

INDUSTRIALIZED NATIONS AFTER THE COLD WAR

As you read this section in your textbook, complete the chart below to compare and contrast developments in industrialized nations after the Cold War.

Europe	Russia/United States	Asia
<ul style="list-style-type: none"> • 1991—Germany is reunified. 	<p>Russia</p> <ul style="list-style-type: none"> • _____ • _____ • _____ • _____ • _____ • _____ • _____ <p>United States</p> <ul style="list-style-type: none"> • _____ • _____ • _____ • _____ 	<ul style="list-style-type: none"> • _____ • _____ • _____ • _____ • _____

CHAPTER
34
SECTION 1

Section Summary

INDUSTRIALIZED NATIONS AFTER THE COLD WAR

READING CHECK

Which four Pacific Rim countries are called the "Asian tigers"?

VOCABULARY STRATEGY

What does the word *inflation* mean in the underlined sentence? Think about what happens when you *inflate* a tire. In this sentence, *inflation* refers to prices. If prices are *inflated*, would you expect them to be higher or lower? Use these clues to help you understand the meaning of *inflation*.

READING SKILL

Compare and Contrast Compare and contrast the U.S. economy in the early 1990s with the economy in the early 2000s.

The beginning of a new global economy began with the end of the Cold War. The division between communist Eastern and democratic Western Europe crumbled. Business and travel became easier. At the same time, new challenges emerged, including a rise in unemployment and in immigration from the developing world. One exciting change was the reunification of Germany. However, East Germany's economy was weak and had to be modernized.

In the 1990s, the European Economic Community became the **European Union (EU)**. The **euro** soon became the common currency for most of Western Europe. By the early 2000s, more than a dozen countries had joined the EU, including some Eastern European nations. The expanded EU allowed Europe to compete economically with the United States and Japan. However, older members of the EU worried that the weak economies of Eastern European nations might harm the EU. Most Eastern European nations wanted to join NATO, too.

After the breakup of the Soviet Union, Russia struggled to forge a market economy. Unemployment and prices soared, and criminals flourished. In 1998, Russia **defaulted** on much of its foreign debt. High inflation and the collapse of the Russian currency forced banks and businesses to close. When **Vladimir Putin** became president in 2000, he promised to end corruption and strengthen Russia's economy. However, he also increased government power at the expense of civil liberties.

After the Cold War, the United States became the world's only superpower. It waged wars in the Middle East and started peace-keeping operations in Haiti and the former Yugoslavia. An economic boom in the 1990s produced a budget **surplus** in the United States. Within a decade, however, slow economic growth and soaring military expenses led to huge budget **deficits**.

The **Pacific Rim** nations have become a rising force in the global economy. Following World War II, Japan became an economic powerhouse and dominated this region. However, by the 1990s, Japan's economy began to suffer, and Taiwan, Hong Kong, Singapore, and South Korea surged ahead. These "Asian tigers" have achieved economic success, due in part to low wages, long hours, and other worker sacrifices.

Review Questions

1. When did the global economy begin to develop?

2. What economic challenges did Russia face after the breakup of the Soviet Union?
