felt the sting of competing with workers in other countries.

INTERNATIONAL TRADE The expansion of U.S. trade abroad was an important goal of President Clinton's foreign policy, as his support of NAFTA had shown. In 1994, in response to increasing international economic competition among trading blocs, the United States joined many other nations in adopting a new version of the **General Agreement on Tariffs and Trade (GATT)**. The new treaty lowered trade barriers, such as tariffs, and established the World Trade Organization (WTO) to resolve trade disputes. As

President Clinton announced at the 1994 meeting of the Group of Seven, (the world's seven leading economic powers, which later became the Group of Eight when Russia joined in 1996), "[T]rade as much as troops will increasingly define the ties that bind nations in the twenty-first century."



Background
 “Job flight” had occurred in the 1970s, when cheap but quality auto imports from Japan and Germany forced many U.S. workers out of high-paying jobs.

INTERNATIONAL COMPETITION International trade agreements caused some American workers to worry about massive job flight to countries that produced the same goods as the United States but at a lower cost.

In the 1990s, U.S. businesses frequently moved their operations to less economically advanced countries, such as Mexico, where wages were lower. After the passage of NAFTA, more than 100,000 low-wage jobs were lost in U.S. manufacturing industries such as apparel, auto parts, and electronics. Also, competition with foreign companies caused many U.S. companies to maintain low wages.

Less economically advanced countries also offered some businesses an opportunity to evade the strict environmental regulations legislated in such developed nations as the United States. Just south of the U.S. border with Mexico, for example, foreign-owned *maquiladoras*, or assembly plants, were accused of operating irresponsibly, dumping poisonous chemical wastes on Mexican soil.

To remain competitive, many U.S. businesses felt the need to make their operations more global in order to produce goods as economically as possible. Indeed, the shipping label for a product of one American electronics company reads: “Made in one or more of the following countries: Korea, Hong Kong, Malaysia, Singapore, Taiwan, Mauritius, Thailand, Indonesia, Mexico, Philippines. The exact country of origin is unknown.”

With the U.S. economy undergoing such extensive change at the turn of the 21st century, feelings of insecurity were inevitable. Many Americans in all sectors of the economy feared being left behind by the rapid change. Other Americans, however, saw great opportunities for progress—especially from the endless stream of new technology.



▲ In Montreal, Canada, on March 29, 2001, protesters demonstrate at a summit on globalization and the Free Trade Area of the Americas (FTAA).

MAIN IDEA

Analyzing Effects

C What were some of the effects of NAFTA and GATT?



ASSESSMENT

1. TERMS & NAMES For each term or name, write a sentence explaining its significance.

- service sector
- downsize

- Bill Gates
- NASDAQ

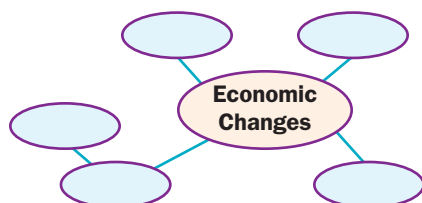
- dotcom

- General Agreement on Tariffs and Trade (GATT)

MAIN IDEA

2. TAKING NOTES

In a cluster diagram like the one below, record the major changes that occurred in the U.S. economy during the 1990s.



Which change has affected you the most? Explain.

CRITICAL THINKING

3. ANALYZING EFFECTS

Explain who was negatively affected by the changes in the economy and what negative effects they suffered.

Think About:

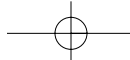
- who had the highest unemployment rates
- what types of jobs were eliminated
- what other negative effects there were

4. ANALYZING ISSUES

How do you explain some Americans' fears over the international trade agreements?

5. DRAWING CONCLUSIONS

Considering the economic changes described in this section, how do you think workers can best prepare themselves for the future?



 SECTION
3

Technology and Modern Life

MAIN IDEA

Advances in technology have increased the pace but also the comfort of many Americans' daily lives.

WHY IT MATTERS NOW

Providing access to the new technology and regulating its use are two current challenges facing 21st-century America.

Terms & Names

- information superhighway
- Internet
- telecommute
- Telecommunications Act Of 1996
- genetic engineering

One American's Story

The crowds stand four-deep cheering for 12-year-old Rudy Garcia-Tolson as he captures a new national record for his age group at the San Diego half-marathon. Despite the loss of his legs, Rudy competes in sports and is headed for the 2004 paralympics.

For years, Rudy was confined to a wheelchair. After undergoing a double amputation he was fitted with carbon fiber prostheses—artificial replacements for missing body parts. These lightweight, strong, and durable new legs now make many things possible for Rudy.

A PERSONAL VOICE RUDY GARCIA-TOLSON

“I told them to cut my legs off. I saw pictures of people running with prosthetic legs. I didn’t want to stay in a wheelchair. . . . My legs won’t stop me. Nothing stops me. . . . I like to show kids that there’s no limitations—kids or challenged people or adults, there’s no limitations to what a person can do. . . . My motto is, if you have a brave heart, that’s a powerful weapon.”

—quoted in *Press-Enterprise*, January 1, 2000

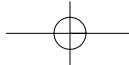


Rudy Garcia-Tolson,
2001

Advances in medical technology have permitted Rudy to live a more fully active life. Throughout the 20th century and into the 21st, technological developments helped Americans become more active in many ways.

The Communications Revolution

The computer industry transformed the 1980s. Instead of giant mainframes and minicomputers, desktop workstations now ruled business. Home computers became widely available, and many thousands of people joined online subscription services that provided electronic mail and magazine-style information.



Analyzing Political Cartoons

“VACATION, 2000”

By the end of the 20th century, millions of Americans owned any number of personal communication devices. People were able to speak to or correspond with each other instantaneously almost anytime, almost anywhere. The cartoon suggests that Americans are dependent on their communication devices, and that the once relaxing and peaceful family vacation has given way to the hustle and bustle of constant access.

SKILLBUILDER

Analyzing Political Cartoons

1. What modern-day communication devices are being used in this cartoon?
2. In what ways do the characters in this cartoon seem trapped by modern-day communications technology?

SEE SKILLBUILDER HANDBOOK, PAGE R24.



ENTERING THE INFORMATION AGE The **information superhighway**—a network of communication devices linking people and institutions across the nation and the world—promised to advance the revolution that had begun with the personal computer. In 1994, Vice President Al Gore began to oversee the government’s participation in developing this superhighway. Even though private industries would build the superhighway, the government would keep access democratic, ensure affordable service for everyone, protect privacy and property rights, and develop incentives for investors.

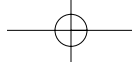
The 1990s enjoyed explosive growth of the **Internet**, an international network linking computers and allowing almost instant transmittal of text, images, and sound. Originally developed in the late 1960s by the U.S. Department of Defense for defense research, the Internet drew early popularity at universities. By the mid-1990s *Internet* became a household word. Use of the network was further popularized by the World Wide Web, which provided a simple visual interface for words and pictures to be seen by an unlimited audience. As businesses, schools, and organizations began to use the Web as a primary form of communication, new forms of social interaction emerged. Users developed “electronic presence” in virtual worlds, fantasy environments created with electronics.

NEW TOOLS, NEW MEDIA Through an electronic connection, such as a TV cable or phone line, users accessed an array of media, from streaming video to research archives, from on-line shopping catalogs to customized news broadcasts. Users could interact with each other across the world. By 2000, as many as 97 million Americans used the Internet regularly to send e-mail (electronic notes and messages), to share music, or to browse or search through “pages” on the Web. During the 1990s, classrooms across the nation increasingly used computer networking. Long-distance video and audio transmissions also linked American students. Some content was delivered not on networks but stored on a CD-ROM (Compact Disc Read-Only Memory), which evolved from music CDs that contained code for sound waves. CD-ROMs also carry digital code for pictures, text, and animation to be played on a computer.

Vocabulary

interface:

the point of communication between a computer and any other entity, such as a printer or human operator



The late-20th-century advances in computers and communications have had an impact on American society and business comparable to the industrial developments of the late 1800s. Americans now have more entertainment options, as cable service has multiplied the number of television channels available and greater bandwidth offers the possibility for high-definition television. Because of cellular phones, fax machines, the Internet, and overnight shipping, people can more readily **telecommute**, or work out of their homes instead of going to an office every day. **A**

LEGISLATING TECHNOLOGY In the 1980s, the government was slow to recognize the implications of the new communications technology. In 1994, however, the Federal Communications Commission (FCC) began to auction the valuable rights to airwaves and collected over \$9 billion. Then, with the rapid growth in the communications industry, the federal government took several steps to ensure that consumers received the best service. Congress passed the **Telecommunications Act of 1996**, removing barriers that had previously prevented one type of communications company from starting up or buying another related one. While it increased competition in the industry, the law also paved the way for major media mergers. When Capital Cities/ABC Inc. joined the Walt Disney Company, industry watchdogs noted that this reflected the trend toward concentrating media influence in the hands of a few powerful conglomerates.

The passage of the Telecommunications Act won applause from the communications industry but only mixed reviews from the public. Consumer activists worried that the law would fail to ensure equal access to new technologies for rural residents and poor people. Civil rights advocates contended that the Communications Decency Act (part of the Telecommunications Act) restricted free speech because it barred the transmission of “indecent” materials to minors via the Internet. In addition, Congress also called for a “V-chip” in television sets—a computer chip that would enable parents to block TV programs that they deemed inappropriate for their children. Parts of these laws were later struck down in court. **B**

MAIN IDEA

Summarizing

A Explain the revolutionary nature of communicating via the Internet.

MAIN IDEA

Analyzing Effects

B How might the Telecommunications Act affect consumers?

Scientific Advances Enrich Lives



▲ At NASA Langley Research Center in Virginia, an aerospace engineer wearing stereo glasses sees a 3-D view of a space station simulation, as shown in the background.

The exciting growth in the telecommunications industry in the 1990s was matched by insights that revolutionized robotics, space exploration, and medicine. The world witnessed marvels that for many of the “baby boom generation,” people born in the late 1940s and the 1950s, echoed science fiction.

SIMULATION, ROBOTICS, AND MACHINE INTELLIGENCE

Visual imaging and artificial intelligence (a computer’s ability to perform activities that require intelligence) were combined to provide applications in industry, medicine, and education. For example, virtual reality began with the flight simulators used to train military and commercial pilots. Today, with a headset that holds tiny video screens and earphones, and with a data glove that translates hand movements to a computer screen, a user can navigate a “virtual landscape.” Doctors have used virtual reality to take



a computerized tour of a patient's throat and lungs to check for medical problems. Surgeons have performed long-distance surgery through telepresence systems—gloves, computers, and robotic elements specially wired so that a doctor can operate on a patient hundreds of miles away. Architects and engineers have used virtual reality to create visual, rather than physical, models of their buildings, cars, and other designs. Modeling also affected the nightly newscast. Using supercomputers and improved satellite data, meteorologists could offer three-day weather forecasts that reached the accuracy of one-day forecasts of 1980.

As technology became more sophisticated, computers increased in capability. IBM's Deep Blue defeated chess champion Garry Kasparov in 1997. Computational linguists steadily improved natural language understanding in computers, thus fine-tuning the accuracy of voice recognition systems.

Robots grew more humanlike as engineers equipped them with high-capacity chips simulating brain function. By the year 2000, robots had the ability to walk on two legs, interact with people, learn taught behaviors, and express artificial feelings with facial gestures.

SPACE EXPLORATION In the 1990s, astronomy expanded our view of the universe. In 1997, NASA's *Pathfinder* and its rover *Sojourner* transmitted live pictures of the surface of Mars to millions of Internet users.

Shuttle missions, meanwhile, concentrated on scientific research and assembly, transport, and repair of orbiting objects, paving the way to possible human missions to Mars and other space travel in the coming century. NASA concentrated on working with other nations to build the *International Space Station (ISS)*. The *ISS* promised to offer scientists a zero-gravity laboratory for research in medicine, space mechanics and architecture, and long-term living in space. Ellen Ochoa, part of the first shuttle crew to dock to the *ISS*, hoped to inspire young students:

Background

The *International Space Station* was established by joining and expanding upon the Russian station, *Mir*, and the American *Spacelab*.

A PERSONAL VOICE ELLEN OCHOA

"I'm not trying to make everyone an astronaut, but I want students to think about a career and the preparation they'll need. . . . I tell students that the opportunities I had were a result of having a good educational background. Education is what allows you to stand out."

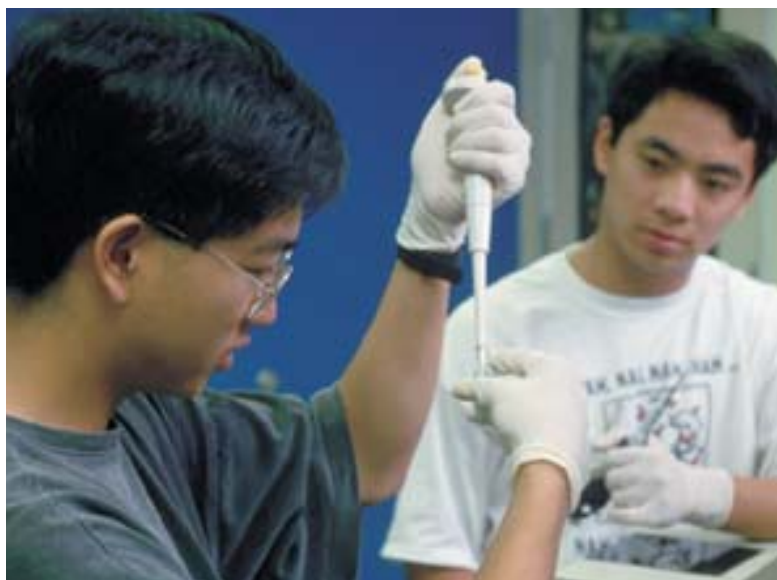
—quoted in *Stanford University School of Engineering Annual Report*, 1997-98.

Another shuttle crew in 1993 aboard the *Endeavour* repaired the Hubble Space Telescope, which returns dazzling intergalactic views. In late 1995, astronomers using observatories discovered a planet orbiting the fourth closest star to Earth, the first planet to be detected outside our own solar system. Since then dozens more have been detected. Astronomers back on Earth have also spent considerable effort tracking asteroids and comets whose paths might collide with our planet. Astrobiologists hailed the discovery on Antarctica of a small meteorite that traveled to Earth from Mars about 15 million years ago.

BIOTECHNOLOGY The most profound insight into the book of life came from the field of biotechnology. The Human Genome Project, an international effort to map the genes of the human body, and Celera, a private company in molecular biology, simultaneously announced in 2000 that they had sequenced nearly all of the human genome only a decade after the research began. Cooperation via the Internet and access to computerized databases by multiple research groups vastly accelerated the scientists' ability to identify and order over three billion chemical



Dr. Ellen Ochoa



“letters” of the genetic code of DNA. Molecular biologists hoped that this genetic map would offer the key to treating many inherited diseases and diagnosing congenital disabilities, and that drug makers could one day design pharmaceuticals for each patient’s particular profile.

DNA had been in the spotlight before the breakthrough announcement. In well-publicized legal proceedings, prosecutors relied on DNA evidence to help prove the guilt of defendants who may have left behind a

▲ **High school students Li-Ho (left) and Yu-Fong Hong (right), among the youngest scientists to have worked on the Human Genome Project, are shown at a San Ramon, California, laboratory.**

single hair at a crime scene. Others, wrongly imprisoned, were released when genetic analysis proved their innocence.

But different opinions arose over some of the new “biotechnology.” Some speculated that technological progress outpaced social evolution and society’s ability to grapple with the consequences. In 1997, Scottish researchers cloned Dolly the sheep from one cell of an adult sheep. Shortly thereafter, two Rhesus monkeys were cloned in Oregon, and many wondered whether human cloning was next. Firms sought to patent genes used for medical and research applications, using the principle of invention and property. Advances such as these, as well as gene therapy, artificial human chromosomes, and testing embryos for genetic defects all sparked heated debates among scientists, ethicists, religious leaders, and politicians.

The use of **genetic engineering**—the artificial changing of the molecular biology of organisms’ cells to alter an organism—also aroused public concern. However, the Federal Department of Agriculture (FDA) holds that genetically engineered foods are safe and that they require no extra labeling. Scientists in the late 1990s modified corn and rice to provide resistance to pests and increase nutritional value. In 1996, the European Union limited the importation of such products in response to consumer pressure, allowing only those clearly labeled as having been genetically modified.

MEDICAL PROGRESS People suffering from some diseases benefited from advances in medicine in the 1990s. Cancer survival rates improved drastically as clinicians explored the use of gene therapy, genetically engineered antibodies, and immune system modulation. Improvements in tracking the spread of HIV—the virus that causes AIDS (acquired immune deficiency syndrome)—through the body made researchers better prepared to find a cure. AIDS patients were treated with combination therapies, and public health officials advocated abstinence and “safer sex” practices to control the spread of HIV.

Improved technology for making medical diagnoses offered new hope as well. Magnetic resonance imaging (MRI), for example, was used to produce cross-sectional images of any part of the body. Advances that will make the MRI procedure ten times faster will also make MRI more widely available and cheaper to use. Medical researchers look ahead to using fleets of tiny “nanosensors” one-thousandth the width of a human hair to find tumors and to deploying “nanobots” to repair tissues and even genes. **C**

Background

In 1998, less than 13,500 Americans died from AIDS, roughly one-third the 1992 number.

MAIN IDEA

Summarizing

C Describe how technology affected health care.



Science & Technology

ALTERNATIVE CARS

In an effort to reduce the nation's dependence on fossil fuels, researchers have been working to develop a "cleaner" car, or one that runs on something other than gasoline. Such alternative models include an electric car, which uses a rechargeable battery and gas power, and a vehicle that runs on compressed natural gas.

Carl Bielenberg of Calais, Vermont, holds a container of seeds of the jatropha plant. He runs his compact car on vegetable oil that is made from the seed.



A solar-powered car built by high school students from Saginaw, Michigan, makes its way through busy traffic.

ENVIRONMENTAL MEASURES With the spreading use of technology came greater concern about the impact of human activities on the natural environment. Scientists have continued examining ways to reduce American dependence on pollution-producing fossil fuels. Fossil fuels such as oil provided 85 percent of the energy in the United States in the 1990s but also contributed to poor air quality, acid rain, and global warming. Many individuals have tried to help by reducing consumption of raw materials. By the early 1990s, residents set out glass bottles and jars, plastic bottles, newspapers, phone books, cardboard, and aluminum cans for recycling at curbsides, and consumers purchased new products synthesized from recycled materials.



ASSESSMENT

1. TERMS & NAMES For each term or name, write a sentence explaining its significance.

- information superhighway
- telecommute
- genetic engineering
- Internet
- Telecommunications Act of 1996

MAIN IDEA

2. TAKING NOTES

On a chart like the one shown, list four of the technological changes described in this section and explain how each change has affected your life.

Technological Change	Effect on Me
1.	
2.	
3.	
4.	

CRITICAL THINKING

3. MAKING INFERENCES

Explain how government, business, and individuals are important to the existence of the information superhighway. **Think About:**

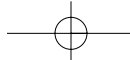
- the costs of developing the superhighway
- the equipment and personnel needed to maintain it
- who uses the superhighway and why they use it

4. ANALYZING ISSUES

Why is genetic engineering a source of controversy?

5. EVALUATING

Which area of technological change described in this section do you think was the most important one for the country? Explain.



The Changing Face of America

MAIN IDEA

At the end of the 20th century, the U.S. population grew more diverse both in ethnic background and in age.

WHY IT MATTERS NOW

Americans of all backgrounds share common goals: the desire for equal rights and economic opportunity.

Terms & Names

- urban flight
- gentrification
- Proposition 187

One American's Story

Every ten years the United States conducts a census, or head count of its population. The results of the census determine, among other things, how billions of federal dollars are spent for housing, health care, and education over the coming decade. The Census Bureau estimates that the 1990 census undercounted Latinos by more than five percent. This undercount resulted in a loss of millions of dollars of aid to municipalities with large Latino populations, as well as denying Latinos political representation in all levels of government.

During the latest census conducted in 2000, Antonia Hernandez, President and General Counsel of the Mexican American Legal Defense and Education Fund (MALDEF), spearheaded the national *¡Hágase Contar!* Make Yourself Count! campaign. MALDEF workers canvassed neighborhoods urging residents to complete the census. They stressed that all information was confidential and discussed the high stakes of being counted.

A PERSONAL VOICE ANTONIA HERNANDEZ

“The census not only measures our growth and marks our place in the community, but it is the first and indispensable step toward fair political representation, equal distribution of resources, and enforcement of our civil rights.”

—Public statement for *¡Hágase Contar!* campaign, 2000

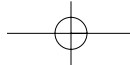
Data from the 2000 census revealed that the Hispanic population had grown by close to 58 percent since 1990, reaching 35.3 million. The 2000 census also confirmed a vast increase in what were once ethnic minorities.



Antonia Hernandez, MALDEF's president

Urban Flight

One of the most significant socio-cultural changes in American history has been the movement of Americans from the cities to the suburbs. The years after World War II through the 1980s saw a widespread pattern of **urban flight**, the process in which Americans left the cities and moved to the suburbs. At mid-century, the population of cities exceeded that of suburbs. By 1970, the ratio became even.



In the year 2000, after decades of decline, some major cities across the country had increased their populations while others slowed or halted declines. The transformation of the United States into a nation of suburbs had intensified the problems of the cities.

CAUSES OF URBAN CHANGE Several factors contributed to the movement of Americans out of the cities. Because of the continued movement of job-seeking Americans into urban areas in the 1950s and 1960s, many urban American neighborhoods became overcrowded. Overcrowding in turn contributed to such urban problems as increasing crime rates and decaying housing.

During the 1970s and early 1980s, city dwellers who could afford to do so moved to the suburbs for more space, privacy, and security. Often, families left the cities because suburbs offered newer, less crowded schools. As many middle-class Americans left cities for the suburbs, the economic base of many urban neighborhoods declined, and suburbs grew wealthy. Following the well-educated labor force, more industries relocated to suburban areas in the 1990s. The economic base that provided tax money and supported city services in large cities such as New York, Detroit, and Philadelphia continued to shrink as people and jobs moved outward.

In addition, many downtown districts fell into disrepair as suburban shoppers abandoned city stores for suburban shopping malls. According to the 1990 census, the 31 most impoverished communities in the United States were in cities. **A**

By the mid-1990s, however, as the property values in the nation's inner cities declined, many people returned to live there. In a process known as **gentrification**, they purchased and rehabilitated deteriorating urban property, oftentimes displacing lower income people. Old industrial sites and neighborhoods in locations convenient to downtown became popular, especially among young, single adults who preferred the excitement of city life and the uniqueness of urban neighborhoods to the often more uniform environment of the suburbs.

MAIN IDEA

Analyzing Causes

A List the factors that influenced middle-class residents to leave cities for suburbs.

History Through *Architecture*

REBUILDING THE RIVERFRONTS

As part of the effort to revitalize cities, a number of architects, landscape architects, and urban planners have focused on enhancing what for many urban centers had become a neglected eyesore—their waterfronts. In Pittsburgh, landscape architects turned a dreary strip of concrete and parking lot into Allegheny Riverfront Park, an inviting stretch of natural walkways and recreation areas.

SKILLBUILDER

Interpreting Visual Sources

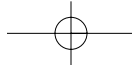
1. Why might landscape architects consider improving riverfronts to be a key part of revitalizing cities?
2. In what other ways could architects and urban designers make city living more attractive?

 **SEE SKILLBUILDER HANDBOOK, PAGE R23.**



▲ Allegheny Riverfront Park in 1999

◀ The Allegheny River waterfront in 1984



SUBURBAN LIVING While many suburbanites continued to commute to city jobs during the 1990s, increasing numbers of workers began to telecommute, or use new communications technology, such as computers, modems, and fax machines, to work from their homes. Another notable trend was the movement of minority populations to the suburbs. Nationwide, by the early 1990s, about 43 percent of the Latino population and more than half of the Asian-American population lived in suburbs.

Suburban growth led to intense competition between suburbs and cities, and among the suburbs themselves, for business and industry. Since low-rise suburban homes yielded low tax revenues, tax-hungry suburbs offered tax incentives for companies to locate within their borders. These incentives resulted in lower tax revenues for local governments—meaning that less funds were available for schools, libraries, and police departments. Consequently, taxes were often increased to fund these community services as well as to build the additional roads and other infrastructure necessary to support the new businesses.

The shift of populations from cities to suburbs was not the only significant change in American life in the 1990s. The American public was also growing older, and its aging raised complex issues for American policymakers.

Vocabulary

infrastructure:

the basic facilities, services, and installations needed for the functioning of a community or society

The Graying of America, 1990–2030

Year	Number of Americans 65 and older*	Percent of U.S. population
1990	31,081	12.4
2000	34,837	12.7
2010	37,385**	13.2**
2020	53,733**	16.5**
2030	70,319**	20**

*numbers in thousands

**projected totals

Source: U.S. Census Bureau; *Statistical Abstract of the United States, 2000*

SKILLBUILDER Interpreting Charts

1. Between what years is America's elderly population expected to grow the most?
2. By roughly what percentage is America's elderly population expected to increase between 1990 and 2030?

The Aging of America

The 2000 census documents that Americans were older than ever before, with a median age of 35.3—two years older than a decade prior. Increased longevity and the aging of the baby boom generation were the primary reasons for the rising median age.

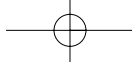
Behind the rising median age lie several broad trends. The country's birthrate has slowed slightly, and the number of seniors has increased as Americans live longer because of advances in medical care and living healthier lifestyles. The number of people over 85 has increased at a faster rate than any other segment of the population, to 4.3 million in the year 2000.

The graying of America has placed new demands on the country's programs that provide care for the elderly. These programs accounted for only 6 percent of the national budget in 1955. It was projected that the programs would consume about 39 percent of the budget by 2005.

The major programs that provide care for elderly and disabled people are Medicare and Social Security. Medicare, which pays medical expenses for senior citizens, began in 1965, when most Americans had lower life expectancies. By 2000, the costs of this program exceeded \$200 billion.



Senior athletes compete at the first U.S. National Senior Olympics held in St. Louis, Missouri, in 2000.



Social Security, which pays benefits to retired Americans, was designed to rely on continued funding from a vast number of younger workers who would contribute taxes to support a small number of retired workers. That system worked well when younger workers far outnumbered retirees and when most workers didn't live long after retirement.

In 1996, it took Social Security contributions from three workers to support every retiree. By 2030, however, with an increase in the number of elderly persons and an expected decline in the birthrate, there will be only two workers' contributions available to support each senior citizen. Few issues loomed as large in the 2000 presidential election as what to do about Social Security. If President Bush and Congress do not restructure the system, Social Security will eventually pay out more money than it will take in. Some people suggest that the system be reformed by raising deductions for workers, taxing the benefits paid to wealthier Americans, and raising the age at which retirees can collect benefits. **B**

MAIN IDEA

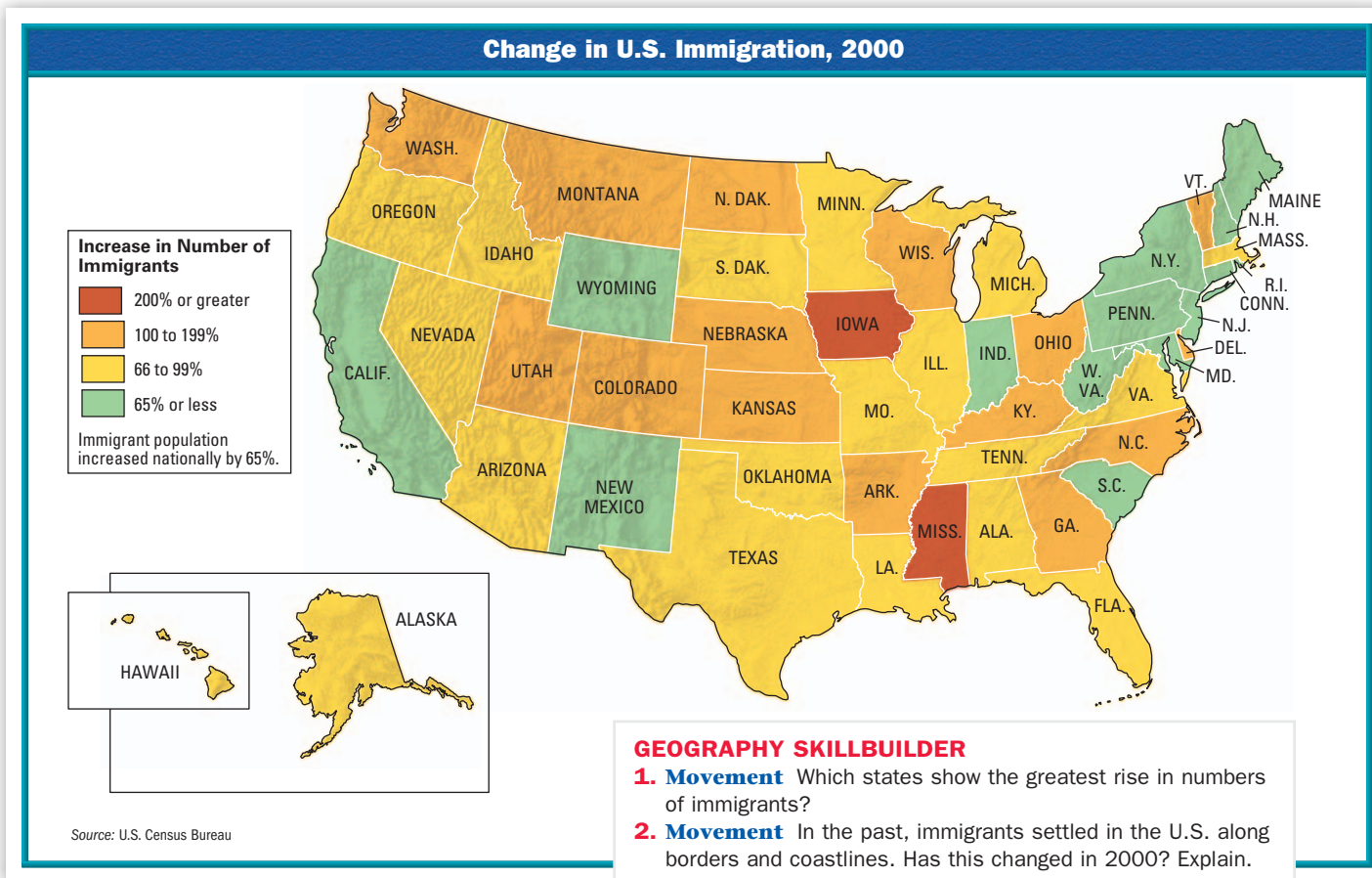
Predicting Effects

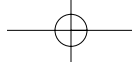
B What are the factors that will force an eventual restructuring of Social Security?

The Shifting Population

In addition to becoming increasingly suburban and elderly, the population of the United States has also been transformed by immigration. Between 1970 and 2000, the country's population swelled from 204 million to more than 284 million. Immigration accounted for much of that growth. As the nation's newest residents yearned for U.S. citizenship, however, other Americans debated the effects of immigration on American life.

A CHANGING IMMIGRANT POPULATION The most recent immigrants to the United States differ from immigrants of earlier years. The large numbers of immigrants who entered the country before and just after 1900 came from Europe.





▲ **Lowe Shee Miu, of Oakland, California, stands in front of a monument commemorating Chinese immigrants at Angel Island—the Ellis Island of the West.**

racial makeup. By 2001, for example, California had become a majority minority state, with Asian Americans, Latinos, African Americans, and Native Americans making up more than half its population. The 2000 census indicated that if current trends continue, by the year 2050 Latinos will become the nation's largest minority community overall.

DEBATES OVER IMMIGRATION POLICY The presence of such a large number of immigrants has also added to the continuing debate over U.S. immigration policies. Many Americans believe that their country can't absorb more immigrants. By the early 1990s, an estimated 3.2 million illegal immigrants from Mexico, El Salvador, Guatemala, and Haiti had made their way to the United States. Many illegal immigrants also arrived from Canada, Poland, China, and Ireland. They took jobs many Americans turned down, as farm workers and domestic servants—often receiving the minimum wage or less and no benefits. By 2001, between 5 and 6 million illegal immigrants resided in the United States.

Hostility toward illegal immigration peaked in California and Florida, two states with high percentages of immigrants. In 1994, Florida Governor Lawton Chiles filed suit against the U.S. government for "its continuing failure to enforce or rationally administer its own immigration laws." That same year, California passed **Proposition 187**, which cut all education and nonemergency health benefits to illegal immigrants. By March 1998, Proposition 187 was ruled unconstitutional. Although never implemented, the law inspired political participation among Hispanic voters, who saw themselves as targets.

As more immigrants make their way to the U.S. and the nation's ethnic composition changes, debates about immigration will continue. Those who favor tighter restrictions argue that immigrants take desired jobs. Others, however, point to America's historical diversity and the new ideas and energy immigrants bring. **C**

In contrast, about 45 percent of immigrants since the 1960s have come from the Western Hemisphere, primarily Mexico, and 30 percent from Asia.

In Mexico, for example, during three months in 1994–1995, the Mexican peso was devalued by 73 percent. The devaluation made the Mexican economy decline. As a result, almost a million Mexicans lost their jobs. Many of the unemployed headed north in search of jobs in the United States.

This search for a better opportunity continues today as thousands of immigrants and refugees—more than 2,000 legal and 4,000–10,000 illegal—arrive each day. About 4,000 of those who enter illegally are deported to Mexico shortly after crossing the U.S.-Mexico border. To help those seeking more opportunity in America, in July 2001, President Bush's administration proposed a temporary guest worker program for the 3 million Mexicans residing illegally in the United States.

Based on the 2000 census, it was reported that patterns of immigration are changing the country's ethnic and

Background

The U.S. Census has asked a race question on every census since the first survey in 1790. Since 1890, the categories and definitions have changed with nearly every census.

MAIN IDEA

Comparing

C How are current arguments against immigration similar to those used in the past?



NATIVE AMERICANS CONTINUE LEGAL BATTLES As the nation debated its immigrant policies, the ancestors of America's original inhabitants continued to struggle. The end of the 20th century found most members of this minority enduring extremely difficult lives. In 2001, about 32 percent of Native Americans lived below the poverty line, more than three times the poverty rate for white Americans. Furthermore, Native Americans endured a suicide rate that was 72 percent higher than that of the general population and an alcoholism rate seven times greater.

In the face of such hardships, Native Americans strived to improve their lives. Throughout the 1990s, dozens of tribes attained greater economic independence by establishing thriving gaming resorts. Although controversial for promoting gambling, reservation gaming—a nearly \$10 billion a year industry by 2000—provided Native Americans with much-needed money for jobs, education, social services, and infrastructure. Over the past decades, Native Americans have used the courts to attain greater recognition of their tribal ancestry and land rights. In 1999, for example, the U.S. Supreme Court ruled that the Chippewa Indians of Minnesota retained fishing and hunting rights on some 13 million acres of land that were guaranteed to them in an 1837 treaty. Across the nation, a number of other tribes have had similar land rights affirmed.

America in a New Millennium

As the 21st century begins, Americans face both new problems and old ones. Environmental concerns have become a global issue and have moved to center stage. Furthermore, poverty remains a problem for many Americans in the late 20th century, as does the increasing threat that terrorist acts pose to Americans at home and abroad.

It is clear that the new century America faces will bring changes, but those changes need not deepen divisions among Americans. With effort and cooperation, the change could foster growth and tolerance. The 20th century brought new ways of both destroying and enriching lives. What will the 21st bring? Much will depend on you—the dreamers, the decision makers, and the voters of the future.



ASSESSMENT

1. TERMS & NAMES For each term or name, write a sentence explaining its significance.

•urban flight

•gentrification

•Proposition 187

MAIN IDEA

2. TAKING NOTES

Demography is the study of statistics about human populations. Use a table like the one below to summarize the demographic changes occurring in the United States.

Demographic Changes	
Urban distribution	
Age	
Ethnic and racial makeup	

CRITICAL THINKING

3. HYPOTHESIZING

As urban problems become more common in the suburbs, how might the residents of suburbs respond? Base your answer on existing behavior patterns. **Think About:**

- the spread of suburbs farther and farther from the city
- the new ability to telecommute
- the tax problems that suburbs face

4. COMPARING AND CONTRASTING

How was the immigration that occurred in the years 1990–2000 similar to and different from earlier waves of immigration?

5. DRAWING CONCLUSIONS

How do disagreements over immigration policy reflect the benefits and challenges of a diverse population?