

A New Era Begins, 1989-Present

THE STORY MATTERS...

The Berlin Wall stood as a potent symbol of the division of the world into two hostile camps during the Cold War. From 1961 to 1989, the Berlin Wall separated West and East Berlin, dividing families and limiting travel across the border. In a major Cold War speech in 1987, U.S. president Ronald Reagan stood in front of the Brandenburg Gate of the Berlin Wall as he challenged the Soviet leader: “Mr. Gorbachev, tear down this wall!” In 1989 the East German government finally ended the political division between West and East.

Lesson 34-3

Asia and the Pacific

READING HELPDESK

Academic Vocabulary

unify sector evident

Content Vocabulary

per capita one-child policy
deflation corruption

ESSENTIAL QUESTIONS

- What motivates political change?
- How can economic and social changes affect a country?

IT MATTERS BECAUSE

China has taken giant steps toward becoming an economic world power. Meanwhile, Japan’s economy has suffered in recent decades. There is an uneasy peace between North Korea and South Korea, which are very different countries.

China After Mao

GUIDING QUESTION *What political and social changes has China undergone in the late twentieth and early twenty-first centuries?*

After the death of Mao Zedong in 1976, the new government in China under the leadership of Deng Xiaoping (DUHNG SHYOW • PIHNG) called for Four Modernizations—new policies in industry, agriculture, technology, and national defense. For more than 20 years, China had been isolated from the technological advances taking place elsewhere in the world. To make up for lost time, the government invited foreign investors to China. The government also sent thousands of students abroad to study science, technology, and modern business techniques.

A new agricultural policy began. Collective farms could now lease land to peasants who paid rent to the collective. Anything produced above the value of the rent could be sold for profit. Peasants were also allowed to make goods to sell. By adopting this practical approach, China began to make great strides in ending its problems of poverty and underdevelopment. **Per capita** (per person) income, including farm income, doubled during the 1980s.

Housing, education, and sanitation improved. Both agriculture and industrial output skyrocketed.

Despite such achievements, many complained that Deng Xiaoping’s program had not achieved a fifth modernization—democracy. People could not directly criticize the Communist Party. Those who called for democracy were often sentenced to long terms in prison. The problem intensified in the late 1980s. More Chinese studied abroad and learned about the West. As the economy prospered, students and other groups wanted better living conditions and greater freedom. In the late 1980s, rising inflation led to growing discontent among salaried workers, especially in the cities. **Corruption** and special treatment for officials and party members led to increasing criticism as well. In May 1989, student protesters called for an end to the corruption and demanded the resignation of China’s aging Communist Party leaders. These demands received widespread support from people in the cities. Discontent led to massive demonstrations in Tiananmen Square in Beijing.

Deng Xiaoping believed the protesters were calling for an end to Communist rule. He ordered tanks and troops into the square to crush the demonstrators. Between 500 and 2,000 were killed and many more injured. Democracy was a dream.

Throughout the 1990s and into the 2000s, China’s human rights violations, its determination to unify with Taiwan, and its increasing military power created international concern.

China’s neighbors, especially Japan, India, and Russia, fear the active role China is playing in its area of the world. To Chinese leaders, however, such actions represent China’s rightful role in the region.

For now, a strong patriotism seems to be on the rise. This is encouraged by the government as a means of holding the country together. When China was selected to host the 2008 Olympic Games, the Chinese celebrated enthusiastically. The event seemed to symbolize China’s emergence as a major national power on the world stage.

Problems remain for China, however, under the leadership of President Xi Jinping. For example, there is continuing unrest among China's national minorities. This is especially true in Tibet, where the Chinese government has violently suppressed Tibetan culture.

READING PROGRESS CHECK

Identifying What is the "fifth modernization," and how has China failed to achieve it?

Chinese Society and Economy

GUIDING QUESTIONS *What political and social changes has China undergone in the late twentieth and early twenty-first centuries? How has modern China become a world economic power?*

From the start, the Communist Party wanted to create a new kind of citizen, one who would give the utmost for the good of all China. In Mao's words, the people should "be resolute, fear no sacrifice, and surmount every difficulty to win victory."

During the 1950s and 1960s, the Chinese government began to allow women to take part in politics and gave them equal marital rights—a dramatic shift. After Mao's death, family traditions returned. People now had more freedom in everyday matters and had better living conditions. Married couples who had been given patriotic names chose more elegant names for their own children. Clothing choices were no longer restricted to a baggy "Mao suit." In contrast, today, wealthy, young Chinese purchase luxury brands from Europe and North America and wear the latest fashion.

Mao's successors have followed one of his goals to the present day—the effort to control population growth. In 1979 the state began advocating a **one-child policy**. Incentives such as education benefits, child care, and housing were offered to couples who limited their families to one child. The policy has successfully decreased China's population growth rate. China's population growth rate has declined from 2.2 percent in 1970-1975 to an estimated 0.5 percent in 2010-2014. An unintended effect has been an aging population. Life expectancy is increasing, but the birth rate remains low. Because of these unintended consequences, Chinese officials announced the end of the one-child policy in 2015. Chinese families are now permitted to have two children instead of one.

After the Tiananmen Square demonstrations, the Chinese government adopted a policy of promoting rapid economic growth while cracking down harshly on political dissenters. Especially noticeable was the attempt to win middle-class support in the cities by guaranteeing more consumer goods.

During the 1990s, growth rates in industry remained high, leading to predictions that China would become one of the economic superpowers of the twenty-first century. Domestic capital in China became available to compete with the growing presence of foreign enterprises. The government also shut down inefficient state enterprises. By

the early 2000s, the private sector accounted for more than 10 percent of the nation's gross domestic product. A stock market opened. At the same time, China was strengthening international trade relations. China joined the World Trade Organization in 2001 and normalized trade relations with the United States in 2002.

Rapid economic change, however, never comes without cost. Workers in Chinese factories complain about poor working conditions and low salaries, leading to labor unrest. Many farmers are also unhappy. They earn only about half the salary of urban workers. In desperation, millions flee to the big cities, where they are forced to live in pitiful conditions in tenements.

READING PROGRESS CHECK

Summarizing What negative effects has rapid economic change had on China?

Japan

GUIDING QUESTION *What changes have occurred in Japan from the 1990s to the present?*

Between 1950 and 1990, Japan became the greatest exporting nation in the world. It also developed the world's largest economy after that of the United States. Some economists even predicted that Japan would pass the United States as the world's largest economy by 2010. At the end of the 1980s, however, a collapse of the Japanese real estate market sent the economy into a tailspin.

By the 1990s, the Japanese economy had slipped into a recession that has largely continued until the present day. Job security declined as large numbers of workers were laid off. Many older Japanese saw their savings decline. Retirement programs were increasingly strained by the demands of a rapidly aging population. Japan today has the highest proportion of people more than age 65 of any industrialized country in the world—22 percent of the country's total population of about 127 million. Furthermore, the Japanese population started declining in 2004. It is estimated that by 2060, the population will fall to approximately 87 million and 40 percent of the population will be aged 65 or older.

For more than 20 years, Japan has witnessed slow economic growth and a decline in prices, known as **deflation**. A crisis of confidence has led to deep pessimism about the future and a decline in spending, especially among young Japanese who have now known nothing other than economic decline.

In recent years, Japanese consumers have also complained about a decline in the quality of some domestic products. Even the Japanese automaker Toyota was faced with quality problems in its best-selling fleet of cars. In 2014 and 2015, defective airbags produced by the Japanese supplier Takata were recalled in more than 30 million U.S. vehicles.

The country's economic decline was evident when China passed Japan in the second quarter of 2010 as the world's second-largest economy behind the United States.

Despite government attempts to stimulate the economy in 2010, Japan faced a growing government debt and increasing rates of poverty.

On March 11, 2011, Japan received another crushing blow as a result of a devastating natural catastrophe. An offshore earthquake produced a gigantic tsunami, or tidal wave, that destroyed cities and farmland on the northeast coast. Recorded at 9.0 on the Richter scale, it was the most powerful quake to hit a country that was accustomed to periodic earthquakes. Thousands of people were killed, the overwhelming majority of whom died by drowning, and hundreds of thousands were left homeless. Authorities began a massive rescue and recovery effort.

The tsunami also damaged the nuclear power plant at Fukushima Daiichi and created the worst nuclear disaster since the accident at Chernobyl in Ukraine in 1986. Leaks of radioactive gas into the atmosphere not only endangered the lives of many Japanese but also brought threats of radioactive contamination to Japan's food supplies. Japanese officials worked overtime to contain the damage and created an evacuation zone around the plant where it was deemed unsafe for people to live. Years later, there are still 110,000 evacuees from Fukushima living in other areas of Japan.

Prime Minister Shinzo Abe has put forth a *1/3 arrows* strategy to improve the Japanese economy by focusing on bold monetary policy, flexible fiscal policy, and a growth strategy to increase private sector investment.

READING PROGRESS CHECK

Making Connections What factors have affected Japan's economy since the 1990s?

The Koreas

GUIDING QUESTION *What are the major differences between North Korea and South Korea?*

Although the Korean War ended in 1953, political tensions between North Korea and South Korea continue to threaten the peace between the two countries, primarily due to North Korea's nuclear weapons program. At the same time, South Korea has become one of the strongest economies in Asia.

North Korea

North Korea has experienced two leadership transitions since the end of the Cold War. After the death of Kim Il Sung in 1994, his son Kim Jong il rose to power. Then following Kim Jong Il's death in 2011, his son Kim Jong Un became North Korea's leader at the young age of 29. Under all three leaders in its history, North Korea remained an isolated country under a communist military dictatorship.

North Korea is plagued by internal social and economic problems. Droughts and famines during the 1990s led North Korea to seek assistance from the United Nations and the United States. Economic problems forced the North Korean government to devalue its currency in 2009. The UN Food and Agriculture Organization

estimates that one in four children in rural North Korea is underweight. In 2015 more than 40% of the entire North Korean population was undernourished.

The controversy surrounding North Korea and its nuclear program began in 1994 when Kim Jong Il announced his country's intent to withdraw from the Treaty on the Non-Proliferation of Nuclear Weapons (NPT). Following negotiations, North Korea agreed to freeze its nuclear program in exchange for U.S. foreign aid. This agreement collapsed in 2002. In August 2003, multinational negotiations began anew to persuade the regime to suspend its nuclear program and an agreement was reached in 2005.

North Korea's nuclear program has caused considerable tension between North Korea and South Korea. These tensions were exacerbated in 2009 after a North Korean rocket launch. There have been other incidents as well. In a 2010 sinking of a military ship that killed 46 soldiers, South Korea blamed North Korea for the attack. Conflict continued in late 2010 between the two countries following the live-artillery firing on an island off the coast of South Korea.

South Korea

Unlike North Korea, South Korea has experienced a growing democracy beginning in the late 1980s. National elections held in 1987 removed former military leaders from power, replacing them with civilian leaders, including President Roh Tae-woo. South Korea's democratization process resulted in direct presidential elections, the expansion and increased participation of civil society groups, and civilian control over the military. There have been several peaceful transfers of presidential power since the 1987 elections. Park Geun-hye became the first female president of South Korea in 2013.

South Korea has a strong economy but has faced economic challenges in response to regional and global economic downturns. The country experienced a currency crisis in response to the Asian financial crisis of 1997 following the collapse of Taiwan's banking industry. But South Korea's strong educational institutions and economic policies enabled it to weather the 2008 global economic crisis with an unemployment rate of 3.8 percent in 2009.

Culturally, South Korea is changing rapidly as almost every household has high-speed Internet and cell phones. South Korean television and movies have great popularity throughout Asia, and education remains the number one priority. The third largest group of international students in the United States comes from South Korea.

READING PROGRESS CHECK

Identifying What has led to increased tensions between North Korea and South Korea in recent decades?

Southeast Asia and South Asia

GUIDING QUESTION *What different economic and political issues have affected the countries of Southeast Asia and South Asia since the 1990s?*

Since 1990, most countries in Southeast Asia have experienced strong economic growth. Especially strong economies are evident in the Philippines, Indonesia, Malaysia, Singapore, Thailand, and Vietnam. But Myanmar, Cambodia, and Laos have not kept pace.

In recent years, some Southeast Asian societies have once again moved toward democracy. However, serious troubles remain. The financial crisis of the 1990s aroused political unrest in Indonesia. For a long time, Myanmar has remained mired in brutal military rule. However, recent elections in November, 2015, when Aung San Suu Kyi's League for Democracy won a landslide victory, has opened the door to the beginnings of democracy in Myanmar. Although the Philippines is democratic, terrorism remains a challenge. Muslim rebels on the island of Mindanao, for example, have used terror to promote their demands for independence. Regional cooperation continues through the Association of Southeast Asia Nations (ASEAN), which fosters trade among Asian states.

South Asia comprises the states of India, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, and the Maldives. Important developments in South Asia since the 1990s are the growing economic power of India, the continuing rivalry between India and Pakistan, and the instability in Pakistan.

India

During the early 1990s, the Congress Party remained the leading party in India. New parties, such as the militantly Hindu Bharata Janata Party (BJP), competed with the Congress Party for control of the central and state governments. After a series of coalition governments headed by the BJP leader A. B. Vajpayee between 1996 and 2004, the Congress Party returned to power at the head of a coalition government based on a commitment to maintain economic growth and to carry out reforms in rural areas. These reforms included public works projects and hot lunch programs for all primary school children. Manmohan Singh, who had carried out economic reforms in India in 1991 as finance minister, became prime minister. The BJP returned to power in 2014 under the leadership of Narendra Modi. In 2015 Modi had high job approval ratings at home and signed important investment deals abroad.

India's economy has emerged as one of the world's largest and fastest growing. Economic reforms in 1991 fostered foreign investment and began to move India toward a market-based economy. Although agriculture is still the occupation of many Indians, the service and industrial sectors now account for much of India's GDP.

Western companies outsource jobs in the information technology, distribution, call centers, and other sectors to India. Many economists believe that India is a rising economic superpower and may have the world's third largest economy by 2035.

Conflict between Hindus and Muslims has continued, and religious differences have fueled a long-term dispute between India and Pakistan over Kashmir, a territory between the two countries. The danger escalated in 1998 when both countries tested nuclear warheads. Border conflicts in 2002 led to threats of war, but in 2003 the countries agreed to a cease-fire across the line of control that separates Kashmir and restored diplomatic relations. After the 2008 attacks in Mumbai, India, talks between India and Pakistan over Kashmir deteriorated but then improved again briefly in 2010 when the Indian government announced amnesty for fighters from Kashmir. Fighting and shelling across the line of control erupted again in late 2014 and continued into 2015.

Pakistan

After her dismissal by the military on charges of corruption, Benazir Bhutto was reelected as president in 1993. She attempted to crack down on opposition forces but was removed once again in 1997 amid renewed charges of corruption. Her successor, too, was ousted in 1999 by a military coup led by General Pervez Musharraf, who promised to restore honest government.

In September 2001, Pakistan became the focus of international attention when a coalition of forces arrived in Afghanistan to overthrow the Taliban regime. Despite considerable support for the Taliban among the local population, President Musharraf pledged his help in bringing terrorists to justice. By 2003, problems had escalated. As Musharraf sought to fend off challenges from radical Muslim groups, secular opposition figures criticized his regime's authoritarian nature. Exiled, Bhutto planned her return, calling it her "destiny."

She did return to Pakistan early in 2008 to run for president, but she was assassinated. This led to widespread suspicions of official involvement. In September 2008, amid growing political turmoil, Bhutto's widower, Asif Ali Zardari, was elected president of Pakistan. After accusations of **corruption** and **corruption** impairment of misuse of public funds, Mamnoon Hussain of the Pakistan Muslim League was integrity, virtue, or moral principle elected into office in 2013. Nawaz Sharif, who had served as prime minister for much of the 1990s, became prime minister in 2013. Terrorism and extremism continue to challenge Pakistan. In December 2014, a horrific terrorist attack on a school killed 140 young children in Pakistan.

READING PROGRESS CHECK

Describing What political changes have India and Pakistan experienced in recent decades?

REVIEWING VOCABULARY

| | |
|-------------------------|---|
| per capita | per person |
| one-child policy | China's effort, between 1979 and 2015, to control population growth; incentives such as education benefits, child care, and housing were offered to couples who limited their families to one child |
| deflation | a contraction in the volume of available money or credit that results in a general decline in prices |
| corruption | impairment of integrity, virtue, or moral principle |