

CHAPTER
26

GUIDED READING *The New Global Economy*

Section 2

A. As you read this section, take notes to answer questions about the U.S. role in the changing world economy.

The Domestic Economy: Good News and Bad News	
1. What was the good news?	2. What was the bad news?

The Changing Domestic Economy	
3. What trends led to explosive growth in the service sector? How were workers affected?	
4. What trends led to explosive growth in temporary work? How were workers affected?	
5. What trends led to a sharp decline in manufacturing jobs? How were workers affected?	
6. What trends led to explosive growth in the high-tech industry? How were workers affected?	

The Changing Global Economy	
7. What trends affected international trade and competition? How did those trends affect U.S. businesses and workers?	

B. On the back of this paper, explain why **Bill Gates** is a significant figure. Then tell what **GATT** stands for and what it did.

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RETEACHING ACTIVITY *The New Global Economy*

Section 2

Choose the best answer for each item. Write the letter of your answer in the blank.

- _____ 1. The group that suffered the highest rates of unemployment during the 1990s was
a. women.
b. Hispanic Americans.
c. African Americans.
d. young people.
- _____ 2. Between 1993 and 1998, union membership in the United States declined by more than
a. 10 percent.
b. 20 percent.
c. 30 percent.
d. 50 percent.
- _____ 3. Bill Gates is the founder of
a. Microsoft.
b. Napster.
c. America Online.
d. NASDAQ.
- _____ 4. By the end of the 20th century, the percentage of the U.S. economy devoted to world trade was about
a. 15 percent.
b. 25 percent.
c. 40 percent.
d. 50 percent.
- _____ 5. The trade agreement that lowered trade barriers and established the World Trade Organization was
a. GATT.
b. NATO.
c. NAFTA.
d. NASDAQ.
- _____ 6. The main reason that some of U.S. businesses moved their operations to other countries during the 1990s was
a. stronger workers.
b. nicer climes.
c. lower wages.
d. greater health benefits.

CHAPTER
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GEOGRAPHY APPLICATION: MOVEMENT

The U.S. Trade in Goods

Section 2

Directions: Read the paragraphs below and study the map carefully. Then answer the questions that follow.

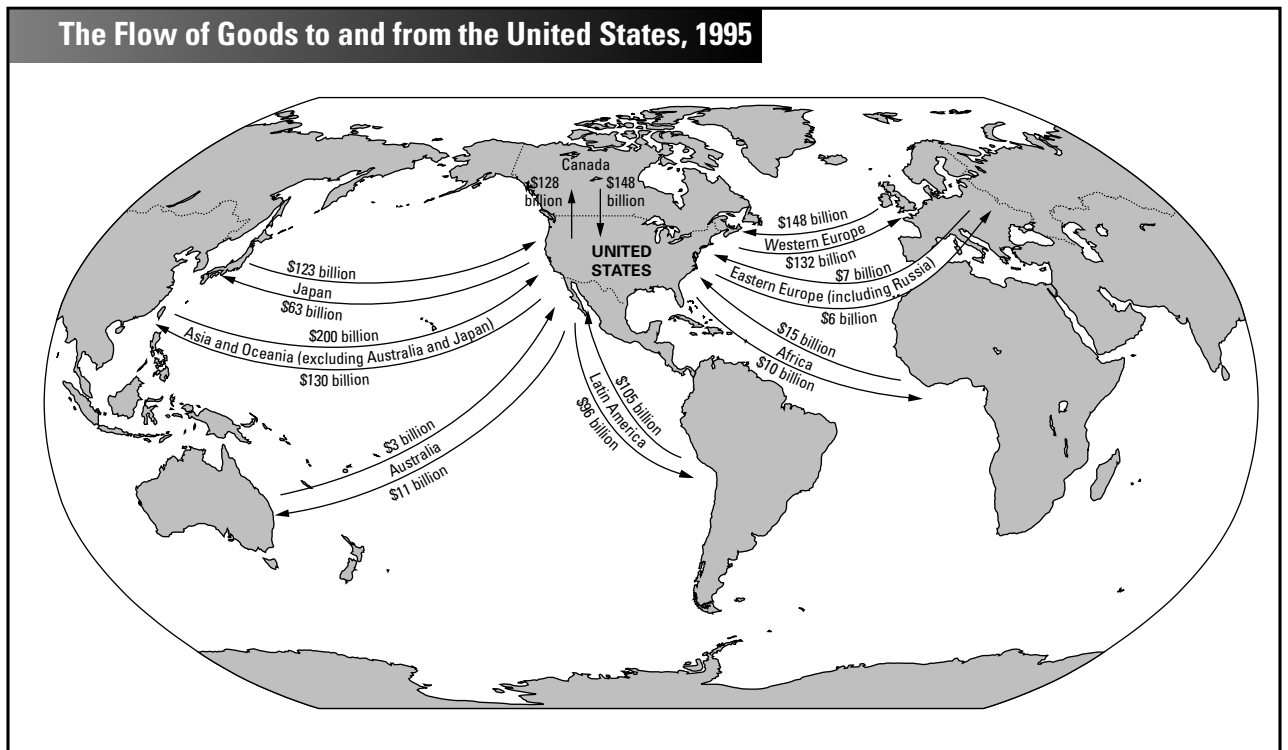
The United States is rich in resources and industrial output. However, no nation is self-sufficient—that is, able to provide for all of its material and industrial needs. The United States therefore trades with other nations for various foods, manufactured goods, and natural resources.

The United States is a world leader in foreign trade, selling to and buying from practically every other country. U.S. companies are part of an increasingly competitive and complex struggle to find international markets for goods. Major U.S. exports include office machines, road vehicles, transport equipment, electrical machinery, general industrial machinery, and various manufactured articles. The United States, on the other hand, imports large quantities of road vehicles, electrical machinery, petroleum, clothing, office machines, and telecommunications equipment.

Ideally, a country should maintain a favorable

balance in its foreign trade—that is, export as much as or more than it imports—in order to be economically sound. From around 1900 to the early 1980s, the United States sold more to the rest of the world than it bought, creating a surplus in the balance of payments. Since then, however, the opposite has become true: the United States now imports more than it exports, and this causes a deficit in the balance of payments. In 1995, for example, the United States imported \$749 billion in goods, but it exported only \$576 billion.

Some countries, such as Japan, achieve a favorable balance of trade mainly through protectionism—holding down imports by means of tariffs and quotas. Therefore, in the late 1990s, the United States sought to make competition in international trade more fair by asking Japan and other countries to modify their barriers on imports.



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Interpreting Text and Visuals

1. In 1995, how many dollars' worth of goods did the United States export to Canada? to Africa? _____

2. With which part of the world did the United States have a trade surplus? _____

With which part was the U.S. trade most nearly in balance? _____

3. With which part of the world did the United States have a nearly 2-to-1 trade deficit? _____

With which area was the U.S. deficit the greatest in terms of dollars? _____

4. On the map, the Middle East is included under "Asia and Oceania." What single commodity—item of trade—do you think accounted for a large share of Asia and Oceania's \$200 billion in exports to the United States?

5. In 1995, U.S. trade with Mexico amounted to \$46 billion in exports and \$62 billion in imports. Would the United States still have had a trade deficit with Latin America without Mexico's totals?

6. In recent years, many U.S. politicians have called for protectionist policies—quotas and tariffs—to reduce the flow of imports into the United States. Do you think such protectionism is an advisable way of improving the U.S. balance of trade? Why or why not?

CHAPTER
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Section 2

AMERICAN LIVES

Bill Gates

Never Taking Success for Granted

*"It's happening without us! People are going to write real software for this."
—Bill Gates, on seeing information about the first personal computer, 1975*

Bill Gates dropped out of college—and then became the world's youngest billionaire. He has had tremendous impact on the personal computer industry. His success was achieved because he never took success for granted.

Gates (b. 1955) became interested in computers when he was only 12. At the time, computers were huge and expensive, but he and some friends learned how to write programs that could run on the machines. They began to get contracts with local companies. However, their business crashed when companies learned that Gates and his friends were high-school students.

Gates went to college, but his life changed in his sophomore year. A friend, Paul Allen, read an article about a new machine—the first personal computer. Gates was distressed. The new world of personal computers, he worried, was about to pass him by. He decided to jump in. He worked day and night to write a programming language for the new machine—even though he did not have the computer on hand and was working only from a description. When he and Allen sold the program to the computer manufacturer, Gates left college to work in the industry full time. In 1975, he and Allen formed Microsoft.

With Gates working 70-hour weeks, the company did well in its early years. The big break came in 1980. IBM—a leading computer maker—decided to build its own personal computers. Microsoft won the contract to create an operating system for the new machines. Gates bought an existing program and then worked feverishly to change and improve it. The result was MS-DOS, short for the Microsoft Disk Operating System. This program became the basic instructions for all IBM and similar computers. Each time someone bought one of these machines, he or she bought Microsoft software. Microsoft's income soared.

By the mid-1980s, Microsoft had over \$100 million in sales and more than 1,000 employees. Gates decided it was time to move into new areas. One was applications software—the word processors

and spreadsheets that people use to get work done. Microsoft also introduced a new operating system called Windows aimed at making it easier to use IBM-style computers.

Windows did not sell well at first, its problems were corrected in new versions and the program became widespread. Microsoft continued to grow—in sales revenue, staff, products, and influence. Soon more than 90 percent of all personal computers in the world used DOS or Windows. The company, and Gates, became subject to increasing criticism. Competitors charged that Microsoft used unfair business practices. The federal government began investigating the possibility that Microsoft actions reduced competition in the industry.

Meanwhile, Microsoft continued to grow. Many expected Gates to sit back and relax, but nothing was more unlikely. He pushed for computers to handle multimedia programs. He ordered a complete overhaul of Windows. The new version was introduced in a worldwide media blitz in 1995. Gates followed this success by launching ambitious new ventures. Microsoft began to provide access to the Internet—the global network of computers—and to put Internet links in its other programs. The company formed an alliance with a television network to provide news via cable and computer.

These steps were prompted by Gates's drive. Many computer companies had risen to the top quickly—and fallen just as fast when the industry changed. Gates has determined that Microsoft would not be one of those that fell. He feels it can stay on top by constantly meeting new trends.

Questions

1. Identify one way in which computers have changed American life.
2. Would you say that Gates played it safe in his life or took risks? Explain your answer.
3. What led some computer companies to fall from their top positions, and how does Gates intend to prevent that from happening to Microsoft?