



## New Challenges

### Lesson 1 The Reagan Revolution

#### ESSENTIAL QUESTION

*What are the consequences when cultures interact?*

#### GUIDING QUESTIONS

1. *How did President Reagan bring a new conservative approach to government?*
2. *Why did the Reagan administration take strong action to resist Communist influence overseas?*
3. *What events occurred during Reagan's second term?*

#### Terms to Know

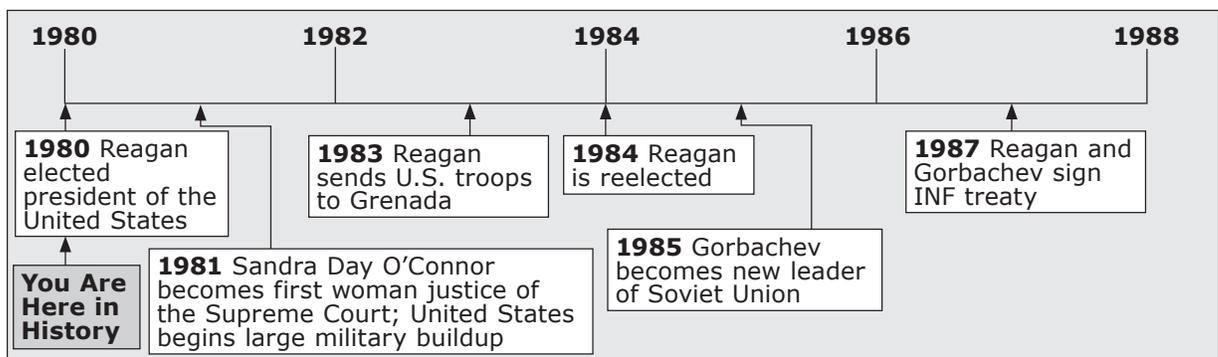
**deregulation** the removal of rules and regulations

**federal debt** the amount of money owed by the federal government

### Where in the world?



### When did it happen?



**New Challenges**

**Lesson 1** The Reagan Revolution, *Continued*

**The Nation Changes Course**

Conservative ideas gained strength in the 1970s. In general, conservatives in politics prefer a small government which has a limited effect on business and people's lives. President Reagan was elected because of his conservative ideas.

Reagan had strong ideas about government. He talked about traditional values. These included hard work, love of country, respect for law, and family life. Reagan followed presidents who had focused on different things. Therefore, people called his programs the "Reagan Revolution."

He thought that the government should cut taxes so people would have more money. The government would also cut spending on social programs.

A few months after taking office, the nation's air traffic controllers went on strike. The strike was against the law. When they refused to go back to work, Reagan fired the controllers. He used the military to replace them for a while. He showed he would use his power to support policies he believed in.

In his conservative view, the government should be smaller and should not have so many regulations. Regulations are laws and rules that affect businesses. Reagan believed that **deregulation**, or cutting these regulations, would help reduce the size of government. It would also help businesses make more money. For example, his government made the rules for car exhaust systems weaker. This helped carmakers, but weakened efforts to reduce pollution.

President Reagan supported a theory called "supply-side economics." This theory is that the government should help the suppliers. Suppliers are the businesses that make things and offer services. Reagan thought everyone would benefit from supply-side economics. Some people disagreed with him. They thought this approach would mainly help corporations and rich Americans. However, Reagan's ideas had public support. Congress was convinced. It passed big tax cuts. It also made cuts in many federal programs.

President Reagan also had very strong ideas about communism and the threat of the Soviet Union. He believed that the United States needed to have a very powerful military. If the country had a strong military, Reagan believed, the Soviet Union would not dare attack. As a result, Reagan also sharply increased military spending.

 **Reading Check**

1. What was the effect of deregulation on carmakers and the environment?

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 **Analyzing**

2. Why were Reagan's actions in response to the air traffic controllers' strike important?

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 **Marking the Text**

3. Underline the sentences that explain supply-side economics. Why do you think this economic theory is called "supply-side"?

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## New Challenges

### Lesson 1 The Reagan Revolution, *Continued*

 **Reading Check**

4. What caused the federal debt to grow in the 1980s?

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 **Identifying**

5. What was the name of Reagan's program to protect the country against missiles?

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 **Reading Check**

6. Why did Reagan send troops to Grenada?

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 **Explaining**

7. Why did Reagan withdraw troops from Lebanon?

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Together, the big tax cuts and the large increase in military spending increased the **federal debt**. The federal debt is the amount of money owed by the federal government. While Reagan was president, the federal debt increased greatly. At first, unemployment rose. Later, the economy recovered and the economy grew.

Reagan favored judges who believed in strictly interpreting the Constitution. He appointed several new Supreme Court justices. Among them was Sandra Day O'Connor. She was the first woman to serve on the Supreme Court.

### Foreign Policy under Reagan

President Reagan believed that communism was a dangerous force in the world. That was why he was willing to spend so much money on the military. Reagan's defense program included the Strategic Defense Initiative (SDI), or "Star Wars." SDI was a system to destroy missiles that might be launched against the United States. SDI was never finished.

Reagan also believed that pro-Communist governments in Latin America could be a threat to the United States. So he sent aid to a group called the Contras in Nicaragua. The Contras were fighting against Nicaragua's new pro-Communist government.

In 1983, Reagan sent the U.S. military to invade the island of Grenada in the Caribbean. A group of Marxist rebels had started an uprising against the government there. Reagan wanted to set up an anti-Communist government. In addition, American medical students were attending a university in Grenada. Reagan wanted to make sure the students were safe.

President Reagan also sent troops to Lebanon, a small country in the Middle East. They were sent to help remove outside fighters and keep the peace. A car bomb and other terror attacks killed over 300 Americans and French. Reagan decided that the cost was too high. He brought the American troops back home.

### A Second Term

The U.S. economy was strong. Reagan remained a popular president. He easily won reelection in 1984, winning the electoral votes in 49 of 50 states. A year later, terrorists

**New Challenges**

**Lesson 1** The Reagan Revolution, *Continued*

kidnapped some Americans and would not let them go. These terrorists had ties to Iran.

Some of Reagan’s officials decided to secretly try to free the hostages. The officials sold weapons to Iran. They thought that this would persuade Iran to help free the hostages. Then these officials gave the money from the weapons sale to the Contras in Nicaragua. They thought the money would help the Contras get rid of the Communist government there. These actions were against U.S. policy. They were also against the law. The secret deal became known as the Iran-Contra scandal. Congress held hearings to investigate. They did not find that Reagan was directly involved.

Reagan was more successful with the Soviet Union. The new Soviet leader, Mikhail Gorbachev, wanted to make changes in the government. He wanted to allow new ideas into Soviet society. This policy was called *glasnost*. He also reduced government control of the economy. He called this policy *perestroika*. In 1987, Reagan and Gorbachev signed an agreement called the Intermediate Range Nuclear Forces (INF) Treaty. In the treaty, they agreed to decrease the nuclear weapons of both countries. The treaty was a big step towards reducing the threat of a nuclear war.

**Check for Understanding**

**Why do you think President Reagan easily won re-election in 1984?**

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**What was the relationship between the United States and the Soviet Union during Reagan’s time as president?**

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**Naming**

8. What was the name given to the secret deal made by Reagan’s officials?

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**Marking the Text**

9. Circle the names of the two changes that took place in Soviet domestic policy in the 1980s. Underline the sentences that describe them.



10. Use a two-tab Foldable and place it vertically along the dotted line. Write the title *President Reagan* on the anchor tab. Label the top tab *Domestic Policy* and the bottom tab *Foreign Policy*. Describe the effects of President Reagan’s leadership at home and abroad. Use both sides of the tabs.

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## New Challenges

### Lesson 2 The First President Bush

#### ESSENTIAL QUESTION

*What are the consequences when cultures interact?*

#### GUIDING QUESTIONS

1. *What global events led to the end of the Cold War in the Bush presidency?*
2. *How did the Bush administration set out to develop a new foreign policy after the end of the Cold War?*
3. *What were the domestic challenges faced by the Bush administration?*

#### Terms to Know

**coalition** a group formed for a common purpose

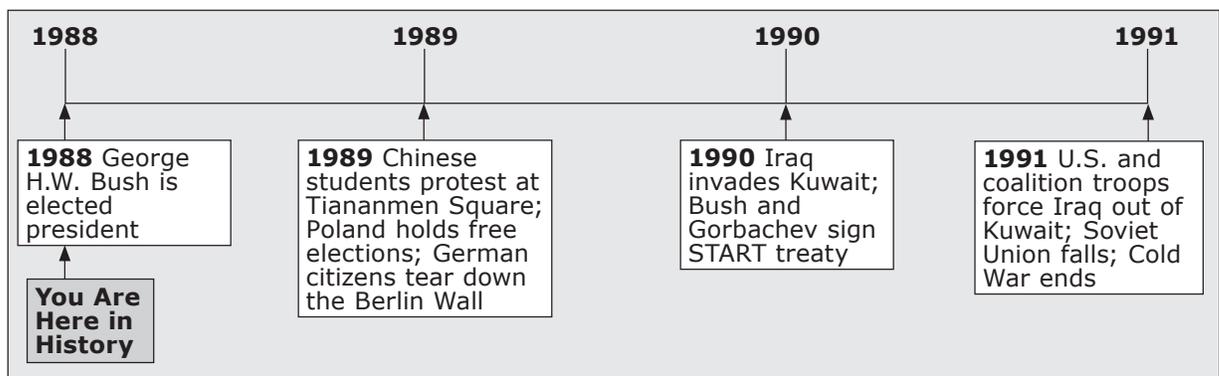
**downsize** the practice of laying off workers to make a company smaller

**bankrupt** a condition in which a person or a business cannot pay its debts

#### Where in the world?



#### When did it happen?



## New Challenges

### Lesson 2 The First President Bush, *Continued*

#### The Cold War Ends

Republican George H.W. Bush won the 1988 election easily. But the election did not change the power in Congress. The Democrats still controlled both the House and Senate.

The Cold War between the United States and the Soviet Union began after World War II. As George H.W. Bush became president, big changes were taking place in the Soviet Union. Gorbachev was the Soviet leader. He wanted to end the arms race with the United States so he could reform his country. He and President Bush signed a treaty called the Strategic Arms Reduction Treaty or START. The treaty marked the first time that nuclear powers agreed to destroy some of their nuclear weapons. But this did not get Gorbachev more support in the Soviet Union. The people there wanted to improve their economy.

As the Soviet Union changed, people in the Eastern European countries it controlled demanded change too. In 1980, a labor union for shipyard workers in Poland opposed Communist rule. Finally, in 1989, they forced Poland to hold free elections for the first time.

The victory in Poland inspired others who opposed communism. All over Eastern Europe, demonstrators filled the streets. Borders opened up. Communist governments collapsed. In Germany, thousands of East Germans crossed into West Germany. The government opened the Berlin Wall. People came with hammers and chisels to knock it down. The Berlin Wall had divided the Communist and free parts of the city. In 1990, East Germany and West Germany were united.

Meanwhile, in the Soviet Union, Gorbachev faced opposition on two sides. Some wanted him to move faster to make changes. Some hard-line Communist leaders wanted him to stop reforms. They tried to take back control. Other leaders backed Gorbachev. Some 50,000 people surrounded the parliament building to protect it from hard-line soldiers. In the end, the hard-liners were not successful. The Communist Party lost power. Fifteen republics of the Soviet Union broke away to become independent countries. On December 25, 1991, Gorbachev announced that the Soviet Union no longer existed.

#### New Directions in Foreign Policy

The end of the Cold War reduced world tensions. However, there were still challenges. In 1989 President Bush sent troops to Panama to take control away from its leader.

#### Identifying

1. What two countries were involved in the Cold War?

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#### Marking the Text

2. Underline the reason that Gorbachev signed START.

#### Making Connections

3. How did the reforms in Poland affect other countries in Eastern Europe?

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#### Describing

4. What events led to the downfall of the Soviet Union?

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## New Challenges

### Lesson 2 The First President Bush, *Continued*



#### Listing

5. List two places where President Bush sent U.S. troops.

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#### Reading Check

6. Why did President Bush send U.S. troops to the Middle East?

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#### Marking the Text

7. Underline the sentences that define *downsizing* and *bankrupt*.

They arrested him for selling and shipping drugs. Panama held elections and formed a new government.

Communist China started to change. It slowly gave its people more freedom to buy, sell, and make things. But its people still had no political freedom. In 1989, many students and workers demanded freedom. They gathered in Tiananmen (tee•AHN•ahn•men) Square in the capital city of Beijing (BAY•ZHING). The government called in troops to stop the protest. Hundreds of protesters were killed. Bush spoke out strongly against the killings.

In 1990 Iraq's dictator Saddam Hussein sent troops to invade Kuwait. Kuwait is a small country near Iraq. It is rich in oil. President Bush demanded that Hussein's forces leave Kuwait. Hussein refused. Bush then called on other nations to form a **coalition** against Hussein. First they bombed Iraq. Then the coalition sent troops to drive Iraq out of Kuwait. The Persian Gulf War was over in just six weeks.

As the Soviet Union collapsed, Communist Yugoslavia fell apart too. It was made up of several republics. In the early 1990s, Slovenia, Croatia, and Bosnia-Herzegovina all declared their independence. Another part of Yugoslavia, called Serbia, claimed parts of Croatia and Bosnia for itself. A civil war broke out. Serbia helped Serbs in the other countries to fight against the new governments. Serbs were accused of mass killings of civilians in the war. Thousands of people died before NATO troops stopped the fighting. The opposing sides signed a peace plan called the Dayton Accords in 1995.

## Bush and Domestic Policy

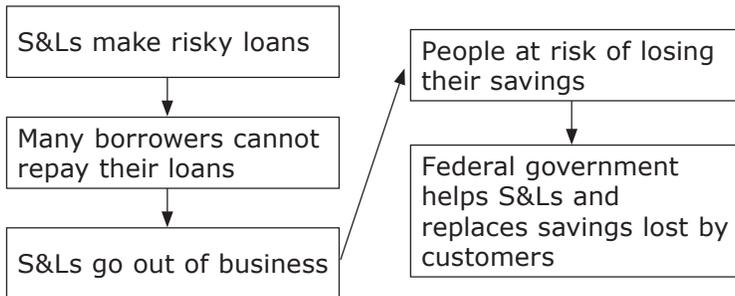
At home, the economy slid into a recession. The end of the Cold War was partly to blame. The government cut its military spending. This hurt defense-related industries. Many workers in these industries lost their jobs. Other businesses also **downsized** by laying off some of their workers. Some could not pay their debts and became **bankrupt**. Some people believed that more government spending would help the economy. President Bush disagreed. He refused government involvement except to extend jobless benefits.

The nation's savings and loan associations (S&Ls) were hit very hard. S&Ls are like banks that make loans to homebuyers. President Reagan had reduced the regulations on S&Ls. This meant that S&Ls could make riskier loans.

**New Challenges**

**Lesson 2** The First President Bush, *Continued*

When people could not pay back the loans, many S&Ls went out of business. The government paid about \$160 billion so the S&Ls would not fail and so that people who had savings in these S&Ls would not lose their money.



President Bush worked with Congress on several important measures. Congress passed an updated Clean Air Act to reduce air pollution. The Americans with Disabilities Act banned discrimination against people with disabilities. It also improved access to workplaces, transportation, and housing. Bush also created the Office of National Drug Control Policy to fight the war on illegal drugs.

**Check for Understanding**

**When did the Cold War begin? Why did the Cold War end in 1991?**

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**Name two actions that President Bush took to prevent Iraq from taking over Kuwait.**

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**✓ Reading Check**

**8.** Why did so many S&Ls fail?

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**FOLDABLES®**

**9.** Place a two-tab Foldable along the dotted line to cover Check for Understanding. Write *Factors of the Bush Presidency* on the anchor tab. Label the top tab *Domestic Challenges* and the bottom tab *Foreign Events*. List the facts that you remember about the problems at home and abroad during the Bush presidency. Use your Foldable to help answer Check for Understanding.



## New Challenges

### Lesson 3 Toward a New Century

#### ESSENTIAL QUESTION

*How do governments change?*

#### GUIDING QUESTIONS

1. *What positive and negative events occurred in the Clinton administration?*
2. *Why was the United States divided politically during a time of economic prosperity?*

#### Terms to Know

**grassroots movement** a movement made up of individuals and small groups in multiple locations around the nation who join together for a shared goal

**deficit spending** spending more money than is received and creating debt as a result

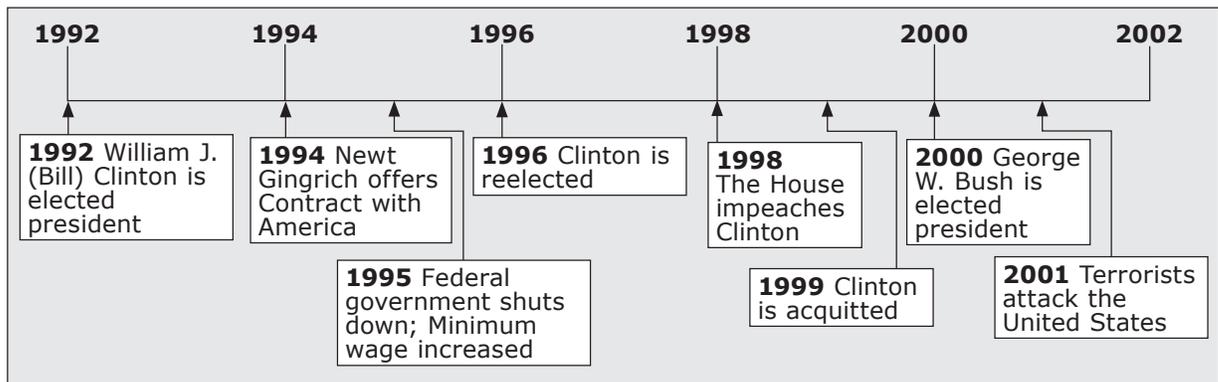
**gross domestic product** the value of all goods and services produced in a nation in one year

**perjury** the act of lying after swearing to tell the truth

#### Where in the world?



#### When did it happen?



**New Challenges**

**Lesson 3** Toward a New Century, *Continued*

**The Clinton Presidency**

At the end of President George H.W. Bush’s term, the economy was still a problem. In the election of 1992, the president faced Democratic candidate Bill Clinton. Another candidate also entered the race. Ross Perot, a wealthy businessman, was unhappy with both candidates. Perot was worried about the government’s **deficit spending**. For a long time, the federal government had been spending more money than it was taking in.

People in local communities started a **grassroots movement**. They wanted to make Perot a third-party candidate for president. He received more votes in the election than third-party candidates usually do. But Clinton won the election, beating Bush and Perot.

President Clinton worried about the deficit, too. He proposed cutting spending and raising taxes for middle class and wealthy Americans. Poor people would pay less. Congress passed Clinton’s plan by a very small amount.

Clinton wanted to change the nation’s health care system so that more Americans could afford health care. Many members of Congress thought Clinton’s plan cost too much money. They argued that it made the government too big. So they defeated it. However, Congress later passed laws to improve health care for children and the elderly. Clinton had other successes in getting his programs enacted into law.

**Other Major Clinton Successes**

- The Brady Bill, requiring a waiting period and background checks to buy handguns
- Crime bill that banned many kinds of assault weapons and provided for 100,000 new police officers
- The Family and Medical Leave Act allowing workers time off for special family situations
- An agreement with Congress to balance the federal budget
- An increase in the minimum wage for workers
- Changes in welfare laws to set a work requirement and put a time limit on benefits

 **Marking the Text**

1. Underline the names of the candidates for president in 1992. Who won the election?

\_\_\_\_\_

 **Defining**

2. What is deficit spending?

\_\_\_\_\_

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 **Applying**

3. Check where leadership comes from in a grassroots movement.

- local communities
- party leaders

 **Listing**

4. List four of Clinton’s achievements.

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## New Challenges

### Lesson 3 Toward a New Century, *Continued*



#### Describing

5. How did the 1994 elections change Congress?

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#### Defining

6. Perjury is a type of \_\_\_\_\_.



#### Identifying

7. How did NAFTA encourage trade?

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#### Listing

8. Name two areas of the world where Clinton worked to achieve peace.

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Many Republicans in Congress opposed Clinton's plans. Led by Newt Gingrich, they came up with the Contract with America in 1994. It called for a smaller federal government, a balanced budget, and lower taxes. In the 1994 mid-term elections, Republicans won a majority in both houses of Congress for the first time in 40 years.

The new Congress and President Clinton soon clashed over the federal budget. Both sides refused to give in. Then the federal government ran out of money. It shut down for nearly a month. Many government services stopped. Government workers went without pay. Finally, Congress passed a bill that balanced the budget.

The nation's economy grew steadily. One way to measure the size of an economy is by the **gross domestic product**, or GDP. This is the value of all goods and services a nation produces in a year. As the GDP grew, the government collected more taxes. At the same time, the government cut spending. By 1998 the United States had the first budget surplus in 30 years.

Clinton was reelected to a second term in 1996. The strong economy helped keep him popular. However, personal scandals threatened his presidency. Clinton was accused of helping to set up illegal loans when he was governor of Arkansas. During that investigation, he was accused of an improper relationship with a White House worker. He was also accused of lying under oath when he was asked about it. This kind of lying is called **perjury**. It is against the law. The House voted to impeach the president for this crime, but the Senate did not convict him. He stayed in office.

Clinton also faced challenges in foreign policy. He believed the nation would benefit if trade with Mexico and Canada was easier. In 1993, Congress approved the North American Free Trade Agreement (NAFTA). This treaty ended tariffs on Canadian and Mexican goods sold in the United States and on U.S. goods sold in Canada and Mexico. Not everyone agreed with NAFTA. People who supported it thought (1) businesses could export more goods, and (2) prices would be lower for Americans. People who opposed it thought (1) U.S. workers would lose jobs, and (2) farmers would be hurt by cheaper farm imports.

Clinton worked for peace in the Middle East. In 1993 Israel agreed that the Palestine Liberation Organization (PLO) represented the Palestinians. The PLO said Israel had a right to exist. However, violence continued. Clinton worked for peace in the former Yugoslavia. He led peace

**New Challenges**

**Lesson 3** Toward a New Century, *Continued*

talks to end civil war in Bosnia. Later, U.S. and NATO forces forced the Serbs to leave the region of Kosovo.

**A New President for a New Century**

When Clinton left office, the budget was balanced. The economy was strong. Democrats nominated Vice President Al Gore in 2000. Republicans chose George W. Bush, son of former president George H. W. Bush. They disagreed on most issues. Ralph Nader ran as a third-party candidate.

The election of 2000 was very close. Gore won more popular votes. However, neither candidate had a clear majority of electoral votes. There was a dispute over who won Florida’s electoral votes. The winner of Florida’s electoral votes would be president. It was so close, a recount began. Republicans and Democrats fought over how to recount Florida’s votes properly. The dispute finally went to the Supreme Court to be decided. The Court stopped the recount, and Bush became president.

Power had shifted between Democrats and Republicans. In 2002, Republicans gained control of both the House and the Senate.

President Bush worked to carry out his campaign promises. Congress passed a law to lower taxes. It also passed education reforms that required yearly testing to measure student performance in grades three to eight.

Bush believed new military programs would make America stronger and safer. However, the nation suffered a terrorist attack on September 11, 2001. It showed that a new kind of war threatened the United States.

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**Check for Understanding**

**What happened when Congress could not agree on the federal budget in 1995?**

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**List two issues that divided Americans during the Clinton administration.**

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**Identifying**

**9.** Which state determined the election of 2000?

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**Reading Check**

**10.** What was George W. Bush’s policy on education?

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**11.** Use a three-tab Venn diagram Foldable and place it horizontally along the dotted line. Write the title *Federal Budget 1995* on the anchor tab. Label the left tab *Democrats*, the middle tab *Congress*, and the right tab *Republicans*. Write facts about each to compare and contrast opinions and consequences. Use your Foldable to help answer Check for Understanding.



## New Challenges

### Lesson 4 The Global War on Terror

**ESSENTIAL QUESTION**  
*Why does conflict develop?*

- GUIDING QUESTIONS**
1. *What events occurred on September 11, 2001?*
  2. *Why did Bush lose support during his second term?*
  3. *Why did Americans choose Barack Obama as president in a historic election?*

**Terms to Know**

**terrorism** violence committed in order to frighten people or governments into granting demands

**insurgent** a person who revolts against a government or others in power

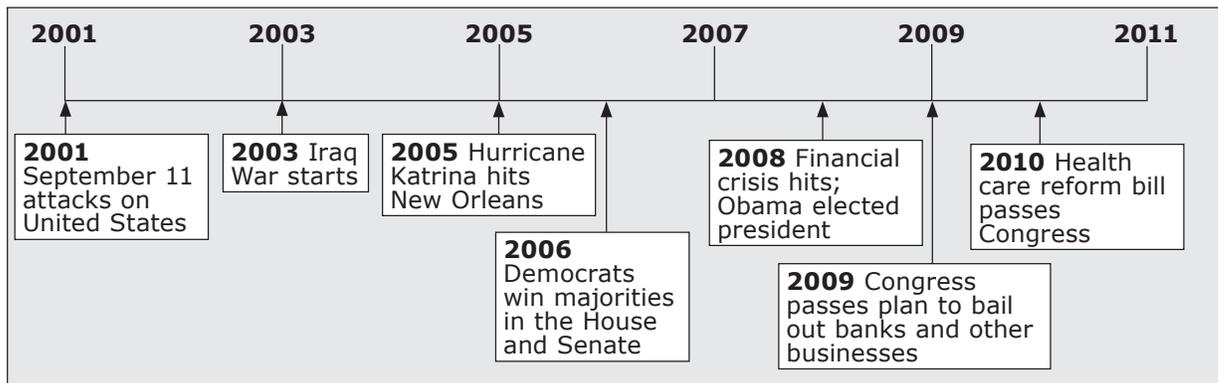
**levee** high walls or an embankment to prevent flooding in low-lying areas

**bailout** a rescue, such as from financial ruin

### Where in the world?



### When did it happen?



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## New Challenges

### Lesson 4 The Global War on Terror, *Continued*

#### The Day That Changed the Nation

On September 11, 2001, terrorists attacked the United States. Using airplanes as weapons, they killed nearly 3,000 people. Two planes crashed into New York City’s World Trade Center. One crashed into the Pentagon in Washington, D.C. A fourth crashed in a field in Pennsylvania. Passengers had attacked the terrorists before the plane reached its target.

The events of September 11 were acts of **terrorism** that were planned by a group in the Middle East called al-Qaeda. Terrorism is violence meant to frighten people or governments into granting demands. Osama bin Laden was the leader of al-Qaeda. It is a small group of Muslims who believe terrorism should be used against those who do not share their beliefs. Most of the world’s 1 billion Muslims reject this kind of thinking.

In Afghanistan, the Taliban controlled the government. It supported bin Laden. It allowed him and his followers to live in the country and plan the attack. President Bush asked the Taliban to turn over bin Laden. The Taliban refused. Bush sent troops to Afghanistan. American troops, and those from several other countries attacked. The Taliban government fell, but bin Laden escaped.

Americans worried about future attacks from terrorists. Bush believed that Saddam Hussein, the leader of Iraq, was hiding dangerous weapons that could cause mass destruction. Bush worried that Hussein might give these weapons to terrorist groups.

The president decided to send U.S. troops to Iraq. In 2003, troops from the United States and a few other countries bombed and invaded Iraq. Hussein fell from power, but the fighting did not end. Rebel groups, or **insurgents**, continued to fight. Other groups in the country also began fighting among themselves. Often, the American troops were caught in the middle.

The war continued and American casualties increased. None of the dangerous weapons were ever found. More Americans began to question the war. Eventually, Iraq held democratic elections.

#### A Second Bush Term

Bush won a close race for president against Senator John Kerry in 2000. During his second term, the war on terrorism raised questions about civil liberties. Civil

#### Sequencing

- Number these events in the order in which they happened.
  - \_\_\_ United States attacks Afghanistan
  - \_\_\_ Hussein is removed from office
  - \_\_\_ al-Qaeda in Afghanistan plans attacks
  - \_\_\_ Taliban government falls
  - \_\_\_ United States sends troops to fight in Iraq
  - \_\_\_ Terrorists attack the United States

#### Marking the Text

- Underline the definition of terrorism.

#### Reading Check

- What did President Bush think that Iraq was hiding?

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**New Challenges****Lesson 4** The Global War on Terror, *Continued***Explaining**

4. What did President Bush believe about the prisoners at Guantanamo?
- \_\_\_\_\_

**Reading Check**

5. What did the Supreme Court rule about the prisoners at Guantanamo Bay?
- \_\_\_\_\_

**Marking the Text**

6. Underline the name of the storm that hit New Orleans.

**Determining Cause and Effect**

7. Why did this storm do so much damage?
- \_\_\_\_\_
- \_\_\_\_\_

**Reading Check**

8. What made the election of 2008 historic?
- \_\_\_\_\_
- \_\_\_\_\_

liberties are basic rights. Americans debated what to do with suspected terrorists and certain others captured in the fighting. Some of these prisoners were sent to the U.S. naval base in Guantanamo Bay, Cuba. In Cuba, they were given only limited rights. President Bush believed the prisoners were illegally fighting for the enemy. The prisoners wanted the right to be heard in court.

The prisoners' case made its way to the Supreme Court in 2004. The Supreme Court said the prisoners did have some legal rights. Later, the Supreme Court said the prisoners could not be tried in military courts. Bush also appointed two new conservative Supreme Court justices.

In the summer of 2005, a very strong hurricane hit New Orleans and the Gulf Coast of the United States. Along the Mississippi River, **levees** had been built to keep floodwater out of the city. These levees were not strong enough to stop damage from Hurricane Katrina. Much of the city of New Orleans was flooded. The floods left thousands of people homeless. At least 1,800 people died.

It took the local, state, and federal governments a long time to help the people who were trapped by the flood. President Bush said that federal funds would help rebuild the city. By this time, the president was losing support.

In 2006, the Democrats won the majority in both houses of Congress. The president said his plan was to send more troops to Iraq to win the war. Many Democrats called on the president to set a date for when the troops would leave Iraq. The war was dividing Americans.

**A Historic Change**

The 2008 elections made history. Barack Obama, a senator from Illinois, was the Democratic candidate. He was the first African American to be the presidential candidate of a major party. Sarah Palin, the governor of Alaska, was the Republican candidate for vice president. She was the first Republican woman to run on a presidential ticket.

The weak economy concerned many Americans. Then in the fall of 2008 a severe financial crisis hit the nation. Voters seemed to blame the Republicans for the crisis. Obama won the election easily and the Democrats won majorities in both the House and the Senate.

Obama faced the major economic crisis as soon as he took office. He proposed a spending bill that included benefits for the jobless, tax cuts for workers, and funding to create jobs. Congress passed the bill. Obama also

**New Challenges**

**Lesson 4** The Global War on Terror, *Continued*

thought a **bailout** for some companies was needed. Critics said that the measures cost too much. They worried about the national debt, which was already very high.

Obama had promised to fight to change the health care system. He wanted to make health care less expensive. Also, millions of Americans had no health insurance. Obama wanted them to be able to get coverage. Finally, a bill was passed and became law in 2010.

Critics of Obama's reforms said they cost too much money. The national debt continued to grow. Some protested at "tea parties." These were named after the protesters who threw tea into Boston Harbor in 1773. In 2010, Republicans gained control of the House and won more seats in the Senate. They promised to overturn the health-care reform and make deep cuts in spending.

Obama had promised to end the war in Iraq. By August 2010, combat operations by American troops had ended. Some troops stayed to help the government keep order.

In Afghanistan, fighting continued. Obama sent more troops to help in the fighting. The Taliban and al-Qaeda remained a serious threat. However, Obama pledged to begin removing troops in mid-2011. In May 2011, U.S. forces finally located and killed Osama bin Laden in Pakistan.

In the Middle East, protesters succeeded in overthrowing dictatorships in Tunisia and Egypt. In Libya, a dictator used force to try to stop protestors. The United States joined with other countries to stop these attacks against his people. It was not clear how much or how long the United States would be involved.

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**Check for Understanding**

**Why did President Bush lose popular support?**

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**List two foreign countries in which President Obama faced challenges.**

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**Explaining**

**9.** Why did critics argue against Obama's plan for the economic crisis?

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**Stating**

**10.** When did U.S. combat operations end in Iraq?

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**11.** Use a three-tab Foldable and place it along the dotted line. Write the title *Challenges of G.W. Bush Presidency* on the anchor tab. Label the left tab *9-11-2001*, the middle tab *Guantanamo Bay*, and the right tab *Katrina*. Identify the president's response to each and summarize the effects of his decisions.



## New Challenges

### Lesson 5 Twenty-First Century Challenges

#### ESSENTIAL QUESTION

*How do new ideas change the way people live?*

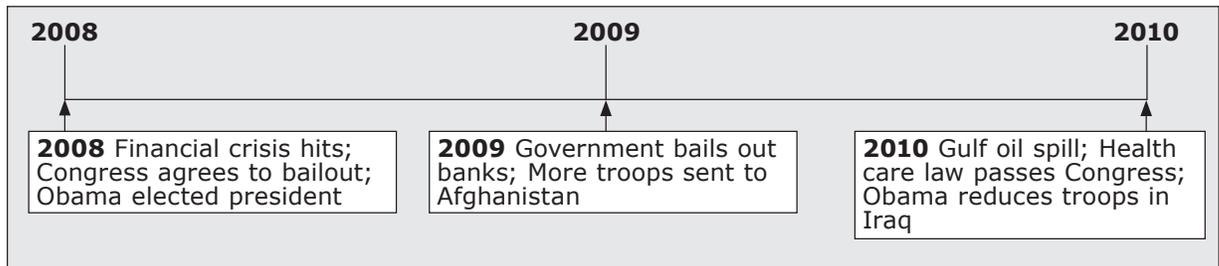
#### GUIDING QUESTIONS

1. *How did the global economy benefit from technology but suffer during the financial crisis?*
2. *What are the key environmental and social issues facing the U.S.?*

#### Terms to Know

- interdependent** relying on each other
- globalization** the increasing economic interaction between people, companies, and governments of different nations
- trade deficit** what happens when the value of imports is greater than the value of exports
- free trade** the free flow of goods and services among countries through the removal of tariffs and other trade barriers
- outsourcing** the practice of moving production of goods or services to another location where the cost of labor is cheaper
- acid rain** rain containing high amounts of chemical pollutants from the burning of fossil fuels

### When did it happen?



### What do you know?

In the first column, answer the questions based on what you know before you study. After this lesson, complete the last column.

Now...		Later...
	What invention triggered the technology revolution?	
	How did the changes in technology change businesses around the world?	

**New Challenges**

**Lesson 5** Twenty-First Century Challenges, *Continued*

**The Global Economy**

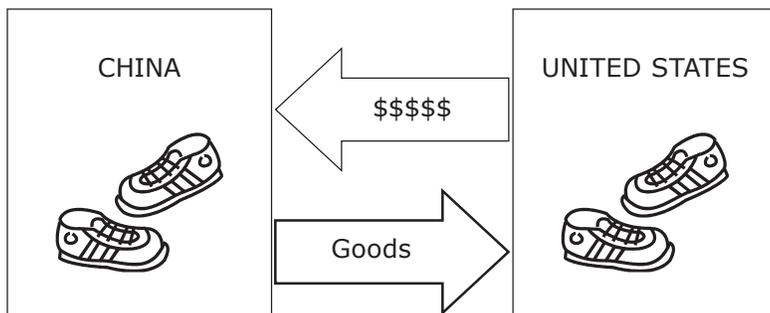
Today, the countries of the world are **interdependent**. That means that the health of one country's economy depends on the health of other countries' economies. What happens in one place often affects what happens somewhere else in the world. Countries rely on each other for raw materials and markets to sell goods. Most nations take part in a global economy.

The most important growth in the new global economy is related to the development of computers and other technology. Scientists developed the integrated circuit in the 1960s and microprocessors in the 1970s. This made it possible to make small, fast computers that store a lot of information.

New technology helped the global economy grow. Then, in 2008, a major financial crisis hit the United States. It affected other countries, too. American banks had been making risky home loans. Many people could not pay back their loans. Some of them lost their homes. As the economy slowed, people stopped buying things. Businesses slowed down. People lost their jobs. Some banks did not have enough money to make new loans. These banks were at risk of going out of business. This became the worst economic crisis since the Great Depression of the 1930s.

By 2011, the economy was growing again. But unemployment was still high and many people were struggling to recover from economic problems.

Technology has helped lead to **globalization**, or the linking of the world's economies and societies. Businesses and people talk to one another and share information all over the globe. Technology has made trade between countries easier and much more common.



**Ab C** **Marking the Text**

- Underline the words in the text that show the meaning of the word *interdependent*.

**?** **Determining Cause and Effect**

- What was the initial cause of the financial crisis?

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**Eye** **Analyzing Visuals**

- Based on the diagram, which country is buying the goods? Which is collecting the money?

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**New Challenges****Lesson 5** Twenty-First Century Challenges, *Continued* **Analyzing**

4. Why might free trade agreements lead to outsourcing?

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 **Marking the Text**

5. Underline the text that explains the possible effects of outsourcing.

 **Describing**

6. What are some of the effects of acid rain?

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 **Identifying**

7. What area was affected by the oil spill in the Gulf of Mexico?

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The United States is a leader in world trade. However, it buys many more goods from other countries than it sells. This causes a **trade deficit** because more money leaves the country than is taken in.

To help Americans sell products in other countries, many presidents have supported **free trade**. Free trade means removing barriers to trade, such as tariffs. NAFTA is a free trade agreement which got rid of tariffs on goods moving between the United States, Canada, and Mexico.

Some critics argue that these types of agreements lead to **outsourcing**. Outsourcing occurs when companies move the production of goods and services outside of the United States. Companies can pay lower wages to workers in foreign countries, which means the prices of the goods may go down. Some say outsourcing causes workers in the United States to lose their jobs. Others believe this process leads to economic growth which results in more and better American jobs.

**Challenges for the Future**

Globalization also affects the environment—the land, air, and water around us. Pollution in one place can affect the environment in other places. For example, the wind can carry air pollution far away. When oil or coal is burned, it pollutes the air. When this pollution mixes with water vapor in the air, it forms **acid rain**. Acid rain can damage trees and plants and spread pollution into lakes and rivers.

Oil is used to heat buildings, to make gasoline for cars and trucks, and to make many products. Americans use a lot of oil. The United States depends on other countries for most of its oil.

Oil is found deep below the surface of the earth. It is also found under the ocean floor. Because of advances in technology, oil drilling can take place in very deep water. In April 2010, workers in the Gulf of Mexico were drilling under the ocean floor. The rig they were working on exploded. Some workers died and many were hurt. The oil from under the ocean floor poured into the ocean. The oil polluted the waters for miles, traveling to the shores of Louisiana and along the Gulf Coast all the way to Florida. It took four months to stop the leak. The spilled oil killed many animals and damaged natural areas.

Many scientists think the Earth's climate is changing by getting warmer. If it continues to get warmer, many scientists predict there will be many floods in coastal

**New Challenges**

**Lesson 5** Twenty-First Century Challenges, *Continued*

areas. Many scientists believe pollution is causing climate change, although some disagree.

In March 2011, a large earthquake struck Japan. It caused a tsunami—a large ocean wave which flooded many areas. It also damaged a nuclear power plant which released radioactive material. Some of it reached the United States. These problems started the debate over the safety of nuclear power again. Many people are not sure if nuclear power is safe enough to use.

The U.S. population has continued to change and grow. Because of better health care, there are many more older people. Part of the growth is because of immigrants. For example, the Latino population in the United States grew from under 15 million in 1980 to about 50 million in 2010. Many immigrants have followed the nation's laws to enter the country. However, there are currently about 11 million immigrants who are in the country illegally.

Americans disagree about how illegal immigrants should be treated. Some think they should be given amnesty and made citizens. Others think the United States should work harder to prevent illegal immigration. An Arizona law created conflict by giving the police more powers to identify illegal immigrants. Debates over immigration have been common in United States history. The United States continues to draw immigrants because it offers hope and freedom.

//////////,Glue Foldable here//////////

**Check for Understanding**

List two things you think are positive effects of globalization.

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**How has technology helped the economy grow?**

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 **Reading Check**

**8. Summarizing** How has the population of the United States changed?

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**FOLDABLES**<sup>®</sup>

**9.** Place a one-tab Foldable along the dotted line to cover Check for Understanding. Write the title *Worldwide Economy* on the anchor tab. Write *Globalization* in the middle and draw five arrows around the title. List five words or phrases that you remember about globalization. Use your memory map to help complete Check for Understanding.