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## JANUARY

- 1 New Year's Day
- 4 25th anniversary of the death of T.S. Eliot, U.S.-British author
- 7 Coptic Orthodox Christmas
- 15 U.S. federal holiday honouring Martin Luther King, Jr.
- 15 Bicentenary of the arrival of the British ship *Bounty* at Pitcairn Island. The ship was burned eight days later to conceal the whereabouts of the crew that mutinied against Capt. William Bligh
- 24 25th anniversary of the death of Winston Churchill, British leader during World War II
- 26 Australia Day
- 27 Chinese New Year's Day

## FEBRUARY

- 6 Waitangi Day; 150th anniversary of the treaty that gave Britain sovereignty over New Zealand
- 11 Foundation Day; commemoration of the founding of Japan in 660 bc
- 14 Valentine's Day in U.S.
- 19 30th birthday of Prince Andrew, first child born to a reigning British monarch since 1857
- 19 U.S. observance of the birthday of George Washington
- 21 25th anniversary of the death of Malcolm X, prominent U.S. black militant leader
- 27 Mardi Gras, a day of often riotous celebrations on the eve of Ash Wednesday, the beginning of Lent

## MARCH

- 7 25th anniversary of the historic first Selma to Montgomery (Ala.) voting rights march
- 15 15th anniversary of the death of Aristotle Onassis, Greek tycoon
- 17 St. Patrick's Day
- 18 25th anniversary of the death of Farouk I, king of Egypt until his ouster by Gamal Abdel Nasser
- 21 Holi, a fun-filled Hindu festival associated with the splashing of coloured water on passersby
- 24 10th anniversary of the murder of Roman Catholic Archbishop Oscar Romero in El Salvador
- 27 Projected first day of Ramadan, a month of fasting for Muslims

## APRIL

- 2 150th anniversary of the birth of Émile Zola, French novelist
- 10 Jewish festival of Passover
- 13 Good Friday
- 15 Easter in the Western and Eastern Christian churches
- 17 Bicentenary of the death of Benjamin Franklin, U.S. scientist, printer, and diplomat; he helped frame the U.S. Declaration of Independence and Constitution
- 21 Birthday of Queen Elizabeth II
- 25 'Id al-Fitr, end of the Islamic month-long fast of Ramadan
- 27 25th anniversary of the death of Edward R. Murrow, U.S. radio and television broadcaster

## MAY

- 1 May Day; International Labour Day
- 4 10th anniversary of the death of Josip Broz Tito, longtime leader of Yugoslavia
- 7 150th anniversary of the birth of Peter Tchaikovsky, Russian composer of classical ballet scores
- 13 Mother's Day in U.S.
- 21 Victoria Day in Canada
- 27 150th anniversary of the death of Niccolò Paganini, popular Italian violin virtuoso and composer
- 28 U.S. observance of Memorial Day
- 30 30th anniversary of the death of Boris Pasternak, Russian Nobel laureate in literature, whose works include *Doctor Zhivago*

## JUNE

- 2 150th anniversary of the birth of Thomas Hardy, English novelist
- 12 Philippine Independence Day
- 13 25th anniversary of the death of Martin Buber, esteemed German-Jewish religious scholar
- 15 775th anniversary of the day King John of England placed his royal seal on the Magna Carta
- 17 Father's Day in U.S.
- 21 20th anniversary of the death of Sukarno, first president of independent Indonesia
- 25 40th anniversary of North Korea's invasion of South Korea; an estimated five million people died in the war that followed

## JULY

- 1 Canada Day, formerly called Dominion Day, which commemorates the unification of the provinces of Canada in 1867
- 3 Centenary of Idaho's statehood. One week later Wyoming became the Union's 44th state
- 4 U.S. Independence Day
- 17 Bicentenary of the death of Adam Smith, Scottish economist and author of *The Wealth of Nations*
- 27 10th anniversary of the death of Mohammad Reza Pahlavi, autocratic ruler of Iran until January 1979
- 29 Centenary of the death of Vincent van Gogh, Dutch Expressionist painter

## AUGUST

- 2 Islamic New Year's Day, provided the Moon is actually sighted
- 6 Annual Hiroshima peace festival
- 11 Centenary of the death of John H. Newman, leader of the Oxford Movement in the Church of England and later a Roman Catholic cardinal
- 11 25th anniversary of the outbreak of racial riots in the Watts section of Los Angeles
- 20 50th anniversary of the murder of Leon Trotsky near Mexico City
- 24 Tercentenary of the founding of Calcutta, India
- 27 25th anniversary of the death of Le Corbusier, renowned architect and city planner

## SEPTEMBER

- 3 Labour Day in U.S. and Canada
- 11 40th anniversary of the death of Jan Smuts, South African scholar, military officer, and politician
- 17 10th anniversary of the death of Anastasio Somoza, last of the Somoza family to rule Nicaragua. In 1979 he went into exile in Paraguay, where he was slain
- 20 Rosh Hashana, Jewish New Year
- 27 150th anniversary of the birth of Thomas Nast, U.S. cartoonist
- 28 20th anniversary of the death of Gamal Abdel Nasser, Egyptian army officer and politician
- 29 Yom Kippur, or Day of Atonement; holiest day of the Jewish year

## OCTOBER

- 2 Chusok, Korean Moon festival, a joyous three-day family celebration
- 8 Thanksgiving Day in Canada
- 11 Centenary of the founding in Washington, D.C., of the Daughters of the American Revolution
- 12 Columbus Day
- 14 Centenary of the birth of Dwight Eisenhower, 34th president of the U.S. and army general
- 22 25th anniversary of the death of Paul Tillich, German-U.S. theologian and philosopher
- 22 15th anniversary of the death of Arnold Toynbee, English historian
- 24 United Nations Day
- 31 Halloween

## NOVEMBER

- 7 Anniversary of the Bolshevik Revolution in Russia (1917)
- 8 30th anniversary of the election of John F. Kennedy as 35th U.S. president. He was slain in 1963
- 8 Centenary of the death of César Franck, Belgian-French composer and organist
- 9 50th anniversary of the death of Neville Chamberlain, British prime minister who strove to prevent World War II by appeasing Hitler
- 11 Veterans Day in U.S.; Remembrance Day in Canada
- 14 150th anniversary of the birth of Claude Monet, French Impressionist
- 22 Thanksgiving Day in U.S.

## DECEMBER

- 2 First Sunday of Advent
- 8 10th anniversary of the murder of John Lennon, British musician and member of the Beatles
- 12 First day of Hanukkah, the Jewish Festival of Lights
- 16 25th anniversary of the death of W. Somerset Maugham, English author
- 21 50th anniversary of the death of F. Scott Fitzgerald, author of *The Great Gatsby*
- 25 Christmas Day
- 26 Centenary of the death of Heinrich Schliemann, German archaeologist who excavated ancient Troy
- 26 Boxing Day in Britain and in many of its former colonies



# The New Face of Eastern Europe

## A Photo Essay

Winston Churchill, Franklin Roosevelt, and Joseph Stalin met in Yalta in February 1945 to draw up a blueprint for postwar Europe. That plan effectively sealed the fate of Eastern Europe for more than 40 years. Three months later Berlin fell to Soviet troops, but jubilation soon gave way to new dangers. Soviet tanks would roll into battle to suppress rebellions in Eastern Europe. The Berlin Wall would come to signify the cold war fiercely waged by the U.S. and the U.S.S.R. for some four decades. Then, almost overnight, winds of change turned into a tornado. In a year of drama unmatched in modern history, government after government collapsed in Eastern Europe. No longer able to stifle cries for freedom, East Germany allowed hundreds of thousands of its citizens to swarm through openings in the Berlin Wall to see for themselves how life was lived in the West. But the shape of things to come was not yet clear. The Soviet Union was in turmoil and the fate of Soviet leader Mikhail Gorbachev in doubt. One thing only was sure: 1989 was but the first chapter in a story still unfolding. The pictures on the following pages capture brief moments of history that reshaped the world in 1989.



(ABOVE) THE GRANGER COLLECTION; (ABOVE RIGHT) NOVOSTI/ISOVOTO; (BELOW) JACQUES WITT—SIPA





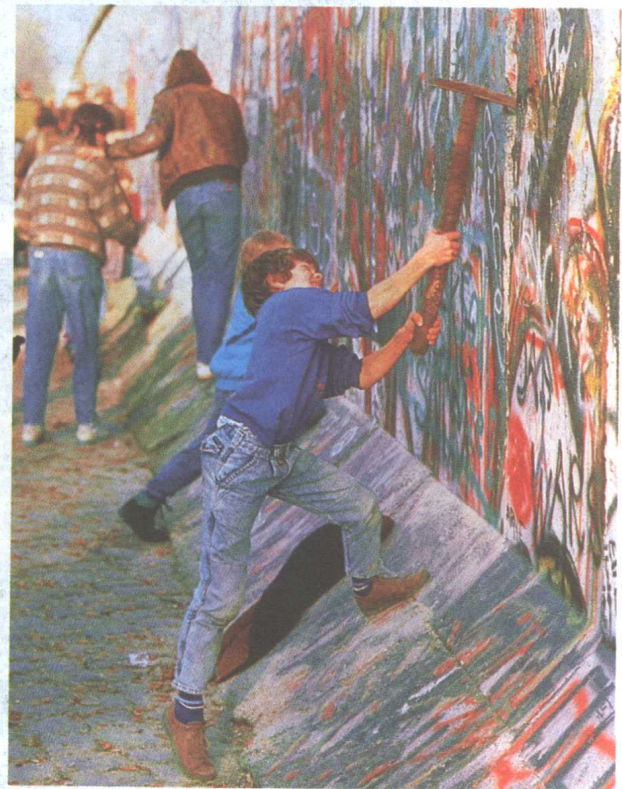


(LEFT) CAMERA PRESS/GLOBE PHOTOS; (ABOVE) FENNO JACOBS—BLACK STAR

## East Germany

For decades East Germany was a model hard-line Communist state. Deep inside its borders lay Berlin, the old capital of Germany, now divided into four zones of occupation. In 1948, in an effort to drive the Western powers out of Berlin, the Soviet Union blocked road and rail access to the city. U.S. Pres. Harry Truman responded with the Berlin airlift. During the next 11 months, well over two million tons of food, medicine, fuel, machinery, and other vital supplies were flown into the beleaguered city. Then, in 1961, desperate to stop the flight of East Germans to the West, the government created the Berlin Wall. Two days after the first barbed wire barricades went up, an East German guard leaped to freedom. Escape routes, including second floor windows in nearby buildings, were sealed one by one. Chris Geoffroy was one of many would-be escapees who never made it.

J. LANGEVIN—SYGMA



HENRI CARTIER-BRESSON—MAGNUM





By the spring of 1989 East Germans by the thousands were fleeing to the West through other Eastern European countries. In mid-October, after massive demonstrations in Leipzig and elsewhere, Erich Honecker was ousted after having ruled the country for 18 years. The country had reached a point of no return. On November 7 and 8 the demoralized prime minister, his Cabinet, and most of the Politburo resigned. On November 10, with official approval, hundreds of thousands of East Germans swarmed through openings in the Berlin Wall. With hammers, chisels, picks, and make-do tools, Germans on both sides of the graffiti-scarred wall began to pry away souvenirs.



(TOP) AP/WIDE WORLD; (CENTRE) GUSTAVO GILBERT—JB PICTURES; (RIGHT) EASTLIGHT/SABA





# Hungary

Hungary was the first Eastern European nation to revolt openly against Soviet domination. In July 1953 Imre Nagy came to power. He was a committed Marxist but was even more devoted to his native land. The reforms he introduced to improve Hungarian life so distressed Moscow that Nagy was dismissed in 1955 and expelled from the party. In October 1956 a peaceful antigovernment demonstration turned violent when troops were ordered to fire into the crowd. When army troops joined

(RIGHT) GILLHAUSEN—STERN/BLACK STAR; (BELOW) P.E. VARKONYI—INTERFOTO MTI/ISOVOTO



the protesters, a revolution was under way. Emboldened citizens mocked Stalin by severing the head of a huge bronze statue. Nagy was restored to power while Moscow temporized. The die was cast on November 1 when Hungary announced its withdrawal from the Warsaw Pact. Three days later Soviet troops seized control of Budapest, and the revolt was over. Nagy was captured and, in 1958, hanged. By June 16, 1989, the country had again changed so dramatically that Nagy's remains were removed from a potter's field and reburied with honours during an emotional ceremony attended by as many as 300,000 Hungarians. In late November, for the first time in 42 years, Hungarians voted in a free national election.

(LEFT) HORST SCHAFER—GLOBE PHOTOS; (BELOW) E. FRIEDMANN—INTERFOTO MTI/ISOVOTO







(ABOVE) STERN/BLACK STAR; (BELOW CENTRE) FILIP HORVAT—SABA

## Czechoslovakia

The winds of political change also swept rapidly across Czechoslovakia. On November 24, just hours after some 350,000 Czechoslovak citizens gathered in Prague for the eighth consecutive day to demand democracy, Milos Jakes, head of the Communist Party, and other top leaders resigned. The crowd, brutally clubbed by police just a few days earlier, responded to the news by dancing in the streets. Alexander Dubcek, whose tenure as premier and program of liberalization (Prague Spring) had been abruptly terminated when Soviet-led Warsaw Pact troops invaded Czechoslovakia in 1968, was elected president of Parliament on Dec. 28, 1989. The legislature then elected the dissident playwright Vaclav Havel president.

PABEL—STERN/BLACK STAR



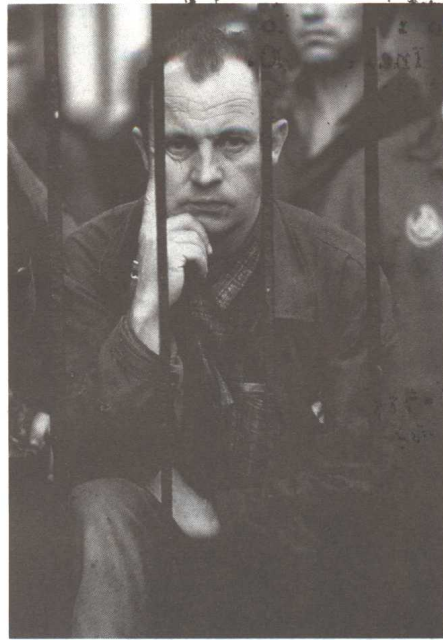
PETER TURNLEY—BLACK STAR





## Poland

Lech Walesa, an electrician in the Lenin Shipyard in Gdansk, planted the seeds of profound change in Poland when he organized a historic strike that led to the formation of the Solidarity trade union in September 1980. Less than 15 months later Solidarity was suspended, and then dissolved, by a government otherwise unable to meet the challenges the union posed. Nevertheless, the federation refused to die. Finally, desperate to secure the cooperation of the nation's work force, a reluctant government restored Solidarity's legal status in April 1989. In June Solidarity candidates scored a stunning victory in parliamentary elections. In August the unthinkable became reality: a prominent member of Solidarity became premier. It was the first instance of a non-Communist being chosen head of a Communist nation in Eastern Europe.



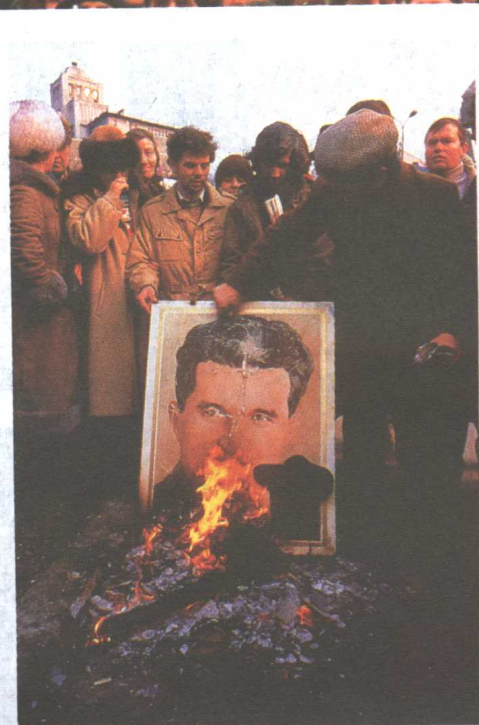
(ABOVE) TODD PANAGOPOULOS—PICTURE GROUP; (BELOW) CHRIS NIEDENTHAL/TIME MAGAZINE







(ABOVE) SYLVAIN JULIENNE—SIPA; (BELOW) LUC DELAHAYE—SIPA



## Bulgaria

Fully aware of what was happening in other Eastern European countries, Todor Zhivkov, Bulgaria's longtime leader, agreed to resign on November 10. Crowds vented their pent-up rage by angrily defacing Stalin's portrait. A new leader called for free elections in 1990.

## Romania

No ruler in Eastern Europe was more fanatic than Romanian Pres. Nicolae Ceausescu, who, during more than 20 years in power, had communicated a like fanaticism to his armed followers. As Communist governments began to collapse around him, Ceausescu vowed never to relinquish power. On December 22, however, menacing crowds defiantly burned his picture as Ceausescu fled for his life. He was captured, tried in secret, and executed on Christmas Day. Meanwhile, the bodies of thousands of his latest victims were being exhumed from mass graves near Timisoara.

(RIGHT AND ABOVE RIGHT) PANKOTAY—IMAPRESS/PICTORIAL PARADE







(ABOVE) BLANCHE—GAMMA/LIAISON; (LEFT) PETER TURNLEY—BLACK STAR



UPI/BETTMANN NEWSPHOTOS



## Soviet Union

In one way or another, Soviet leader Mikhail Gorbachev was largely responsible for the political transformation that occurred in Eastern Europe in 1989. Unlike his predecessors, he sought to foster change and even viewed *perestroika* (restructuring) as the Soviet Union's last best hope for the future. However, *perestroika* and *glasnost* (openness) were also fraught with danger. Republics within the Soviet Union began demonstrating for greater freedom, some even straining for total independence. Others were wracked by violent ethnic conflict that even riot-control troops found difficult to quell. Meanwhile, hard-line conservatives watched from the sidelines to see if Gorbachev could foster change while keeping it within manageable limits. If not, his political enemies were ready to pounce.



TASS/ISOVOTO



# The Future Has Started

BY THE RIGHT HONOURABLE BRIAN MULRONEY, PRIME MINISTER OF CANADA

The pace of change in international politics is straining mankind's capabilities of assimilation and assessment. In Western Europe, the outlines of a new supranationalism have become visible. In Central Europe, the echoes of history are heard again after 40 years of silence. And in Eastern Europe, Communism is in full-scale retreat under the implacable pressure of the truth and of rising expectations. In East-West relations, Yalta is yielding to Malta as the symbol of a new era. In Asia, countries that could scarcely feed themselves a generation ago have become dragons of economic competition. Almost everywhere, the computer and the microprocessor have revolutionized the ways we live and even the ways we think. And almost everywhere pluralistic democratic values—including economic liberty—dominate. When history turns this fast, statesmanship consists not so much in the control of events as in a sane response to them.

Meantime, the atrocities in Beijing (Peking) and Timisoara, the spectre of famine over the Horn of Africa, and the millions of children who die avoidable deaths each year remind us that not everything has changed.

It is clear that we are living in an age of expanding prosperity and economic opportunity, an age when swords might, at last, be beaten into plowshares. But it is also a time when new dangers will oblige us to broaden our definition of national security. Not long ago, national security was thought of almost exclusively in the traditional terms of diplomacy and belligerency, of deterrence and war. In latter years we have had to add economic competitiveness to our concept of security. Now we can perceive the outlines of more ominous threats of environmental degradation and social alienation, threats that are at once intrinsic and extrinsic to our societies.

Some of the features of the year 2000 are already clear. We know now that total world population will increase by one billion people, most of them in the poorer countries of the South. We know that this will mean accelerated industrial production, worldwide, and we know that will mean increased energy consumption. The world of the year 2000 is likely to be one of unprecedented economic prosperity, but with widening disparities between the richest countries and the poorest. Assuming progress can be made on the thorny question of debt, middle-income countries could grow briskly. Competition will be carried out on a global scale. A growing number of countries will acquire the capacity to produce sophisticated goods and services and to sell them abroad. Investment abroad will, perhaps, surpass exporting as the preferred means of conducting business internationally. It is certain to be an era of rapid technological change. The knowledge industry will predominate as information technology, materials science, and biotechnology evolve rapidly. Flexibility and adaptability will be the key. New production strategies, aimed at specific markets, will become increasingly important.

In this highly competitive environment, the quality of human resources will be a vital factor. Education systems will be decisive, and there will be a premium on scientific and engineering education. Since industry will

increasingly need to develop an international orientation, language training will be important, as will experience abroad. Retraining will be a standard feature of working life. No country will be able to enjoy an across-the-board technological leadership, and vast amounts of capital will be needed to sustain technological progress. Health technology, for example, will be much advanced, making health care still more expensive and straining our capacity to provide the best available care to all who need it. The environment will have become a truly global issue, and progress will depend on all countries embracing a new environmental ethic based on the concept of sustainable development.

**The Economic Revolution and Free Trade.** In the space of 30 years—one generation—an international economic revolution has taken place. In 1960 world exports totaled \$120 billion; in 1987 the figure was \$2.3 trillion. Then the United States accounted for half of the developed world's gross national product; now it accounts for about 35%. Then, thanks to the Marshall Plan, Europe was on the road to recovery; now it is on the road to becoming one of the world's most powerful economic units. Then Japan was regarded as a low-cost producer of low-quality goods; now it is respected as a world leader in technologically advanced manufacturing.

A parallel revolution has taken place in finance. Thanks in part to the integration of computers, telecommunications, and satellites, a worldwide market has been created, with trillions of dollars pulsating through the global village. From London to New York and Tokyo to Toronto, the world has become one enormous, integrated banking machine. At the same time, this global financial economy has lost its link to the "real" economy of goods and services. The flow of investment capital can determine the exchange rates of national currencies with scant regard for such fundamentals as purchasing power parity. No longer does the flow of merchandise trade between countries determine the comparative values of national currencies, nor does the international flow of capital exist to facilitate the exchange of goods between nations. Now the profit or loss from the exchange of currencies itself can dwarf the rewards to be gained from the production and sale of a product.

This economic revolution has presented nations with a stark choice: competitiveness or protectionism—the vanguard of prosperity or the rear guard of decline. In the 1988 general election, Canadians made their choice, and they chose the optimistic vision. At issue was the free-trade agreement between Canada and the United States. The government stressed that a new economic relationship with the U.S. was needed. In 1960 trade between the U.S. and Canada totaled about \$7 billion a year. It now amounts to an astonishing \$200 billion, the largest volume of trade between two nations in the history of the world. U.S. trade with Canada is larger than U.S. trade with the U.K., France, West Germany, and Italy combined, and the U.S. exports more to one Canadian province, Ontario, than it does to Japan. Canada is a nation of only 26 million people, heavily dependent on trade and living next



A currency trader signals a deal at Tokyo's Dollar Trading Centre. The revolution in computers and communications networks has opened up a global market where financial deals are negotiated internationally by computer.

E. MIYAZAWA—BLACK STAR



door to the largest and richest market on Earth. Almost 75% of our exports, worth \$108 billion, go to the U.S.

The growth in the size and breadth of the economic relationship between Canada and the U.S. outpaced the evolution of the international trading system. The General Agreement on Tariffs and Trade (GATT) rules were no longer sufficient for the scope and nature of the trade involved. Nor were the GATT rules likely to be updated as fully or as quickly as required. These factors, coupled with growing protectionist pressures in the U.S. that threatened to block our access to the market on which so many Canadian jobs depend, persuaded us that we needed a formal, bilateral agreement with the U.S. to complement our commitments to each other under the GATT.

Under the free-trade agreement, all tariffs on U.S. imports will be removed over the next 10 years. There will be no more U.S. quotas on Canadian uranium exports, no more U.S. import tax on Canadian oil exports, no more U.S. customs user fees on any Canadian exports. Most fundamentally, the agreement will replace the politics of trade with the rule of law, a feature that is of particular value to the smaller of the two partners. From now on, any U.S. trade legislation affecting Canada will have to be consistent with the agreement. From now on, all actions by the U.S. within the scope of the agreement—whether by the executive branch, the Congress, or independent regulatory bodies—will be subject to notification beforehand, to consultation, and, if necessary, to dispute-settlement procedures. From now on, final decisions on disputes regarding access to that vital market will be taken not just by Americans, as has been the case all too often in the past, but by Americans and Canadians together. This agreement builds on 50 years of bilateral and multilateral negotiations with the U.S. It takes a hodgepodge of existing agreements and ad hoc arrangements and translates them into a coherent and binding framework of rules tailored to the trade and investment realities of the 21st century.

In the U.S., our free-trade initiative was welcome. The Americans would benefit from more assured access to their largest market. Also, they wanted an instrument with which to counter rising protectionist pressure at home and abroad. By example, the free-trade agreement with Canada showed protectionists that selling into an expanding trading relationship was a better way to reduce

trade imbalances than impeding imports. The free-trade agreement is fully consistent with the GATT. In fact, many of the principles enunciated in the free-trade agreement are taken directly from the GATT. It raises no new barriers against any other nation. It extends trade policy frontiers, especially in services—including financial services—agriculture, investment, business travel, intellectual property, and dispute resolution.

Furthermore, the free-trade agreement was integral to our making Canada more competitive so we could develop markets abroad and meet competition from offshore. It is to make Canada more competitive that we have adopted a new element of our foreign trade policy called "Going Global," a program of trade and investment and science and technology initiatives, designed to position Canada strategically in its major markets—the U.S., Asia-Pacific, and Europe.

**The New Protectionism.** In 1983 our trade across the Pacific eclipsed our trade with Europe, and in 1989 our trade with Japan alone will be broadly equal to our trade with the four largest Western European countries combined. Four of our 10 largest markets are in Asia, and we expect that Canada's exports to this region will grow by another 50% by the year 2000. Despite the political, geographic, and cultural impediments to integration of the Asian countries, there is no doubt that a sense of community of interest is emerging there. This, combined with developments in Europe and North America, is generating fear in some quarters—both business and government—that regional blocs are inevitable and that the eclipse of the global trading system is only a question of time. The worry is that these blocs would favour freer trade among their component states but would raise barriers against third countries, thus promoting predatory, beggar-thy-neighbour policies with respect to trade and investment. Even the most cursory rereading of pre-World War II history makes clear that such an outcome would be very dangerous. Policies built on the mercantilist premise that the road to prosperity is a one-way street called export drive are not sustainable. No one would benefit if trade liberalization came to be regarded as a mug's game.

Mercantilist trade blocs are not inevitable, but if they are to be avoided we must guard against a drift into isolation and confrontation. The Uruguay round of GATT



negotiations is, in this sense, much more than just another round of trade liberalization talks. It is probably accurate to say that what is at issue in the Uruguay round is the future of economic multilateralism. But if the Uruguay round is a success, it will not be the definitive response to protectionism, nor will it blunt entirely any threat of the eventual emergence of trading blocs and the dangers they represent. That threat will still be present in the form of a new kind of mercantilism with nationalistic characteristics. It is apparent in a growing tendency in some quarters to seize and expand market share in technologically strategic industries, using a combination of national technology, trade, and competition policies.

Protectionism, until recently, has tended to be defensive, protecting declining industries with tariffs and with quotas, subsidies, and other nontariff barriers. The new threat to trade liberalization is offensive-minded. Taken together with the growing friction between the U.S., Japan, and Europe over conventional trade issues, this new, offensive strategy to dominate markets raises questions about the long-term viability of the free-trade ethic in international affairs. There are countervailing forces inherent in the process of globalization under way around the world, and the outcome is far from inevitable, but unchecked, high-tech mercantilism could well induce a drift into unilateralism, narrow reciprocity, more managed trade, and interbloc rivalry. Like agricultural subsidies, high-tech mercantilism could become a policy instrument available only to those major trading nations and trading companies with very deep pockets. In those circumstances, everyone else would lose, particularly the countries most dependent on foreign trade.

Canada has an enormous political and economic stake in keeping the system open. We already export 34% of what we produce, compared with 14% for Japan and 10% for the U.S. The challenge for all countries is to invest imagination and talent and wisdom in multilateral diplomacy rather than risk seeing the tendency to regional integration degenerate into neomercantilist, exclusionary blocs.

**Beyond Economics.** Leadership consists of recognizing world trends and acting to meet the challenges and to capitalize on the opportunities a new age presents. Interdependence makes this new age one of nearly boundless opportunities for those nations that are competitive, and

of nearly limitless vulnerability for those that are not. We do not, however, see economic excellence, in the sense of competitiveness and a strong economy, as some Darwinian end in itself. We see it as a means to an end—an end that liberates our creative spirit, secures our social contract, expands our economic opportunities, protects our natural environment, and enhances our role in world affairs.

These goals are shared, in varying degrees, by many nations, but only the competitive nations will be able to realize them. Competitiveness depends on cooperation between government and industry, between business and universities, and between employers and employees. However, it is unmistakably clear in Canada, as in other successful economies, that private-sector individuals and corporations, not governments, are creating the new wealth that makes progress possible. I strongly believe that the role of government is to articulate the national vision and to create an economic climate in which the private sector can succeed. The role of the private sector is to create the wealth that makes progress possible and to lead the way in making us competitive.

In the period since 1950, Canada's gross domestic product (GDP), in constant dollars, has increased fivefold. This has been a time of unprecedented prosperity, fueled by direct foreign investment in resource development, tremendous productivity improvement in our agricultural sector, and the growth of sophisticated automotive, aerospace, and other industries competing in a global economy. As our people have moved from farms to the city, we have become one of the most urbanized societies in the world. With a population that today totals only 26 million, we have built an economy that ranks eighth in the world. As a trading nation, we rank seventh in absolute terms. Canadians enjoy a standard of living second only to that of the U.S. But we are mindful of the fact that in the new global economy, we must compete successfully or stagnate.

Over the last four years, we began to change the direction of our country to prepare it for the world ahead. We restored investor confidence, through our emphasis on fiscal responsibility; encouraged private initiative, by reforming our tax system; dismantled barriers to investment that had been hampering economic growth and deterring risk-taking by industry. We launched a process



WIDE WORLD PHOTOS/CANAPRESS PHOTO

Canadian Ambassador Allan Gottlieb, U.S. Trade Representative Clayton Yeutter, and former U.S. treasury secretary James Baker express their approval as Pres. Ronald Reagan signs legislation implementing the U.S.-Canadian free-trade agreement in September 1988.



of deregulation and privatization. We undertook initiatives that will ensure our growth in the 1990s and into the 21st century—free trade with the U.S.; multilateral negotiations in the GATT; new support for science and technology; and new regional agencies to promote entrepreneurship and small and medium-sized business.

We have made social programs more responsive to the needs of Canadians in the 1980s and 1990s and more attuned to the times ahead. We are, for example, reforming the unemployment insurance system. Canadians need a better system, one that trains them for the jobs of the future, not one that compensates them for the loss of the dead-end jobs of the past. A fundamental objective of our economic agenda is to ensure that we can continue to afford the generous health and social programs that bring us both peace of mind and pride in our citizenship.

But fostering economic prosperity without strengthening national unity is like building on quicksand, and no economic indicator will ever express the value of social solidarity, tolerance, and generosity. In Canada the legacy of the constitutional debates of the 1980s included an imperfect constitution, modified without the consent of Quebec, home of the majority of our francophone population. This, to me, was as dangerous to the future of our country as was economic stagnation.

**The Living Constitution.** I have always thought of the Canadian constitution as the expression of our collective will, as Canadians, to live in harmony, share our security and prosperity, and leave a better country to the next generation. It should, therefore, be an instrument for fashioning our future. It is a living document, and like all living things it must evolve and grow. The essence of our country, the "soul" of Canada, the principles that have been central to our existence since confederation—these do not change. Times change, however, and conditions change, and the purpose of constitutional reform is to ensure that unchanging principles can be applied to changing needs and circumstances.

In 1867 the fathers of confederation recognized our linguistic duality and the distinctiveness of Quebec. They acted to build a strong Canadian economy. They recognized, even then, special needs and circumstances in the Maritime provinces. They were determined not only to defend our physical territory but to establish Canada's sovereignty, independence, and national identity. Over the years, successive generations of Canadians have built, and built well, on the unique and precious concepts—of equality, of partnership, of respect for diversity, of sharing—that are the foundations of our nationhood.

Sometimes they have done so through constitutional reform. More often they have done so through federal or provincial policies and legislation—the Official Languages Acts of New Brunswick and of the federal Parliament; the equalization formula to assist less wealthy provinces; multiculturalism. These concepts, together with Aboriginal rights, have been enhanced by constitutional action: responsibilities with regard to English and French in the Manitoba Act of 1870; the expansion of Canada, bringing in British Columbia in 1871, Saskatchewan and Alberta in 1905, and, in the east, Prince Edward Island in 1873 and Newfoundland in 1949. Patriation, breaking the constitutional tie to Britain, and amendments to the constitution came in 1982. Successive generations have responded to the physical and geographic challenges posed by Canada—building the railways, the St. Lawrence Seaway, the ports and airports and highways, the communications systems, the infrastructure that Canada needed. Over the years, Canadians have developed the means of expressing our



The author enjoys a laugh with Soviet Pres. Mikhail Gorbachev during a visit to the Soviet Union. Gorbachev's sweeping reforms had already sparked profound change across the face of the Soviet Union and Eastern Europe.

CANAPRESS PHOTO

culture and identity—in broadcasting, publishing, the arts.

We Canadians know that we are the most fortunate of nations in many ways. The innumerable conflicts that persist around the world teach us that our structure—a bilingual, multicultural, federal, diversified, and united country—is the right one for Canada. And we know that each new generation must live up to the challenge of making that concept flourish. The coexistence of English- and French-speaking Canadians without either group assimilating the other is fundamental to our identity; it is also a noble and uplifting goal that teaches us the value of tolerance and generosity.

While this makes us unique, it also presents a constant challenge. In November 1976 Quebecers elected a pro-independence government, but when a referendum on sovereignty-association—the greatest threat to Canadian unity—was held in 1980, a majority of Quebecers voted for the promise of a renewed federalism. When the prime minister and the provincial premiers agreed on patriation and amendment of the constitution on Nov. 5, 1981, however, Quebec was left out. This clearly could not be left for the next generation to try to sort out. The premiers of the 10 provinces shared my sense of urgency and, together, we concluded the Meech Lake accord, which reunited the Canadian constitutional family. Three provinces—New Brunswick, Manitoba, and Newfoundland—wish to see changes in the accord, but I remain confident that the larger vision of Canada will prevail. The Meech Lake agreement is central to the kind of country Canada will be in the year 2000 and how we will meet the competition.

**Canada and the World.** We are not a superpower, but in an age when international influence is increasingly a function of economic strength, we rank as a major player on the international scene. We enjoy the unique privilege, and advantage, of membership in the Commonwealth, La Francophonie, the Organization of American States, and the Group of Seven major industrialized democracies. We are taking an active part in the multilateral trade negotiations. Other nations look to Canada to play a constructive role on regional political and economic issues and to contribute to peacekeeping operations. Canada is proud of its tradition of nearly four decades of peacekeeping, a task we have always willingly assumed. Canada has



participated in virtually every UN peacekeeping force, and this contribution, costly and difficult though it has often been, has assisted in bringing stability to explosive regions of the world. Today a significant portion of our armed forces are either involved in peacekeeping or training for further duty in the service of peace. The award of the 1988 Nobel Peace Prize to the UN peacekeeping forces was a splendid tribute both to the UN secretary-general and to those courageous men and women who patrol the world's danger spots under the UN flag.

Nowhere are more profound changes occurring than in the Soviet Union and Eastern Europe. The iron curtain is coming down and the Berlin Wall is open. In Poland, Hungary, and Czechoslovakia, free elections are producing new governments and new institutions for a new age. East Germany, Bulgaria, and Romania are embarked on the same path. This has happened at a pace that has confounded almost all the pundits and encouraged men and women of good will everywhere. These are circumstances in which there need be no losers; with such reform, both sides can win.

This process has been triggered by the Soviet leadership's domestic political reform program and forthright assurances—in keeping with its undertakings at the Conference for Security and Cooperation in Europe—that all nations are entitled to choose, without interference, their own way of development. A sterile period of East-West confrontation is ending, and a time of immensely more fruitful relations is starting, an era that holds the promise of genuine democracy in Eastern Europe, more liberalized trade and investment opportunities across that vast region, more predictable relations with the Soviet Union, and reduced emphasis on defense.

Eventually, as governments enjoying the freely given support of their people continue to emerge in Eastern Europe, European stability will be put on a durable basis. Nevertheless, the transition period will have to be managed carefully. In fact, the people of Eastern Europe and the leadership of the Soviet Union are handling the changing situation very prudently. In these swiftly changing circumstances, NATO retains its importance. NATO is a political as well as a military organization

and is an indispensable part of the Western diplomatic infrastructure. It is the locus for discussion of the Western response to political change in the East and for coordinating positions in the crucial conventional arms reduction talks in Vienna and the superpower negotiations on strategic weapons in Geneva.

Elsewhere, we see less promise. The vicious cycle of repression and violence is unbroken in South Africa. We all know the cause: the massive and institutionalized violation of human rights called apartheid. International pressure on South Africa is increasing and, as the South African government itself has admitted, is having an impact. The entire world finds apartheid repugnant; the whole world must now join forces to bring it to an end. Canada has taken strong measures of its own to help rid the world of this unique evil. Trade with South Africa has been cut by 50% since we imposed sanctions. Agricultural trade has been stopped completely. Export credits have been cut off. And all high-level contacts have been proscribed.

**Crisis in the South.** The agenda of the new age will include topics that have entered the national consciousness only recently. Population growth, environmental deterioration, drug abuse, and social alienation—these issues will require foresight and leadership in unprecedented measure. None is as dramatic as war. None can galvanize public opinion the way war can. Ultimately, however, each presents grave threats to global security, and all demand we act cooperatively.

The demographics in the years ahead are chilling. In the next decade, when the world will add a billion people to its current population of five billion, 80% of the world's population will live in the poor countries of the South. These populations will make almost impossible demands on their governments for infrastructure, education, and shelter. They will place potentially unsustainable pressures on the environment for food, fuel, and resources. Deforestation, desertification, and destabilization are the quite-predictable results, with serious consequences for all of us. "Trouble spots" used to develop through the territorial ambitions of neighbours or the desire for hegemony. Now they are more likely to arise because of political instability

JIM PICKERELL—TSW-CLICK/CHICAGO LTD.

People crowd the streets of Cairo, which is one of the world's most densely populated cities. Within the next decade, the world's population is expected to increase by one billion people, most of whom will live in countries unable to support them.

