Special Report

BEYOND THE COLD WAR
A GLOBAL ASSESSMENT

1990

ASSOCIATION OF THE UNITED STATES ARMY

A CHRONOLOGY OF THE YEAR'S MOST SIGNIFICANT EVENTS

January 1 —Liberian coup attempt fails.
January 3 —Panama's dictator Gen. Manuel Noriega surrenders to U.S.
January 10 —Chinese premier lifts martial law in Beijing.
January 15 —Soviet troops sent to Azerbaijan to quell rioting.
February 2 —Bulgaria—Aleksander Lilov elected head of state.
February 11—Black African leader Nelson Mandela released after 27 years' imprisonment.
February 25—Nicaragua's Sandinista government defeated—Violeta Chamorro elected president.
March 10 —Haitian president resigns—Supreme Court Justice Ertha Pascal Trouillot assumes presidency.
March 11 —Lithuania declares independence from Soviet Union.
March 13 —Soviet Communist Party monopoly revoked.
March 16 —Shamir loses confidence vote—Israeli government fails.
March 21 —Namibia achieves independence.
March 28 —Lithuania suspends independence bid.
March 28 —Hungary holds first free elections in 45 years.
April 11 —Constantine Mitsotakis becomes premier of Greece.
April 20 —Czechoslovakia changes name to "Czech and Slovak Federative Republic."
April 22 —Nigerian coup attempt fails.
April 23 —Sudan coup attempt fails.
May 15 —Borisav Jovic assumes Yugoslavian presidency.
May 22 —Two Yemens merge.
June 7 —South Africa lifts state of emergency.
June 7 —Liberian rebels move on capital.
June 10 —Alberto Fujimori elected president of Peru.
June 11 —Hundreds die in Sri Lanka ethnic fighting.
June 28 —Thousands of Albanians take refuge in embassies—Communist government allows evacuation.
July 6 —Bulgarian president Petar Mladenov quits—Zhelyu Zhelev chosen to replace him.
August 2 —Iraq invades Kuwait.
August 3 —U.S. sends troops to Saudi Arabia—Operation Desert Shield begins.
August 3 —Arpad Goncz elected president of Hungary.
August 6 —Pakistan's Benazir Bhutto ousted.
August 7 —Cesar Gaviria Trujillo inaugurated as president of Colombia.
August 23 —Soviet Armenia declares independence.
August 25 —U.N. votes economic sanctions against Iraq.
September 4 —New Zealand's prime minister quits.
September 10—Liberian president Samuel K. Doe slain.
October 3 —Germany united after 45 years.
October 13 —Lebanon's Gen. Aoun ousted after Syrian attack.
November 7 —Indian government falls—Prime Minister Pratap resigns.
November 12—Akihito becomes 125th emperor of Japan.
November 19—NATO & Warsaw Pact sign Treaty on Conventional Armed Forces in Europe (CFE).
November 21—Cold War officially ends with signing of The Charter of Paris by 34 nations during the Conference on Security and Cooperation in Europe.
November 28—John Major replaces Thatcher as British prime minister.
November 29—United Nations authorizes use of force to evict Iraqi army from Kuwait.
November 30—Bulgarian government falls.
December 2 —President Hissein Habre flees Chad.
December 5 —Bangladesh President Ershad resigns, Chief Justice Shahabuddin Ahmed named interim leader.
December 9 —Labor leader Lech Walesa elected president of Poland.
December 17—Haiti elects Father Jean-Bertrand Aristide president.
December 26—Military/hardline Communists vote Gorbachev direct rule over rebel republics.

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INTRODUCTION

When we started to work on this review of the events of 1990, we were keenly aware that the first major post-Cold War crisis was nearing the explosion stage. Even before we were ready to publish this report, OPERATION DESERT STORM was launched. The news that American soldiers, sailors, airmen, marines and coast guardsmen were at war was foremost in our minds as we assembled this compilation of the more notable military, political, economic and social events of the year. Combining an understanding of some of the more commonplace occurrences that shaped the policies and destinies of some nations with the end of the Cold War and the beginning of the desert war proved to be a stimulating challenge for all who participated in this year-end assessment.

Much of what happened in 1990 will have an enduring impact on the well-being of the United States as a member of the world community. Some of the events discussed in this report will directly affect our national security interests and our defense needs and posture. Others will have a direct relationship to our future fiscal fitness. Still other events that occurred in 1990 will demand that we look seriously at the importance of both ideology and geography as we consider the need for continuation of old alliances and the possibilities for the establishment of new ones. Nothing that we observe in this report will have as strong an impact on how we as a nation emerge from 1991 as will the war in the Persian Gulf.

In this, our 18th annual global assessment, we will assess the events of 1990 by again travelling the globe, spotlighting nations and regions where the cause of freedom and the search for peace made specific advances or retreats. We will be particularly interested in examining areas where the United States and its friends and allies face actual or potential conflict.

By defining war as any conflict in which at least 1,000 people were killed in the year, we found that there were 16 wars being fought in the following countries: Guatemala (started 1966), Ethiopia (1974), Angola (1975), El Salvador (1979), Mozambique (1981), Lebanon (1982), Peru (1983), South Africa (1983), India (1983), Sudan (1984), Sri Lanka (1984), Colombia (1986), Somalia (1988), and Liberia, Tibet and Kuwait (all 1990).

Our assessment will also pay close attention to the economic and social conditions which threaten stability in many countries. The devastating effects of a world-wide recession, together with massive foreign debts, particularly in some Eastern European and Latin American countries, have been a source of great concern for several years. How these problems were faced in 1990 will be essential parts of this report.

The reader should understand that this report is based on events of 1990. It is recognized that the world moved into 1991 with many fast-moving changes in process—most notably the war in the Persian Gulf—and that some of these have radically altered the 1990 picture. For example, military statistics for nations involved in Operation Desert Shield are current as of August 1, 1990, and do not reflect changes brought about by the Persian Gulf crisis. As appropriate, editor's notes are included to recognize other significantly changed conditions.

This global assessment is a project of the AUSA Institute of Land Warfare under its director, LTG Richard L. West, USA Ret. COL Thomas D. Byrne, USA Ret., was the editor for the eighth year. The major contributors to this work were: GEN Frederick J. Kroesen, GEN Robert W. Sennewald, GEN Glenn K. Otis, GEN Louis C. Wagner, Jr., LTG Richard G. Trefry, MG Edward B. Atkeson, all USA Ret., MG Robert F. Cocklin, AUS Ret., and Sandra J. Daugherty. MSGT (Ret.) George E. Ehling compiled the vital statistics for each nation and maintained the daily files essential to this effort. Lori Johnston, Stephanie Akiwowo and Patricia Taylor provided vital administrative assistance.

JACK N. MERRITT
General, USA Ret.
President

EDITOR'S NOTE: Since we do not cover each of the 217 nations of the world, the selection of countries for this report is a subjective judgment made after a review of a great variety of sources. The grouping of nations by region is likewise a subjective call. The major sources for the demographic information in each section are: The World Factbook 1990, Central Intelligence Agency, Washington, DC., The Military Balance 1990-1991, The International Institute for Strategic Studies, London, The World Almanac and Book of Facts 1991, Pharos Books, New York, and Defense 90 Almanac Nov./Dec. 1990, Department of Defense, Armed Forces Information Service, Alexandria, VA.

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CANADA AND WESTERN EUROPE—THE BIRTH OF A NEW WORLD POWER

The end of the Cold War and the reunification of a divided Europe were both officially proclaimed in Paris in the third week of November 1990. The leaders of the 16 North Atlantic Treaty Organization (NATO) member nations and six Warsaw Pact nations, with the heads of 12 neutral nations of Europe observing, ended more than four decades of military confrontation November 19 by signing the Conventional Forces in Europe (CFE) treaty that will dramatically reduce non-nuclear weapons in Europe.

In an accompanying agreement the 22 NATO and Pact leaders disavowed any future aggression against each other and bound all their nations "to refrain from the threat or use of force against other nations and to refrain from forcibly trying to change borders."

The CFE agreement establishes ceilings for tanks, artillery, armored combat vehicles and other non-nuclear weapons on the continent. (See accompanying chart.) It was hailed as making any surprise attack impossible through a complex monitoring and verification schedule that will oversee the destruction of vast amounts of equipment within three-and-a-half years. In some eyes, it fell far short of the original proposals from both sides for major troop cuts and destruction of modern tanks. Both sides removed some equipment from the area before the signing. The Soviets shipped tanks beyond the Ural Mountains and thus out of CFE's reach, while the United States sent some tanks to Saudi Arabia and turned over to allied nations others in excess of the limits.

There were a number of dramatic events preceding the signing of this arms pact which cast doubts on the continued need for the North Atlantic Treaty Organization. NATO was created in 1949 as a mutual security pact in response to the growing threat from the Soviet Union and the forcible communization of Eastern Europe. Now, with the democratization of East Europe, the unification of Germany, the warming of U.S.-Soviet ties, the virtual collapse of the Warsaw Pact and the inevitability of political and economic union in Europe, the entire postwar bipolar security architecture of Europe is coming into question.

From our own national viewpoint, as expressed by Secretary of State James Baker, "We must maintain the link between the political, military and economic security of the United States and that of Europe." Baker foresees new missions for NATO, such as verification of arms control agreements, dealing with regional conflicts and deepening the institutional relationships between the United States and the European Community.

Two days after the signing of the NATO-Warsaw Pact CFE treaty, the leaders of 34 European and North American states proclaimed the end of the "era of confrontation and division" that followed World War II. In signing the Charter of Paris for a New Europe, all 34 heads of state pledged a "steadfast commitment to democracy based on human rights and fundamental freedoms, prosperity through economic liberty and social justice, and equal security for all countries."

That means, in the words of President Bush, "The Cold War is over. In signing the Charter of Paris we have closed a chapter of history."

For the Soviet Union, Mikhail Gorbachev's signature on the Charter of Paris represents the first Soviet commitment in an important international document to holding free and fair elections on a regular basis and encouraging free enterprise at home.

For the nations of West Europe, great and small, rich and poor, it means they can proceed with what has become the prime motivation for some, the creation of a United States of Europe. Much work lies ahead for the original 12 nations of the European Community as they strive toward political and economic union. For some it will require surrendering a portion of the most central powers of the nation-state: control over money and the making of foreign and defense policies.

For others the primary challenge is economic. Many of the countries of Western Europe, having successfully avoided the threat of recession throughout most of the 1980s, now are feeling the pinch of the crisis in the Persian Gulf.

Finally, as the people of Western Europe struggle to find solutions for their own problems, they cannot avoid the challenges of seeing possibly millions of former Soviet bloc citizens exercise their new freedom by migrating west. They must also have concerns over the possibility of the Soviet

United States of America

Population: 250,410,000.
Government: Democracy.
Head of Government: President George Bush.
GNP: $5,233.3 billion.*
Per Capita Income: $21,082.
Defense Expenditures: $291.4 billion.
Armed Forces: Army—750,193, 456,234 Army National Guard, 313,681 Army Reserve; Navy—581,903, 154,100 Naval Reserve; Marine Corps—195,903, 43,678 Marine Corps Reserve; Air Force—543,091, 116,933 Air National Guard, 84,358 Air Force Reserve; Individual Ready Reserve—460,232 all services; Paramilitary—68,000 civil air patrol.
Forces Abroad: 691,743 excludes U.S. territories but includes forces afloat.
Total Regular Armed Forces: 2,071,090.

(NOTE: Military strength figures as of March 31, 1990. We present this demographic, economic and defense information for the reader's use in making comparisons with the other nations of the world.)
*GNP equals GDP plus net income from abroad.

WESTERN EUROPE

THE CONVENTIONAL FORCES IN EUROPE (CFE)

	Current (Nov90)	Projected level	% Cut
NATO	22,330	20,000	10
East Europe	11,900	6,850	42
Soviet Union	24,898	13,150	47
ARTILLERY (limit 20,000)			
NATO	18,500	18,500	0
East Europe	13,700	6,825	50
Soviet Union	18,300	13,175	28
ARMORED COMBAT VEHICLES (limit 30,000)			
NATO	30,000	30,000	0
East Europe	14,900	10,000	33
Soviet Union	32,320	20,000	38
AIRCRAFT (limit 6,800)			
NATO	5,700	5,700	0
East Europe	1,600	1,600	0
Soviet Union	8,190	5,150	37
HELICOPTERS (limit 2,000)			
NATO	2,235	2,000	11
East Europe	700	500	29
Soviet Union	2,850	1,500	47

The CFE treaty includes NATO and Warsaw Pact weapons from the Atlantic Ocean to the Ural Mountains in the Soviet Union. Troops are not included.

Union breaking up into a group of nations—with the potential dispersion of some of its 30,000 nuclear weapons.

It is ironic that the one nation with the greatest potential for providing stability in Western Europe in these times of challenge and uncertainty is the same one that gave birth to unrest and aggression there more than a half-century ago—Germany.

Canada

Population: 26,538,229.

Government: Confederation with parliamentary democracy.

Head of Government: Prime Minister Brian Mulroney.

GDP: $513.6 billion.

Per Capita Income: $19,600.

Defense Expenditures: $9.48 billion.

Armed Forces: Army—23,500, 18,800 reserves; Navy—17,100, 4,000 reserves; Air Force—24,200, 1,300 reserves; Paramilitary—6,600 coast guard.

Forces Abroad: 5,430.

Total Regular Armed Forces: 90,000. Note: The Canadian armed forces were unified in 1968. Of the total strength, some 25,200 are not identified by service.

There were really two major public issues in Canada in 1990: Quebec's independence and the plummeting popularity of Prime Minister Brian Mulroney. Both of these issues were the focus of numerous related problems that gave broad scope to the principal problems, but together they eclipsed all competition for Canadian headlines.

The issue of separatism for Quebec is not new. Canada has been plagued for many years with the nagging problem of bilingualism and the demands of the distinct culture of the Quebecois. However, the probability of independence for the province has never been stronger than at the end of 1990. Not only do a majority of Quebecois express the desire for independence, so does 52 percent of the entire Canadian population. Strong forces are at work on both sides, one to prevent and the other to assure independence.

Unfortunately, while that debate raged, other separatist notions were blossoming. Fledgling associations have formed to pursue visions of a new West Canada to be made up of the four western provinces—Manitoba, Sasketchewan, Alberta and British Columbia. Another proposes creation of "Cascadia," a formal trading bloc that would link British Columbia with the states of Washington and Oregon. The idea that some of the eastern provinces should apply for U.S. statehood is frequently expressed in the press of both nations. The degree to which such schemes will be pursued or played out in 1991 is not clear, but it is clear that the far-reaching impact of these arguments will be significant for years to come.

Canada's second contentious issue is its prime minister. Brian Mulroney's growing unpopularity stems from a wide range of unrelated problems which came into focus in 1990 and for which he has not found satisfactory solutions. The failure of the Meech Lake accords, his plan for settling the Quebec quarrel, torpedoed his campaign promise of a guaranteed national unity. That setback seems to have been the catalyst for a great swelling of discontent. Following quickly were the dispatch of federal troops to quell an Indian uprising, trumpeted by the opposition as overkill; the packing of the Senate with Mulroney supporters to assure acceptance of a new, unpopular sales tax; and the growing disillusionment of the populace over the U.S.-Canada free-trade agreement, which opponents claim has already cost Canada 300,000 jobs. Finally, over-arching all problems, is the fact that the nation is in an economic recession, one officially recognized when the composite index of the national economy fell for six consecutive months. With unemployment rising and bankruptcies increasing, voters want new leadership, but with no election scheduled for 1991, the near future holds promise of only more of the same.

Great Britain

Population: 57,365,665.
Government: Constitutional monarchy.
Head of Government: Prime Minister John Major.
GDP: $818.0 billion.
Per Capita Income: $14,300.
Defense Expenditures: $33.41 billion.
Armed Forces: Army—152,900 (includes 7,400 Gurkas), 264,000 reserves; Navy—63,500 (includes 7,600 marines), 31,600 naval reserves and 3,800 marine reserves; Air Force—89,600, 40,700 reserves.
Forces Abroad: 86,123.
Total Regular Armed Forces: 306,000.

Although 1989 ended on a high note with Margaret Thatcher's reelection, the new year began with early and sustained domestic troubles. Labor disputes, like the ambulance worker slowdown, and Mrs. Thatcher's poll tax combined to drive the prime minister's political ratings to the lowest levels in her tenure. The Labor Party capitalized on this low approval level for the leader of the Conservatives, discarded virtually all of its far-left policies and proceeded to win local elections in many of the Conservative areas.

In the international arena, Mrs. Thatcher officially welcomed the "four-plus-two" talks which addressed a blueprint for the unification of West and East Germany. However, she expressed great concern over the implications of German unity both to European countries individually and to the NATO alliance. In the end, the U.K. approved the plan for German unification, but Mrs. Thatcher's initial reluctance had served to damage her standing in British opinion polls.

With a shaky economy, high inflation and the poll tax which resulted in London's worst riots of the century, the U.K. looked for a "peace dividend" from a fading Cold War. In June, Britain announced defense cuts of more than $1 billion from a $35 billion defense budget. U.K. forces in West Germany will be cut by 50 percent and army personnel overall will be reduced by 25 percent over the next five years.

In early August, Britain was quick to support the U.S. decision to put military forces into Saudi Arabia in order to deter or stop an invasion by Iraq. U.K.-U.S. joint efforts in diplomacy, intelligence, at the United Nations and in military forces deployed to Saudi Arabia were arranged swiftly and effectively.

In mid-November, Mrs. Thatcher was challenged for party leadership of the Tories by her former defense minister, Michael Heseltine. The ensuing votes prompted Mrs. Thatcher's resignation and the surprising election of John Major to lead the Conservative Party. On Nov. 27 he became the U.K.'s youngest prime minister of the century. As the year ends, so does more than 11 years of leadership by a remarkable British leader. Britain, her allies and indeed most of the world watch for whatever changes may occur in the U.K. under new leadership.

Norway

Population: 4,252,806.
Government: Constitutional monarchy.
Head of Government: Prime Minister Jan P. Syse.
GDP: $75.8 billion.
Per Capita Income: $17,900.
Defense Expenditures: $3.4 billion.
Armed Forces: Army—19,000 (13,000 conscripts), 146,000 reserves; Navy—5,300 including coastal artillery (3,500 conscripts), 26,000 reserves; Air Force—9,100 (5,300 conscripts), 28,000 reserves; Paramilitary—680.
Forces Abroad: 943.
Total Regular Armed Forces: 34,100 includes joint service organizations and Home Guard (21,800 conscripts).

One year after replacing the Gro Harlem Brundtland government, Jan Syse and his Conservative Party coalition ran into trouble. On Oct. 29, one coalition partner, the Center Party, quit the alliance. The split came over the issue of increasing free trade (which the Center Party opposes), and now involves disagreement over Syse's support for Norway to join the European Economic Community.

On Nov. 3, Labor leader Dr. Gro Harlem Brundtland was installed for the third time by Prince Harold as the Prime Minister of Norway. She immediately faced the challenge of preparing and implementing a 1991 national budget. In addition, the major issue of Norway's political life in 1991 will be the search for its proper relationship with respect to the European Economic Community. The government remains bitterly divided over Norway's role in EC. Without a majority of seats in the Storting (Norway's parliament), Dr. Brundtland faces a difficult uphill struggle. This year, however, she has the benefit of Sweden's change of heart. Sweden has now decided that EC membership may be in its national interest.

Norway has been and continues to be a strong supporter of force reductions in NATO and the Warsaw Pact. The conclusion of the Conventional Forces in Europe (CFE) treaty as a first step in conventional force reduction has been well received in Norway. Norway has always been strongly influenced by the fact of being one of only two NATO nations which share borders with the U.S.S.R. Now, as the Cold War has ended, Norway shares with its neighbors the goal of securing the peace. Norway will continue to support nuclear and conventional force reductions as being in their own best national interests.

France

Population: 56,358,331.
Government: Republic.
Head of Government: President Francois Mitterrand.
GDP: $819.6 billion.
Per Capita Income: $14,600.
Defense Expenditures: $33.3 billion.
Armed Forces: Army—288,550 (180,500 conscripts), 325,000 reserves; Navy—65,300 (19,000 conscripts), 24,000 reserves; Air Force—93,100 (35,650 conscripts), 70,000 reserves; Paramilitary—91,800 (10,700 conscripts).
Forces Abroad: 83,045.
Total Regular Armed Forces: 461,250 includes 3,600 Central Staff, 8,700 Service de sante and 2,000 Services des essence not listed above (235,250 conscripts).

This was a year of rapid change for France. In January, when German unity was still a thing of the future, President Francois Mitterrand had even talked of ten years for full integration. However, with the momentum gained from German Chancellor Helmut Kohl's push for early unification, it was clear to the French that their neighbor would soon be a bigger giant of 78 million people with a strong and growing economy. The Paris-Bonn relationship takes on new and more important implications for the future—politically, economically and for security considerations.

In another facet of its foreign affairs, France has been making closer tics to Britain. The connecting tunnel between the U.K. and France is nearing completion. President Mitterrand and then-Prime Minister Thatcher, in Paris talks, agreed to concentrate their efforts on common interests rather than old differences. In this regard, the future of NATO, the future of the Western European Union (WEU), French-U.K. nuclear cooperation and convergent ideas on disarmament were all mentioned as items in which common interests could coalesce.

However, French roles with respect to their former African colonies were not all that firm. Some officials were calling for a reduced involvement in African countries like Chad, Gabon, the Ivory Coast, Cameroon and the Congo. Within the French government, experts defended French policy by pointing to the powerful support that France receives in the U.N. and other fora from its former colonies who are now large aid recipients. Critics, on the other hand, contend that government policies arc inconsistent because they call for democracy and human rights protection in most of the world, yet support dictators and human rights abuse by some generally autocratic African leaders. With about 200,000 of its citizens living in the 14 former French colonies in Africa, any changes in French policy there can have far-reaching implications.

When the U.S. sent forces into the Persian Gulf in August, France had to make some hard decisions. During the Iran-Iraq war, France had supplied Iraq with an estimated $17 billion in armaments. Minister of Defense Jean-Pierre Chevcncment is a founding member of the Franco-Iraqi friendship society. So the ties with Iraq are significant. Even so, France supported the U.S. deployment with 11 ships, antiaircraft units and paratroopers.

France has many domestic challenges. As President Mitterrand began his 10th year in power, the opinion polls showed that voters were becoming increasingly dissatisfied with the government. A cemetery desecration in Carpentras in May led to a mood of national outrage. The amnesty law of December 1989, which forgave crimes committed in financing political parties, is another factor in French dissatisfaction with the political process. Faced with a general election in 1993, party leaders of all persuasions are trying to position themselves to play a bigger role in government—and even to replace the 73-year-old president.

As the year ended, France was still solidly aligned with NATO. The French continue to maintain a bilateral military brigade force with Germany, and are considering a similar relationship with the U.K. German unity is a fact, and the French are accommodating to it. The Common Market continues to move forward, and France will play its role as a major member. The Gulf crisis poses a continuing dilemma for France with its past ties to Iraq and its current support for the U.N.

Netherlands

Population: 14,936,032.
Government: Constitutional monarchy.
Head of Government: Prime Minister Ruud F.M. Lubbers.
GDP: $205.9 billion.
Per Capita Income: $13,900.
Defense Expenditures: $7.5 billion.
Armed Forces: Army—63,000 (39,600 conscripts), 135,100 reserves; Navy—16,500 includes naval air and marines (1,400 conscripts), 9,400 reserves; Air Force—17,400 (4,000 conscripts), 11,200 reserves; Paramilitary—23,200.
Forces Abroad: 5,850.
Total Regular Armed Forces: 102,600 including 4,700 royal military constabulary and 1,000 inter-service organizations (45,900 conscripts).

"What I want is a modern military force adapted to a changing security situation." That's the way Dutch Defense Minister Relus Ter Beck announced his proposals for sweeping changes in the defense forces of the Netherlands. To begin with, the defense budget will be reduced by about eight percent over the next six years. In turn, these changes will affect the Netherlands' contribution to NATO.

Personnel cuts are a dramatic element of the changes. Overall, the plans call for about a 30 percent cut from the current level in the Netherlands armed forces. The army's part will be proportionately greater, at about 35 percent. In addition, the service period for draftees will be cut to 12 months from its current 14-month term.

The implications of these alterations will be specifically apparent when and if a new NATO concept of defense is

formulated and announced. It is clear now, however, that at least two of the Netherlands' current 10 brigades that are committed to NATO will be lost. The air force will reduce its NATO allocation of F-16s from 162 to 144, but plans to upgrade the F-16A/B aircraft with the addition of a new Identification Friend or Foe (IFF) system and a new navigation system will survive the cut.

Some other important modernization programs will be preserved. Among these are the Tank 2000; remotely piloted vehicles (RPV); a new wide area mine system; and Mercedes vehicles to replace the aging British Landrovers in the current inventory.

Now that a first agreement for the reduction of conventional forces in Europe has been reached (but not yet ratified in the United States), the Netherlands has an obvious rationale for some of its reductions. NATO's concern is that the Netherlands—indeed any member nation—should not get ahead of CFE in making force reductions that are driven by budget pressures rather than security requirements. With the end of the Cold War and the instability of some budding Eastern European attempts at free market economies, the solidarity of the West in its NATO alliance is critical to security in the 1990s. The new year will bring to the Netherlands the challenge of compromising between pressures for a reduced defense budget and sufficient support for NATO.

Federal Republic of Germany*

Population: 62,168,200.*
Government: Federal republic.
Head of Government: Chancellor Helmut Kohl.
GDP: $947.7 billion.
Per Capita Income: $15,300.
Defense Expenditures: $31 billion.
Armed Forces: Army—308,000 (161,000 conscripts), 717,000 reserves; Navy—32,000 including naval air (7,000 conscripts), 26,000 reserves; Air Force—106,000 (36,500 conscripts), 106,000 reserves; Paramilitary—21,000.
Total Regular Armed Forces: 469,000 (204,500 conscripts) includes 23,000 inter-service staff not listed above.
*Figures reflect pre-reunification demographics.

The year began with Germany—and indeed the world—marvelling at the pace of events in Eastern Europe and the Soviet Union following the opening of the Berlin Wall in November 1989. German unification could now become a reality, but there were many hurdles to be crossed. For example, would a unified Germany be a member of NATO? How should the currency be handled between West mark and East mark? And what about political state boundaries, together with voting and representational implications? Few could envision that these major issues could be solved so that on Oct. 3, 1990, German reunification would become a reality. With West German Chancellor Helmut Kohl leading the way, one by one these issues were met and resolved, paving the way for the demise of the German Democratic Republic (East Germany) and the beginnings of a new, unified, democratic Federal Republic of Germany. A common currency with a one-for-one East mark-West mark exchange was instituted in July. The Soviets withdrew their objections to a unified Germany aligned with NATO. The official end of four-power rule in Berlin came on Oct. 1; on Oct. 3 one Germany became a reality. In less than one year from the toppling of the Berlin Wall, a new federal republic and an economic and political power had emerged as the central focus of Europe.

The various political aspects of a reconstituted Germany will emerge by stages over the coming months. Now, however, five new states plus Berlin have completed their state elections with Chancellor Kohl's Christian Democratic Union (CDU) the clear winner in four of the five states. The Social Democrats won in only Brandenburg, but even there, the lack of a clear majority requires them to govern through a coalition. In any event, the "Eastern States" CDU votes more than offset the CDU losses last spring in Lower Saxony and North Rhine Westphalia.

Economically, Germany is the outright giant of the European Community. In fact, Germany's too-favorable balance of trade has been a continuing discussion point in the EC. The period from Jan. 1 through Aug. 31 showed a $13 billion drop in the trade surplus which served to mollify some of Germany's partners in the EC. However, the new united Germany has a population of about 78 million which undoubtedly enhances Germany's potential as a consumer and as an economic force. Chancellor Kohl has been an outspoken advocate of a United States of Europe encompassing more than the current 12-nation membership. He has even been willing to sacrifice the sovereignty of the deutschemark in favor of a single European currency.

When the Gulf crisis began in August, Germany could not participate directly in the U.S. and international actions aimed at isolating Iraq. Citing the restrictions imposed by their constitution on use of force outside Germany, the Federal Republic offered only indirect assistance. Defense Minister Gerhard Stoltenburg has declared his view that the constitution should be changed to permit full German military participation in multi-national actions—especially when those actions are authorized by the United Nations.

As the year closed, Germany found itself one nation again; it had in hand a new friendship treaty with the U.S.S.R.; it had guaranteed Poland's border; and it had just completed its first free national election and reelected Chancellor Helmut Kohl to lead the new Germany in its first year of unification.

Portugal

Population: 10,354,497.
Government: Republic.
Head of Government: Prime Minister Anibal Cavaco Silva.
GDP: $72.1 billion.
Per Capita Income: $6,900.
Defense Expenditures: $1.25 billion.
Armed Forces: Army—44,000 (35,000 conscripts); Navy—13,000 including marines (4,500 conscripts); Air Force—11,000 (3,600 conscripts); Paramilitary—44,500; Reserves—190,000 all services.
Total Regular Armed Forces: 68,000 (43,100 conscripts).

Prime Minister Anibal Cavaco Silva has presided over Portugal's remarkable transition to a prospering member of the European Community (EC). In January of this year, he realigned his cabinet, replacing both his health minister (plagued by scandals) and his security chief (who had been too harsh on crowd control). This action was the first step of many needed by Cavaco Silva's Social Democratic Party (PSD) to prepare for the 1991 National Assembly elections. The PSD image has been falling in national polls and the opposition Socialist Party (PS) has been slowly growing in national support by concentrating their efforts at the grassroots levels.

Economically, Portugal has experienced four years of remarkable growth. Unemployment is nearly three percent below the EC average of eight percent and the Portuguese Gross Domestic Product has grown five percent or more. However, Portugal's inflation rate has been double the EC average, causing Cavaco Silva to wait until the December 1992 deadline before seeking membership in the European Monetary Union. Foreign investment is still extensive and large, although it has now changed from principally manufacturing to that of service industry—primarily tourism. Nevertheless, little of this economic boom has trickled down to the blue-collar workers, which accounts for much of the PSD political loss.

In the military sphere, Portugal is a close and loyal ally of the U.S. and a consistent NATO supporter. NATO's Iberian Sea Command is commanded by a Portuguese admiral whose staff includes U.K., U.S. and Portuguese officers, plus French and Spanish liaison officers. The U.S. depends upon its base agreement with the Portuguese for the use of Lajes Air Base, critical to the U.S. ability to project military power. The base agreement is due for renegotiation in 1991 should either party request it. Portugal's complete cooperation with the United States in the Persian Gulf deployment is a strong signal that Lajes base rights and U.S.-Portuguese close ties will continue indefinitely.

Spain

Population: 39,268,715.
Government: Parliamentary monarchy.
Head of Government: Prime Minister Felipe Gonzalez Marquez.
GNP: $398.7 billion.
Per Capita Income: $10,100.
Defense Expenditures: $7.98 billion.
Armed Forces: Army—201,400 (158,500 conscripts), 142,700 reserves; Navy—39,400 including marines (23,800 conscripts), 47,700 reserves; Air Force—33,700 (18,600 conscripts), 59,200 reserves; Paramilitary—63,000.
Forces Abroad: 64.
Total Regular Armed Forces: 274,500 (200,900 conscripts).

Spain's prime minister, Felipe Gonzalez Marquez, started the year fresh from an election victory which kept him and his Socialist Party in office, albeit by only a one-seat margin. Three months into the new year, however, his government was in a political controversy over charges of corruption at the highest government levels. Deputy Prime Minister Alfonso Guerra is accused of using his position to help his brother in a series of business ventures.

Spain's economic growth has been phenomenal. Now the fifth largest economy in the EC and the top nation in growth, Spain is at a high point. Its Gross National Product growth in both 1988 and 1989 was a healthy five percent. This year it is about 3.5 percent, still a respectable figure. However, the outlook for next year is only about two percent, which would have significant political implications for the Socialists.

Meanwhile, Spain is playing a leading role in the European Community. It is Spain's compromise proposal that has moved the European Monetary Union (EMU) forward. The compromise proposes that stage two begin in 1994 (vice 1993) and that the subsequent stage three begin about five or six years later, given that the EC states meet the established criteria with respect to inflation, budgets and regional aid. Another Spanish proposal—for a common European citizenship—has achieved some credence. Under this concept, all citizens of EC countries would receive a second citizenship—that is, a European citizenship which would permit them to live in any EC country and to vote there. At the Rome EC summit meeting in October, community leaders agreed to Jan. 1, 1994 as the date for implementation of phase two of the EMU, essentially the Spanish compromise.

As 1991 begins, the Spanish are concerned about declining tourism, internal political problems and the impact that the rush to invest in East European countries will have on its own attraction of foreign investors. However, with direct access to the European Community, a strong currency, high consumer demand and liberal laws for outside investors, it is likely that Spain will continue to be a popular area for foreign investment.

Italy

Population: 57,664,405.
Government: Republic.
Head of Government: Prime Minister Giulio Andreotti.
GDP: $803.3 billion.
Per Capita Income: $14,000.
Defense Expenditures: $19 billion.
Armed Forces: Army—260,000 (207,000 conscripts), 520,000 reserves; Navy—50,000 includes air arm, special forces and marines (22,000 conscripts), 36,000 reserves; Air Force—79,600 (30,000 conscripts), 28,000 reserves; Paramilitary—244,800.
Forces Abroad: 173.
Total Regular Armed Forces: 389,600 (259,000 conscripts).

Italy's prime minister, Giulio Andreotti, is totally committed to European monetary union and to eventual political union as well. On July 1, Italy succeeded Ireland in the presidency of the European Community, and was, therefore, in a good position to support Italy's agenda. By the end of the year, monetary union was assured even to the extent that opposing it helped lead to U.K. Prime Minister Margaret Thatcher's political downfall.

Meanwhile, Italy's foreign minister, together with his Spanish counterpart, initiated actions to form a permanent Conference on Security and Cooperation in the Mediterranean (CSCM), using the CSCE in Europe as its paradigm. Although there is rough sledding ahead, the concept of a conference that includes Greece, Syria, Egypt, Bulgaria, Romania, France, Portugal and several as yet unnamed North African countries, appeals to those who are not part of CSCE as well as to some who are.

Italy is now the fifth largest economy in the world. Individual savings, at about 22 percent of disposable income, are higher than in almost any other nation in the world. Yet its budget deficit is proportionately about five times the size of America's, which leads to an ever-expanding national debt. With Italy's strong belief in the European Community, and with the 1992 decision nearly here, Italy will be even more pressured to institute the necessary economic reforms.

A strong member of NATO, a loyal ally to the U.S. and a military institution which exhibits a mixture of old and new, Italy anchors the southern flank of NATO's Central Region. Its earlier political instability has now settled down to several years of remarkable continuity. Italy is supporting the U.S. and U.N. policies in the Persian Gulf, and looks to 1991 as a year of both opportunity and challenge.

Greece

Population: 10,028,171.
Government: Presidential parliamentary republic.
Head of Government: Prime Minister Constantine Mitsotakis.
GDP: $56.3 billion.
Per Capita Income: $5,605.
Defense Expenditures: $3.79 billion.
Armed Forces: Army—117,000 (101,000 conscripts), 350,000 reserves; Navy—19,500 (11,400 conscripts), 24,000 reserves; Air Force—26,000 (14,400 conscripts), 32,000 reserves; Paramilitary—30,500.
Forces Abroad: 2,250.
Total Regular Armed Forces: 162,500 (126,800 conscripts).

The year began with a caretaker coalition government made up of the three major political parties, none of whom had gained a majority in the November 1989 elections. In February 1990 the coalition was dissolved and new elections were scheduled for April. At that time, the conservative New Democracy Party won exactly half the seats but was able, through a coalition with the one-seat Democratic Renewal Party, to get the slim majority needed to govern. Party leader Constantine Mitsotakis was promptly sworn in as prime minister and moved quickly to improve relations with the European Economic Community (EC) and with the United States. In June, when Mitsotakis met with President Bush, he was the first Greek premier to make an official visit to Washington in more than 25 years.

In July, the new government agreed to extend the U.S. bases agreement for another eight years. U.S. Defense Secretary Dick Cheney had already decided to close two of the bases (Hellenikon and Nea Makri) because of U.S. budget cuts. However, the new eight-year agreement permits the U.S. to continue to use important bases on the Island of Crete.

When a number of fellow EC members pledged to increase naval operations in the Persian Gulf in August, the Greek government promised to send ships. Later, following the Helsinki summit, U.S. Secretary of State James Baker reported that Greece was among several European nations to commit airlift and sealift in support of Operation Desert Shield.

The end of nearly a decade of Socialist Party rule, and the stated realization by New Democratic Party leaders that Greek policies toward Western Europe and the U.S. must change, mark a positive trend for Greece's future. Inflation that is higher than the EC average, a large budget deficit and a rising unfavorable balance of payments have caused Prime Minister Mitsotakis to state: "Our economy is in ruins and our international image is badly shaken." It remains to be seen whether the narrow majority held by his government can withstand the political heat that is endemic to the economic reforms necessary for the improvements he has promised.

EASTERN EUROPE—A YEAR OF TURMOIL

The inspired dreams and expectations of a better life with which the people of Eastern Europe greeted 1990 have to a large extent become mired in half-measures and disputes, particularly in those several nations where old communist bureaucrats still hold sway throughout the government. The sudden collapse of East Europe's communist governments had brought on a fervor for freedom that spilled into the streets as the people revelled in shedding the yoke of communism after nearly a half century. But the euphoria did not last long when it soon became evident that the transition to democracy and a market economy would be a long and painful road.

Protests against communism now became protests against whoever happened to be in power. Expectations of immediate economic improvement, full shelves in stores, full employment and the luxuries of Western Europe faded rapidly.

The deepening recession that is grinding down all of East Europe awakened the realization that freedom's cost is not cheap. Many people are more deprived of the basic necessities of life than they were a year ago. The difficulties of transitioning from communism to democracy have often spawned disillusionment and a search for easy solutions. There have been some political successes, evidenced by free elections across most of the nations. Unfortunately, the economics of the former communist nations have largely been a disaster.

The people of Poland seem to have taken the boldest steps toward economic reform. Their shock treatment program halted hyperinflation, stocked many stores with consumer goods and generally attracted needed Western capital. However, it also led to a 30 percent decrease in the average Pole's buying power. Heated elections at the end of the year were largely the result of the people's discontent with privation. In nearly every country of the region, the slow pace of economic reform has contributed to an erosion of public confidence in the transition government.

In at least four nations—Czechoslovakia, Hungary, Romania and Yugoslavia—ethnic divisiveness and resurgent nationalism have raised voices proclaiming that nationalities are more important than state borders. This often requires their new leaders to spend an inordinate amount of effort in the attempt to unify their diverse constituencies.

In the headlong rush to exercise their newfound liberties, many of the nations of Eastern Europe awakened to the harsh reality that they were ill-prepared for a democratic election campaign. They encountered difficulties in organization, fundraising and general campaign management.

That the post-communist reconstruction of East Europe is a fragile enterprise was made abundantly clear in this statement by Czechoslovakian Foreign Minister Jiri Dienstbier: "It was easier to make a revolution than to write 600 to 800 laws to create a market economy."

Poland

Population: 37,776,725.
Government: Democractic state.
Head of Government: President Lech Walesa.
GNP: $172.4 billion.
Per Capita Income: $4,565.
Defense Expenditures: $700.73 million.
Armed Forces: Army—206,600 (168,000 conscripts), 420,000 reserves; Navy—20,000 (6,000 conscripts), 10,000 reserves; Air Force—86,200 (30,000 conscripts), 75,000 reserves; Paramilitary—43,500.
Forces Abroad: 50.
Total Regular Armed Forces: 312,800 (204,000 conscripts).

The first democratic transfer of power away from communist hands occurred in Poland in early 1989 and the drive toward democracy continued this year. After a sound thrashing in 1989 elections, the Communist Party in January 1990 voted to dissolve itself because of "the impossibility of the Party regaining the public's confidence." The new government was in fact a power-sharing arrangement between Communist President Wojciech Jaruzelski and Solidarity Prime Minister Tadeusz Mazowiecki. The principal problems facing Poland's interim government centered on reviving a bankrupt economy, electing a permanent government and dealing with a reunified Germany, viewed historically as a threat to Polish freedom. The German-Polish border question was of such importance that occupying Soviet troops were asked to remain in Poland until it was resolved.

The Polish economic approach of immediately eliminating subsidies and price controls caused an initial shock when prices rose by 78 percent in January. Yet it seemed to work better than the cautious approach taken by a number of other East European countries. Prices stabilized and shops soon overflowed with consumer goods. Unfortunately industrial production and real income fell drastically, causing major segments of the work force to quickly lose heart with the revolution. Early in the year it became apparent that Solidarity leader Lech Walesa, the living symbol of the revolt against communism, aspired to the presidency, but that office was not to be up for reelection until 1995. By mid-year he was actively campaigning for early presidential elections because of the slow rate of business privatization and what he called the "stagnation of the revolution."

Local elections in May highlighted the problems of an emerging democracy when 146,000 candidates representing 80 political parties competed in 52,000 races. The Solidarity Movement easily carried the majority of the election contests.

Discontent among the populace grew steadily throughout the year, mainly as a result of the shock therapy economic approach. As prices rose, real wages decreased and unemployment climbed rapidly. The economy seems to teeter between recovery and collapse as Poles discover that the road to capitalism is not always easy.

In September, President Jaruzelski announced that he would resign to allow new presidential elections in Novem-

EASTERN EUROPE

ber. The ensuing election campaign threatened to divide the nation and jeopardize hard-earned economic and political gains. The bitter campaign that split the Solidarity alliance culminated on Nov. 25 with Lech Walesa winning the greater percentage of votes. But he was forced into a runoff election with Stanislaw Tyminski, an expatriate from Canada who had recently returned to Poland, when Tyminski out-polled Prime Minister Tadeusz Mazowiecki, candidate of the Solidarity faction that opposed Walesa.

Walesa won the Dec. 9 runoff, handily defeating Tyminski by a 3-1 margin. But even the second campaign was not the pushover that the results might indicate. Tyminski had been absent from Poland for 20 years and his successful businesses in Canada and Peru seemed to hold some significance for a sizable bloc of voters, mostly rural, who openly displayed their resentment.

Of significant international interest was the signing of a treaty with Germany on Nov. 14, guaranteeing the existing frontier between the reunited Germany and Poland. Germany also agreed to lift visa requirements for Poles by the end of the year, particularly significant because it permits Poles easy access to the European Community.

The bitter election campaign in November highlighted some of the major questions facing Poland now and for the future. Basically it boils down to whether Poland is to be a strong, nationalistic nation or one more tolerant of minorities. Will Walesa be an all-powerful president or one who shares authority with the legislature? Walesa must answer some difficult questions during this first year if he is to lead Poland in its struggle for democratization.

Czechoslovakia (Czech and Slovak Federative Republic)

Population: 16,683,234.

Government: In transition from communist state to republic.

Head of Government: Premier Marian Calfa.

Head of State: President Vaclav Havel.

GNP: $123.3 billion.

Per Capita Income: $7,878.

Defense Expenditures: $3.2 billion.

Armed Forces: Army—125,700 (100,000 conscripts), 250,000 reserves; Air Force—44,800 (18,000 conscripts), 45,000 reserves; Paramilitary—25,200.

Total Regular Armed Forces: 198,200 includes some 27,700 Ministry of Defense staff and centrally controlled units for electronic warfare, training, logistics and civil defense not listed above (118,000 conscripts).

The "velvet revolution" of November 1989, whereby the communist government of Czechoslovakia was overturned without the loss of a single windowpane, continued into 1990. But the poets, intellectuals and other amateur politicians who inherited the reins of power after 42 years of communist rule soon learned that reformation can be more of a challenge than revolution.

The new president, Vaclav Havel, and his fellow Civic Forum party democrats managed to finesse most of Prague's major ills through the first six months of 1990. They cashed in on the public euphoria and concentrated the people's attention on revision of the election laws and the ensuing campaigns. Unlike the situation in several of the new democracies in the East bloc, Czechoslovakia's rulers were not the old entrenched communists operating under a new guise. The one notable exception was Premier Marian Calfa, who resigned from the Communist Party in January while continuing as the head of the government.

In early March the Federal Assembly (parliament) adopted new election laws that would permit free, multiparty national elections in Czechoslovakia for June 8-9. With the exception of some rather harsh bickering over changing the official name of the nation, the campaigns diverted attention away from other problems through mid-June.

By the time the voters went to the polls, both houses of the Federal Assembly were able to agree that "Czech and Slovak Federative Republic" was to be the official name for Czechoslovakia. But even that agreement would not be sufficient to settle ancient tensions between the nation's two main ethnic groups. About two-thirds of the people are Czechs and the minority Slovaks have for years resented being treated as poor relatives in their own homeland.

In the election, Havel's Civic Forum party and its Slovak counterpart, Public Against Violence, won 169 of the 300 seats in the bicameral parliament, but they fell short of the three-fifths majority required to make key constitutional and economic reforms needed to fulfill the goals of the revolution. After Havel's July 5 election as Czechoslovakia's first freely-elected president, he set out to organize a coalition government strong enough to face the challenges of leading the nation to full democracy and a free market.

One of his most difficult tasks will be to overcome the dire economic problems created by more than four decades of communist mismanagement of the economy. Others include the reduction of a top-heavy bureaucracy and the privatization of the inefficient industrial apparatus.

The honeymoon is over for the popular and charismatic Vaclav Havel. He must now prove that he can lead the country out of the morass created by 22 years of Soviet occupation and 40 years of communist rule. In the long haul, the chances of success of democracy and a free market economy in Czechoslovakia are probably better than in most other East bloc countries. Even so, it will be a long, tough struggle that will require massive help from Western democracies.

Hungary

Population: 10,568,686.
Government: Republic.
Head of Government: Prime Minister Jozsef Antall.
GNP: $64.6 billion.
Per Capita Income: $6,108.
Defense Expenditures: $716.84 million.
Armed Forces: Army—72,000 (42,500 conscripts), 125,000 reserves; Air Force—22,000 (8,000 conscripts), 9,400 reserves; Paramilitary—26,600.
Forces Abroad: 15.
Total Regular Armed Forces: 94,000 (50,500 conscripts).

Hungarians began 1990 on a political high note that was quite different from many of their East European neighbors where the functions of government are carried out by reformist communists operating under the cover of new names. In March, seven million Hungarians cast their ballots in the nation's first free multiparty elections since 1945. Fifty-four political parties ran more than 1,600 candidates for 176 individual parliamentary constituencies, necessitating runoff elections for more than two-thirds of the parliamentary seats. When the second-stage votes were counted on April 8, a conservative political coalition headed by the center-right Hungarian Democratic Forum controlled 229 of the 396 parliamentary seats. No orthodox Marxist party was capable of achieving the four percent minimum vote necessary to be represented in parliament.

Shortly after the election, acting President Arpad Goncz appointed Democratic Forum leader Jozsef Antall premier. He replaced Miklos Nemeth of the Socialist Party, who until the elections had been running the government. Before surrendering control of the government, the Socialists had pushed through legislation that would amend the Hungarian constitution to allow direct election of the president. When less than 14 percent of the electorate turned out for the referendum, direct election was declared invalid and on Aug. 3, Hungary's parliament elected Arpad Goncz to the post of president.

Earlier in the year, Budapest had restored formal diplomatic relations with the Vatican (severed by the communists in 1945), after having legislated the guarantee of freedom of religion and freedom of conscience.

On March 11, the first of some 50,000 Soviet troops began to withdraw from Hungary, an operation that Moscow agreed to complete by July 1, 1991. Hungary then became the first East European post-communist nation to leave the Warsaw Pact when parliament voted June 26 to negotiate withdrawal from that organization.

Yet, even as Hungary was achieving these high moral and political objectives, the nation began to encounter some of the severe transitional problems being faced in other East European countries. In the first quarter of 1990, the economy fell into a recession attributed to a sharp decline in exports to the Soviet Union and to the government's new tight monetary policies. Industrial output was off almost 10 percent compared to the same period last year. Rising oil prices, an inflation rate approaching 30 percent and vastly reduced tax revenues are just a few of the obstacles facing the leadership of Hungary as they attempt to move the nation into a free market economy.

In order to qualify for international loans and encourage greater foreign investment, the government by mid-year imposed a package of emergency budget measures aimed primarily at dismantling the central economic controls and cutting the growing budget deficit. Cuts in government spending included reduced agricultural export subsidies accompanied by sharp price increases. On a brighter note, the first stock exchange in Eastern Europe opened in Budapest on June 21.

The economic collapse of Hungary which brought down the communist regime is the first priority of the new government, just as it is in the rest of Eastern Europe. But, rather than the radical approach others such as Poland seem to favor, the leaders of Hungary appear to prefer a measured, methodical resolution of the challenges facing them. That approach seems to have served them effectively in getting their political house in order. Hopefully they will be able to muster the patience and endurance and the outside help they will need to reform their disabled economy.

Romania

Population: 23,273,285.
Government: Republic.
Head of Government: President Ion Iliescu.
GNP: $79.8 billion.
Per Capita Income: $3,445.
Defense Expenditures: $789.98 million.
Armed Forces: Army—126,000 (95,000 conscripts), 178,000 reserves; Navy—9,000 (2,500 conscripts), 6,000 reserves; Air Force—28,000 (10,000 conscripts), 19,000 reserves; Paramilitary—75,000.
Total Regular Armed Forces: 163,000 (107,500 conscripts).

This was another year of turmoil for Romania, despite the euphoria that followed the revolution of December 1989. After the overthrow and execution of the universally-hated dictator, Nicolae Ceausescu, the government was under the control of an 11-member executive council of the National Salvation Front (NSF). The 150-member Front was comprised of a few dissidents and some intellectuals, but mostly members of the reform wing of the old Communist Party. As early as mid-January, interim President Ion Iliescu had become the butt of daily protest demonstrations in many parts of the nation.

The council was seen by its critics as little more than a cabal of old oppressors under a new guise. In short order, tanks again surrounded the government headquarters to protect it from those who believed old communists retained too much power. On numerous occasions, the demonstrations developed into confrontations between students and the miners who supported the National Salvation Front. Open conflicts between ethnic Hungarians and native Romanians

in Transylvania—which had been suppressed during the Ceausescu reign—added to a general state of unrest throughout the nation.

On May 20, when Romanians participated in their first free elections in over 50 years, the results were contrary to the trend of the rest of Eastern Europe in that former communists won a resounding majority of the vote. That ranged from 85 percent of the vote for interim President Iliescu to 67 percent for NSF candidates in both the Senate and Chamber of Deputies. The results indicated that while the Front was viewed with suspicion, most of the voters saw it as their only hope for stability.

Increased food, heat, electricity and some basic freedoms during the five months of NSF leadership appeared to have had a profound impact on much of the populace.

Nor did the elections have a marked effect on the demonstrations, which became even more violent, leading to bloody clashes between protesters and security forces during the summer. In November the government decided to allow costs of products to rise in line with a free market economy. In addition, the workweek was increased from 40 to 44 hours and the currency was devalued. These measures led to more protests, but now it was not the students who vented their anger. Workers who had earlier supported Iliescu turned militant and the army balked at intervention.

Romania's first year of freedom must be classified as the year of protest. The government has failed to gain the confidence of the people, despite their overwhelming support in the May elections. Unless the government shows progress in improving the economy and increasing human rights, the prospects for 1991 appear very poor indeed. The probability of these two events occurring is slight, which raises the likelihood of another chaotic year for Romania.

Bulgaria

Population: 8,933,544.

Government: Communist state with democratic elections planned.

Head of Government: President Zhelyu Zhelev.

GNP: $51.2 billion.

Per Capita Income: $5,710.

Defense Expenditures: $2.21 billion.

Armed Forces: Army—97,000 (65,000 conscripts), 420,000 reserves; Navy—10,000 (5,000 conscripts), 7,500 reserves; Air Force—22,000 (16,000 conscripts), 45,000 reserves; Paramilitary—168,000.

Total Regular Armed Forces: 129,000, excludes some 10,000 construction troops (86,000 conscripts).

Among the nations of Eastern Europe who saw their communist governments fall in 1989, Bulgaria underwent the least change for most of 1990. This was not unexpected since Bulgaria, among all members of the Warsaw Pact, had strongly supported the 1940s communist movement. Many Bulgarians still evidence a strong affiliation with their communist past. More than a year after the overthrow of Todor Zhivkov, then the world's longest serving communist leader, the country is still in a state of chaos. Bulgaria is bankrupt, strikes are common, output is decreasing and shortages of the basic essentials of food and fuel are so severe that strict rationing is in effect.

Early in 1990 the Communist Party changed its name to the Socialist Party and its leader, Petar T. Mladenov, called for free elections. He even met with members of the Union of Democratic Forces (UDF), a 16-party opposition coalition, to plan for parliamentary elections. At the same time, Mladenov announced new laws granting the large Turkish minority full religious and cultural freedom. These laws so rankled the Slavic majority that widespread violence erupted between Slavs and ethnic Turks.

The high expectations of January were beginning to become strained by April when Parliament elected Mladenov president. The spirited campaigns leading to Bulgaria's first free elections in more than 50 years resulted in victory for the Bulgarian Socialist (formerly Communist) Party which captured 211 of the 400 seats in Parliament. No sooner had the elections been completed than additional trouble broke out. In July, student protesters and other demonstrators forced the resignation of President Mladenov based on the release of an amateur videotape that showed him calling for tanks to quell a pro-democracy protest in Sofia in December 1989. The new Bulgarian Parliament elected opposition party leader Zhelyu Zhelev president on Aug. 1.

The leaders of Parliament, particularly Prime Minister Andrei Lukanov, hoped this would quiet demonstrators and allow the government to function. However, the government's lack of power was again demonstrated on Aug. 26 when rioters stormed the Socialist Party headquarters to protest continued communist influence. It was made clear that the Socialist Party was totally impotent when the police took little action to stop this attack.

In every area the Socialists fumbled in their attempts to govern. Demonstrations continued to occur on a daily basis, while Bulgarians and the rest of the world watched the country completely self-destruct. The Socialist Party made a few feeble attempts to enlist the help of the UDF. However, the UDF refused to cooperate, preferring to see the Socialists fail completely.

Anti-government protests reached a feverish pitch in November, culminating in a general strike that demanded and received the resignation of acting Premier Andrei Lukanov and his entire cabinet. The new premier, elected Dec. 7, is Dimitar Popov, a political independent. As of Dec. 20, Bulgaria will be governed by its first genuine multiparty government in 40 years. The 400-member Parliament named eight ministers from the Socialist Party, three from the opposition UDF, two from the Agrarian Union and five independents to the 18-member cabinet.

Unfortunately, the Socialists will continue to dominate Sofia's government, meaning that unless they undergo a real change of heart, there appears little hope for improvement in the lot of nine million unhappy Bulgarians.

Yugoslavia

Population: 23,841,608.
Government: Communist state, federal republic in form.
Head of Government: Prime Minister Ante Markovic.
GNP: $129.5 billion.
Per Capita Income: $5,464.
Defense Expenditures: $1.21 billion.
Armed Forces: Army—138,000 (93,000 conscripts), 440,000 reserves; Navy—10,000 including marines and coast guard (4,400 conscripts), 43,000 reserves; Air Force—32,000 (4,000 conscripts), 27,000 reserves; Paramilitary—15,000 frontier guards.
Forces Abroad: Observers in Angola, Iran and Iraq. Numbers unknown.
Total Regular Armed Forces: 180,000 (101,400 conscripts).

There are strong indications that Yugoslavia, as a nation, will not last another year. Centuries-old ethnic divisiveness and a reawakening of nationalism have brought the nation to the brink of civil war. The government structure of six republics and two autonomous provinces, inherited from Josip Broz Tito, has been shaken by strong internal tensions since Tito's death in 1980. The weak central government, headed by an eight-member presidency with leadership rotated among the eight on a yearly basis, is an obvious invitation to chaos.

Economically, the nation appeared on the road to recovery during most of 1990 under Prime Minister Ante Markovic's anti-inflation reform plan. The 2,000-percent inflation rate of 1989 was actually reduced to zero for the month of July. Unfortunately these reforms are also falling into disarray as various republics demand more independence, fail to support necessary taxes and even levy import taxes on products from other republics. Any hope of Western economic aid is greatly diminished by such clear violations of international trade agreements.

The Yugoslav People's Army, until now a major stabilizing factor, is also beginning to lose its power base as republics form and strengthen their independent militias. The federal army has threatened to use force to prevent any breakup in the country. The defense minister announced in early December that the army was going to disarm the republic's independent police and militia organizations. If the 138,000-man army, which is led by pro-communist officers, attempts this there is a high likelihood of civil war in Yugoslavia.

The December election victory of Serbia's President Slobodan Milosevic, a former hardline communist leader, has further fueled fears of a breakup of this embattled country. Milosevic has built his power base by inflaming ethnic tensions, mainly between majority Serbs and the Croats and Slovenes. Any hope of unity for Yugoslavia demands serious efforts on the part of the republics to reconcile their differences and surrender autonomy to the central government. With such strong ethnic and religious differences, there is little chance of this.

Albania

Population: 3,273,131.
Government: Communist dictatorship.
Head of Government: President Ramiz Alia.
GNP: $3.8 billion.
Per Capita Income: $1,200.
Defense Expenditures: $171.2 million.
Armed Forces: Army—35,000 (20,000 conscripts), 150,000 reserves; Navy—2,000 (1,000 conscripts); Air Force—11,000 (1,400 conscripts); Paramilitary—12,000 Internal Security Force and Frontier Guard; Reserves—5,000 Air Force and Navy.
Total Regular Armed Forces: 48,000 (22,400 conscripts).

The president of this last bastion of Stalinism began 1990 vowing to maintain the Communist Party's political monopoly and to resist the broad liberalization that was sweeping the rest of Eastern Europe. By the end of the year, mass protests and civil unrest had forced President and Communist Party boss Ramiz Alia to give formal recognition to the backward country's first opposition party in 44 years. In between, many thousands of Albanians had fled the hatred of communism that dominated their lives by seeking refuge across the borders into Greece or Yugoslavia. Countless hundreds more stormed the gates of foreign embassies in the capital of Tirana after the government's troops and tanks had been used to quell unrest in all the major cities.

The beginning of the end of over four decades of repression and isolation for the people of the poorest nation in Europe was prompted in large measure by Albanians who watched the demise of communism in Eastern Europe on Yugoslavian and Italian TV channels. By late spring, Alia and his ruling Albanian Workers (Communist) Party, having earlier offered a few minor concessions to a dissatisfied populace, opened the door to what would later prove to be the most drastic reforms since the late Enver Yoxha seized power during World War II.

Some of the reforms include the right to travel abroad (few have the funds to do so), abolishing a ban on the practice of religion, allowing suspects the right to an attorney and permitting criticism of the government. Rather than lowering tensions, the relaxation of control led to increased discontent. Civil protests grew in intensity through the summer and early fall until, in November, troops and tanks were called to quell riots in Elbasan, Albania's main industrial city. Rather than quashing the unrest, that move prompted riots in three other cities, Tirana among them, until just a week before Christmas, Alia cancelled the Communists' 44-year monopoly on politics. The formation of an opposition party immediately followed and elections have been scheduled for February.

Declaring a desire to restore contacts with the outside world, Albania in July reestablished diplomatic relations with the Soviet Union after a 29-year break. Alia also made overtures to the United States to open talks leading to the resumption of diplomatic relations.

While Albanians are not completely free of the yoke of

communism, it is clear that a march toward democratization is in full swing. Alia has given evidence that he would rather reform than face a revolution of the intensity that toppled the other communist regimes in the region. For this small, destitute nation, much depends on the outcome of the coming election.

THE U.S.S.R. IN 1990

Population: 290,938,469.
Government: Communist dictatorship.
Head of Government: Mikhail Gorbachev.
GNP: $2,659.5 billion.
Per Capita Income: $9,211.
Defense Expenditures: $117.48 billion.
Armed Forces: Strategic Nuclear Forces—376,000 (includes 116,000 air and naval personnel), 537,000 reserves; Army—1,473,000 (1,100,000 conscripts), 3,000,000 reserves; Air Defense Troops—500,000 (300,000 conscripts), 750,000 reserves; Navy—410,000 includes 68,000 naval air, 15,000 naval infantry and 7,000 coastal artillery and rocket troops (245,000 conscripts), 540,000 reserves; Air Force—420,000 (290,000 conscripts), 775,000 reserves; Paramilitary—530,000.
Forces Abroad: 37,000 (excludes 364,000 GDR; 56,000 Poland; 50,000 Czechoslovakia; and 40,000 Hungary).
Total Regular Armed Forces: 3,988,000 (2,500,000 conscripts) includes about 925,000 Ministry of Defense staff, centrally controlled units and civil (territorial) defense. Excludes some 490,000 railway and construction troops and 530,000 KGB and MVD.

As in centuries past, the Russian Empire proved once again to be a land of towering contrasts. Domestically, the country has been driven to the brink of social breakdown. Abroad, the U.S.S.R. has shown remarkable vigor and flexibility in agreements with the West and for playing a responsible role in the community of world nations. As though symbolic of the monumental schizophrenia of his country, President Mikhail Gorbachev won the Nobel Prize for peace, but did not feel secure enough at home to travel to Stockholm to accept it.

The spiraling domestic problems plaguing the Soviet Union in recent years rose to a crescendo in 1990. Increased frequency and severity of ethnic disturbances, food shortages, widening poverty, pollution, strikes and organized crime were matched with ever more strident calls for independence and sovereignty among the republics, and for radical change in the armed forces and security apparatus. The administration of much of the country was placed in doubt as non-communists were elected to influential positions at all levels of government. Article six of the Soviet constitution was withdrawn, pulling the rug of legitimacy from under the Communist Party. Rumors of impending military coups were rife—as were equally frequent indignant denials from the Defense Ministry. At year's end, the society teetered on the edge of economic and social collapse.

Ethnic disturbances broke out in most of the southern republics and continued throughout the year, claiming hundreds of lives and forcing tens of thousands of persons to flee their homes. While much of the animosity was directed between minority groups over long-standing local issues, Soviet forces intervening to reestablish order suffered heavy criticism and numerous casualties.

Armenian/Azeri battles in January in the cities of Baku and Yerevan spilled over into the neighboring republic, Tadzhikistan, in February. In late May, 28 people perished in Yerevan in fighting between Soviet troops and civilian bands. In June, the cities of Osh and Frunze burst into flame with conflicts between Kirgiz and Uzbek neighbors and between civilians and police over smoldering resentment of the government. Soviet troops battled heavily armed gangs, leaving 100 dead and 400 wounded. General Yuri Shatalin, commander of Soviet MVD security troops, estimated that troop garrisons in the Caucasus were being attacked on the average of once a day.

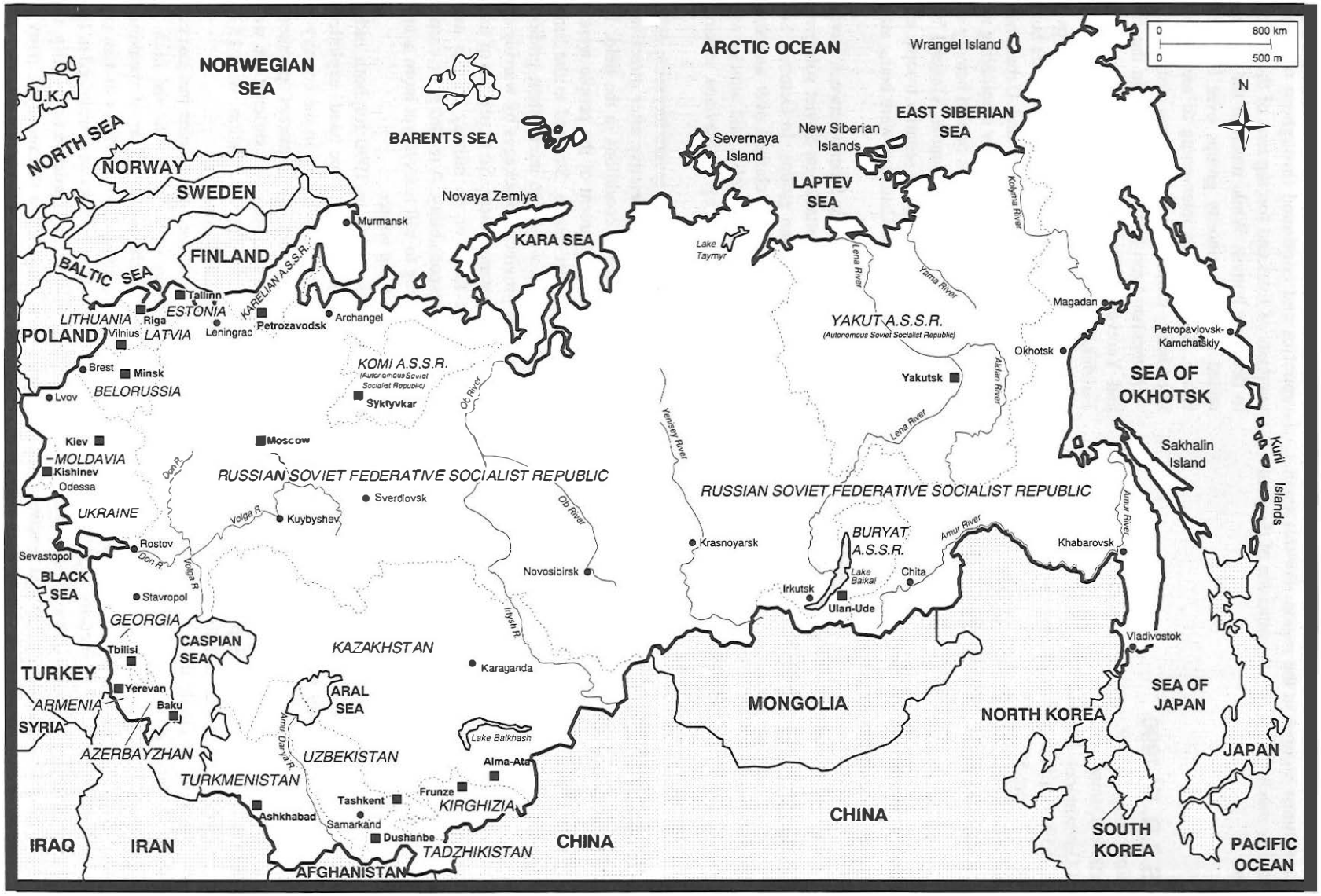
August saw fighting in Siberia between Tuvians and Russians and continued attacks on Soviet soldiers in the south by renegade Armenian groups. In October, Soviet Moldavians and Gagauz Turks clashed over announcement of a "sovereign" Gagauz republic, and attacks were launched on Soviet border posts by Moldavians seeking closer ties with Romania.

The economy slid into severe recession as the old command structure issued directive after directive having less and less relevance to conditions in the field. In five of the republics, over 30 percent of the people were earning less than 75 rubles per month. Strained to the limit, the transportation system went into intermittent gridlock under the pressures of provincial blockages by warring ethnic groups and gross mismanagement. Sixty percent of the potato crop rotted in the fields or on railway sidings as bureaucrats argued over responsibility. A record grain crop (240 million tons) did nothing to still fears of yet more acute food shortages in the coming winter.

Crime rates soared in 1990 for both individuals and groups. Organized, Mafia-type bands exploited the general deterioration of law and order in the country to reap large profits from smuggling, black-market operations and thefts. The national airline, Aeroflot, suffered the worst streak of air piracy in the history of aviation, with 13 hijackings in the summer months alone.

It was clear that the Soviet Union had lost control of both of its twin pillars of strength, fear and faith. *Glasnost* removed much of the people's fear of speaking out against the leadership, and substituted fears of famine, crime and anarchy. Party apparatchiks were trounced in local elections and raucous groups paraded exuberantly through Red Square, shouting derisive slogans at the party, the government, and at President Gorbachev himself. The deterioration in the society was obvious to everyone. There was little left in which the people could believe. *Perestroika* was proving too thin a gruel upon which to raise the sights of

SOVIET UNION



the nation. The country was being stripped of any basis for faith in the future.

This prompted one group, Pamyat (Memory), to turn full circle, resurrecting idolatry of the Romanovs and calling for a return to patriotism, the crown and the cross. Based primarily in the Russian republic, the group held some appeal for hardliners who had little patience for democratic processes, ethnic minorities or President Gorbachev.

Little noticed on the domestic scene was a small ray of hope for eventual liberty through law. During 1990 the Soviet parliament passed a remarkable series of bills which may eventually transform the society more completely than any higher visibility program yet introduced. Freedom of the press was provided both by the detachment of party controls and by reduction in state censors' prerogatives. Freedom of religion was assured, coupled with a ban on government support to atheist propaganda. Freedom of political association was also assured, but a prohibition on funding from abroad left the better-funded Communist Party in a position of relative advantage. A new law on emigration, guaranteeing the right to a passport, may be the next to pass. The legislative record is not what many had hoped it might be, but it is a breath of fresh air in a society hermetically sealed from such individual liberties for over 70 years.

Soviet military expenditures continued to fall in 1990. Deep cuts continued in most categories of ground force weaponry, particularly tanks. Official Soviet pronouncements of defense reductions have tended to be vaguely worded, however, obscuring important questions about the defense industries. It appears likely that strategic weapons programs and naval ship building have suffered little impact from reductions, and may even have been moderately increased.

As a social group, the military has suffered grievously in a fall from grace. Large numbers of troops were withdrawn from the forward area into the interior of the Soviet Union where few accommodations were to be found. Troops were housed in tents, and tens of thousands of officers and extended service personnel were without apartments for their families. Those stationed in particularly obstreperous republics found anti-military graffiti on the walls of buildings and themselves referred to in the press as "occupying forces." Threatened cut-offs of utility services to military installations by hostile local administrations prompted Defense Minister Yazov to announce that troops would be permitted to defend themselves, with arms if necessary.

Ethnic strife in the civil sector exacerbated long-standing strains in the military where young soldiers, particularly those without a command of the Russian language, have long suffered outrageous abuse, largely at the hands of Slavic seniors. The Ministry of Defense would not publish statistics on recruit deaths and suicides, but the number was believed to run in the thousands while draft dodging and desertions became rampant.

Compounding the problems of the armed forces was the emergence of a new threat in the form of local "national" armies. In Azerbaijan the trend was clearly taken seriously by Defense Minister Yazov, as he described a force of 40,000 in the hills, armed with sub-machine guns, rifles and mortars. Perhaps even more troubling was an announcement by Russian Republic President Boris Yeltsin that he was thinking of forming a volunteer army to protect the republic from infringement of its rights by the union government.

In contrast to its pains at home, the Soviet government earned respect and praise abroad for its extraordinary flexibility and readiness to compromise on major issues affecting European security and world peace. Early in the year Moscow made critical concessions to permit unification of Germany with continued membership in NATO. Likewise, it lifted all past objections to the pursuit of separate political paths by its former Warsaw Pact partners. It agreed to withdraw all Soviet forces from Czechoslovakia and Hungary by July 1991, and made substantial progress toward realization of that objective by the end of the year. In November it signed the inter-alliance Conventional Forces in Europe (CFE) treaty for reduction in conventional forces from the "Atlantic to the Urals" and the Paris charter in connection with the Conference on Cooperation and Security in Europe (CCSE).

Not the least remarkable for Soviet foreign policy was the emergence of great power cooperation in the building of an international coalition in August to confront Iraq in the face of its aggression in Kuwait. While the U.S.S.R. contributed no air or ground forces, it supported United States initiatives at virtually every turn and lobbied for support from third parties. These actions did much to lay a foundation for further East-West cooperation in months and years to come.

For the most part, the tenor of the Soviet leadership at both union and republic levels is compatible with most of the world community of nations. Whether the leaders can work with one another or with their people remains to be seen. In November, Gorbachev unveiled a draft treaty which, while quickly rejected by six republics, could form the basis for some agreement between the union government and the others.

There were calls throughout the country for both greater liberalization and decentralization, on the one hand, and for stronger, more authoritarian exercise of power to pull the country through the difficult times it faces, on the other. Gorbachev gave a hint of his inclination in December with the authorization of vigilante committees with powers of arrest and punishment against persons involved in the disruption or speculation in foodstuffs. He reinforced his new, tougher image by replacing the leadership of the Interior Ministry (MVD) with figures with reputations for the exercise of a strong hand in time of stress.

Gorbachev encountered several setbacks in his efforts to strengthen his position, probably the most serious of which was the surprise resignation of Foreign Minister Eduard Shevardnadze. Long considered the president's closest ally, Shevardnadze shocked the 2,000 delegates of the Congress

of People's Deputies (parliament) in December by publicly resigning with a warning that hardliners were destroying reform and "pushing the nation toward dictatorship."

In the end, though, the Congress gave Gorbachev and the hardliners a clear victory by voting him sweeping powers including direct control of the cabinet and power to issue presidential decrees free of any legislative oversight. Nevertheless, whether the union can last until the end of the century, or even through the period of the 13th five-year plan to 1995, was not clear at the threshold of the new decade.

AFRICA—THE ELUSIVE SEARCH FOR PEACE

In 1990 communism collapsed in Eastern Europe with a bang that did not go unnoticed in Africa. Repressed peoples living under authoritarian governments since colonial times, encouraged by the news that change is possible, began clamoring for freedom from poverty, famine, civil war and suppression. Most hope to find it in multipartisan democracy and a free-market economy.

A few African leaders have come willingly to the idea of political and economic reform, while some have been dragged kicking and screaming. Several (among them Kenya's President Daniel arap Moi) still reject the notion outright. Some governments which might easily have disregarded the will of the people have not been able to ignore the concerns of aid donor nations and organizations demanding reform. Among those nations pursuing— or at least discussing—multipartisan democracy in 1990 were Algeria, Angola, Benin, Chad, Gabon, Ivory Coast, Madagascar, Mozambique, Nigeria, Zaire, Zambia and the new Republic of Namibia.

No political reform, however successful, will eliminate immediately the traditional face of Africa—the stick-thin, pot-bellied, starving child with the huge, haunting eyes. Famine is as much a part of Africa as ever, with Angola, Ethiopia, Mozambique and Sudan suffering the effects of drought and facing the potential starvation of hundreds of thousands of people. But drought is not the only cause of widespread hunger. Civil war and the resulting displacement of entire communities combine with overpopulation and general mismanagement of corrupt and autocratic governments to exacerbate poverty in historically poor countries.

Once able to feed itself, Africa now consumes $1 billion in food aid each year. The continent's farm output has grown by only 1.5 percent in the past decade, while the population has increased by twice that figure. The restrictive market practices of most African nations (and the very real threat of violence in many of them) have discouraged or driven away much-needed foreign investment. Excluding South Africa, the 41 nations of sub-Saharan Africa (population 450 million) have a total gross domestic product smaller than that of Belgium (population 11 million).

Tribalism is still a pervasive problem in Africa, with most of the continuing civil strife divided along tribal as much as political lines. Even South Africa, whose internal problems tend to be very different from those of her neighbors, is in the midst of a tribal conflict which threatens to interfere with the dismantling of apartheid.

The AIDS epidemic also threatens the future of Africa. (Rwanda, for instance, reports an infection rate of 30 percent of its population.) Both money and technology from the West are essential to the containment and eradication of this scourge.

The United States, other nations and international aid organizations have worked long and hard to bring both aid (many millions of dollars) and reform to Africa. So too, the World Bank and the International Monetary Fund have taken steps to make possible a profitable free-market economy. The IMF has imposed austerity measures on Gabon and arranged a fund hike and arrears plan for Nigeria. Ghana, with the help of the World Bank, was able to attract $65 million in investments in February 1990 alone. Mauritius has drawn in so much investment aimed at export markets that it no longer depends on huge amounts of foreign aid. Botswana actually has a stock market worth $205 million.

Some emerging African nations prefer to take aid money and reject the accompanying advice. Others welcome as much of both as is available. A few have developed their own ideas about financial growth: Nigeria, for instance, recently announced the intention of demanding compensation from the West for hardships suffered under the institution of slavery. One thing seems clear, however. For all the many changes taking place, most of Africa will need a helping hand for some time to come.

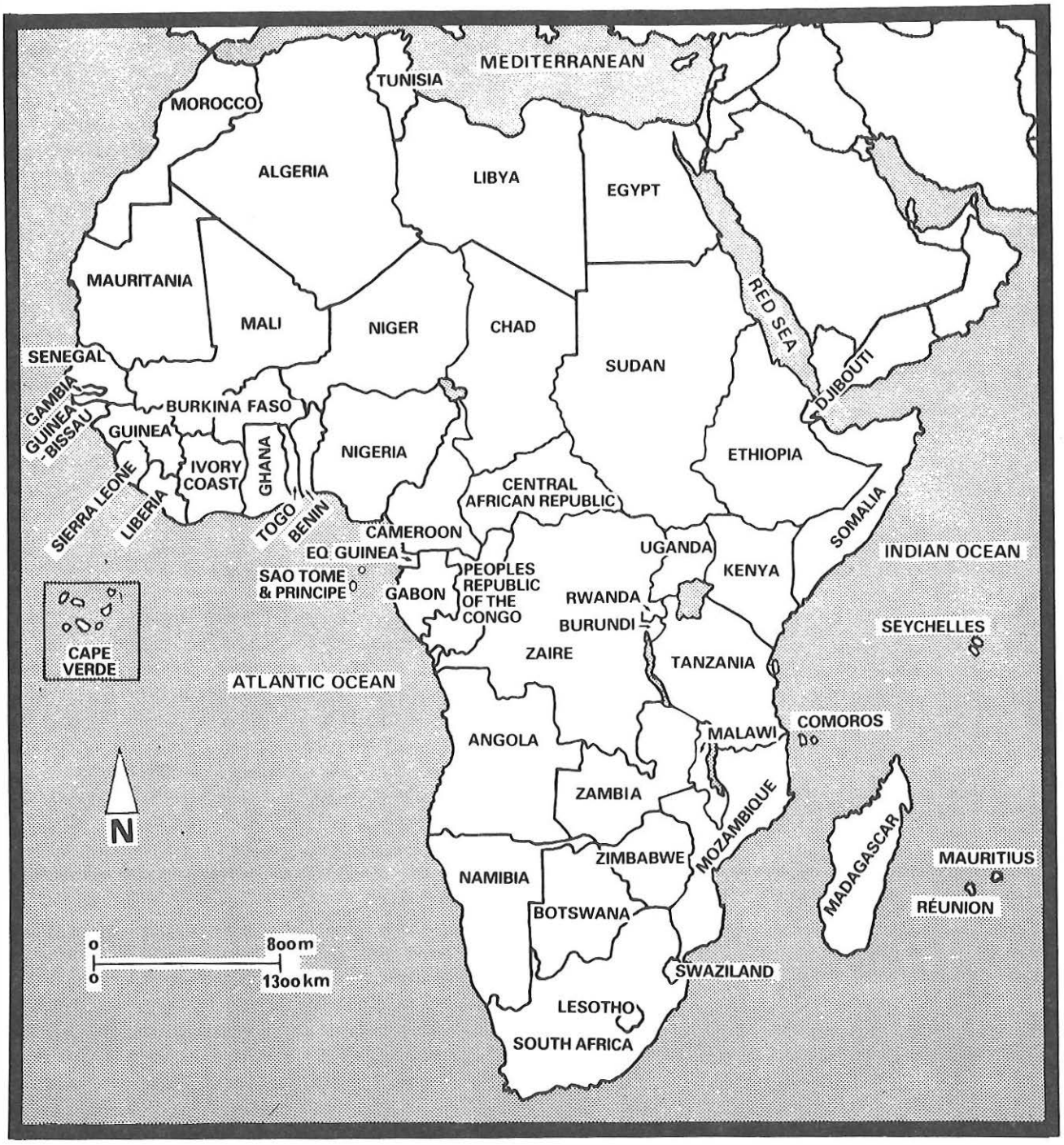
Algeria

Population: 25,566,507.
Government: Republic.
Head of Government: President Chadli Benjedid.
GDP: $54.1 billion.
Per Capita Income: $2,235.
Defense Expenditures: $1.01 billion.
Armed Forces: Army—107,000 (70,000 conscripts), 150,000 reserves; Navy—6,500; Air Force—12,000; Paramilitary—23,000.
Total Regular Armed Forces: 125,500 (70,000 conscripts).

Algeria's first free multiparty balloting since independence from France in 1962 resulted in a stunning victory for the newly-legalized fundamentalist Islamic Salvation Front (FIS). In provincial and municipal elections held June 12, FIS collected 55 percent of the vote, an upset that may signal the beginning of the end for President Chadli Benjedid's ruling National Liberation Front (FLN).

Hoping to achieve power in the all-FLN parliament as well, FIS immediately demanded an early election (not due until 1992). At first, Benjedid balked, but by the end of

AFRICA



July he agreed to hold a parliamentary election in the first quarter of 1991.

In the meantime, Sheik Abbasi Madani, the FIS leader, has offered reassurance to those who fear the sort of fanatic Islamic fundamentalist tide that has overwhelmed Iran, stating early and often his respect for democracy and desire for good relations with the West. But there are others in power within the party who are dedicated to turning the face of Western-oriented Algeria back to Mecca. In every large city and in 32 of 48 provinces—everywhere that FIS won control—steps are being taken to segregate schools by gender, to stop the sale of alcoholic beverages, to ban Western-style dress and music and to encourage women to stay at home.

Many observers feel that the FIS victory can be attributed not so much to fundamentalist leanings among the voters as to general dissatisfaction with Benjedid's government. His attempts in recent years to introduce democracy and a market economy into Algeria have fragmented his own party.

The austerity plan he adopted to counter sluggish oil prices and a $20 billion foreign debt has resulted in a 30 percent inflation rate, 25 percent unemployment and widespread shortages. This year's expected $1.4 billion windfall profit from the latest rise in oil prices must be used for overdue bills rather than to improve the economy.

Although his own job is not at stake in the upcoming election, Benjedid is struggling to regain support for FLN before the people go to the polls. Meanwhile, FIS is using its own power base of 10,000 mosques to win the hearts and minds of the voters through volunteer work, labor mediation, establishment of Islamic cultural and sports clubs for young people and distribution of food and clothing to the needy.

The earlier FIS triumph has been hailed by leaders of militant Islamic movements in Iran, Egypt, Jordan and the Israeli-occupied Gaza Strip. It is viewed with trepidation in the rest of the Arab world (particularly in neighboring Tunisia and Morocco, where illegal Islamic parties are gaining power) and in France, where boatloads of disaffected Algerian immigrants seeking refuge from the repression of Islamic fundamentalism would not be welcome.

Liberia

Population: 2,639,809.
Government: Republic.
Head of Government: To be determined.
GDP: $988 million.
Per Capita Income: $395.
Defense Expenditures: $28.07 million.
Armed Forces: Army—7,300; Navy—500 (coast guard); Paramilitary—2,000; Reserves—50,000 (all services).
Total Regular Armed Forces: 7,800.

Three warring factions came together in Mali on Nov. 26, along with leaders of 13 member-nations of the Economic Community of West African States (ECOWAS), ostensibly to try to bring peace to Liberia, but perhaps more accurately, to fight over the remains. On Nov. 28, with much hugging and handshaking, representatives of the three groups signed a ceasefire agreement whose only clear provision allows all sides to retain their arms; no agreement was reached regarding recognition of any existing interim government or establishment of a new one.

The leaders of the three combatant groups involved are:

Charles Taylor, Americo-Liberian leader of the National Patriotic Front of Liberia (NPFL), the small Libyan-backed faction which crossed into Liberia from the Ivory Coast in December 1989. Taylor's forces ignited a rebellion among Gio and Mano tribesmen against President Samuel K. Doe's ruling Krahn ethnic group and, now swelled to a force of 10,000 or more, control most of the country outside the capital. Once a bureaucrat in the Doe regime, Taylor proclaimed himself president of Liberia, attended the meeting and signed the ceasefire agreement.

Prince Johnson, former member of NPFL; leader of a splinter group which broke away from NPFL, later assassinated Doe and took control of most of the capital city, Monrovia. Another self-proclaimed president, Johnson sent a representative to the meeting.

Brig. David Nimley, commander of Doe's Krahn forces, was proclaimed president by his troops following Doe's assassination. He was represented at the meeting by Wilmot Diggs, one of his officers.

Other principal players in the shaping of Liberia's future include:

Amos Sawyer, longtime Doe opponent; political science professor; drafter of Liberia's current constitution; and a recent U.S. resident. He was installed as president of the (as yet unrecognized) interim government by the West African peacekeeping force one week before the ceasefire.

Maj. Gen. Joshua Dogonyaro, Nigerian commander of the five-nation (Nigeria, Ghana, Guinea, Sierra Leone, Gambia) Economic Community Monitoring Group (ECOMOG) sent to Liberia in August by ECOWAS to try to end the civil war.

What began in December 1989 as an attempt to overthrow the brutal and corrupt 10-year-old regime of master sergeant-turned-general Samuel K. Doe has long since turned into a bloody free-for-all, a tribal turf war which has brought Liberia to the brink of destruction. In January, allies Taylor and Johnson parted company over a policy dispute and went on to fight each other as well as government forces, laying waste to an entire nation. When nothing had been resolved after months of guerrilla warfare, ECOWAS proposed sending a peacekeeping force into Liberia to effect a ceasefire. That plan was welcomed by Doe and Johnson, resisted by Taylor and endorsed by the Organization of African Unity and United Nations Secretary-General Javier Perez de Cuellar. ECOMOG, a force of several thousand troops which arrived by sea in August, has been largely ineffective, succeeding only in rescuing some of its own foreign nationals and in adding to the turmoil.

Since Johnson's forces captured, tortured and then killed Doe in September, there have been several short-lived ceasefires and several abortive attempts at peace talks. But the carnage has continued with casualties estimated at 10,000 to 20,000 dead (mostly civilian non-combatants) and 500,000 forced to flee to neighboring countries. Monrovia is virtually a ghost town. There are no supplies, no services and no food for its remaining citizens. Liberia's once-lucrative iron-mining industry has been damaged beyond repair and the rubber industry reduced to a fraction of its former profitability.

Although an independent sovereign state since 1847, Liberia has sometimes tended to think of itself as an American colony and there were many who looked to the United States to put a stop to the civil war. In June, Doe asked the U.S. to intervene and help to pave the way for elections, even announcing that he would not seek reelection. The Bush administration proposed only to help him leave Liberia, an offer he declined. Apparently U.S. interests in Libe-

ria had begun to ebb even before the current hostilities. In 1986, the U.S. provided $53.5 million in military and economic aid; in 1989, only $10 million in humanitarian assistance and no military aid. This year the U.S. has furnished emergency food and medical supplies and has been involved in peace negotiations, but an American military presence has been conspicuously absent. (A contingent of U.S. marines was made available for the sole purpose of aiding in the evacuation of U.S. citizens and other foreign nationals.)

Even if all interested parties return to the bargaining table and if they reach an accord concerning the future government—which seems unlikely at this point—it will still take many years for Liberia to recover from the devastation.

Libya

Population: 4,221,141.
Government: Islamic Arabic socialist.
Head of Government: Col. Muammer el-Qaddafi.
GNP: $20 billion.
Per Capita Income: $5,410.
Defense Expenditures: $1.39 billion.
Armed Forces: Army—55,000; Navy—8,000; Air Force—22,000; Paramilitary—5,500; Reserves—40,000 people's militia.
Total Regular Armed Forces: 85,000.

Although Muammer el-Qaddafi, in 1990, did not publicly engage in the sort of bloody and sensational activities for which he has long been infamous, he may have broken his own previous record for erratic behavior.

In early March 1990, Qaddafi freed terrorist leader Abu Nidal from house arrest in Tripoli. At the same time Libya began production of mustard gas at its West German-built chemical weapons plant, while Qaddafi assured concerned governments everywhere that the plant produced only pharmaceuticals. The following week, Qaddafi perpetrated a hoax which led the U.S. government to announce with relief that the plant at Rabta had been seriously disabled by fire and that Qaddafi was out of the chemical weapons business for at least a year. However, even as Qaddafi was suggesting U.S. responsibility for the fire, evidence indicating the possibility of an elaborate ruse began to appear. By mid-May the Rabta plant, virtually unscathed by the fire, was back in full production, and a second chemical weapons plant was under construction, this one reportedly with the assistance of the Chinese government.

After averting a possible U.S. military strike against the Rabta facility and then publicly embarrassing the U.S. government, Qaddafi changed course once again. Seeking to gain favor in Europe, he ostensibly intervened with Abu Nidal for the release of some Western hostages. One Belgian and two French hostages were released without explanation in April, purportedly as a result of Qaddafi's intervention.

In late May, Israel accused Libya of extensive involvement in an unsuccessful seaborne attack on Tel Aviv by heavily armed Palestinian guerrillas. Qaddafi denied any knowledge of the attack, while publicly vowing to turn Israel into a "graveyard for Jews."

Later, Qaddafi ordered the dissolution of the Libyan armed forces, appointed a new armed forces chief and set up an all-volunteer military structure. The new army, known as the People's Guards, numbers 85,000 troops; the new paramilitary People's Militia consists of 40,000 troops.

In the last months of 1990, Libya was actively involved in Arab League efforts to negotiate an accommodation between Iraq's Saddam Hussein and those opposed to his invasion of Kuwait. But, unlike most of his fellow league members, Qaddafi has been blatantly working both sides of the street. He attended several summit meetings aimed at averting a Middle East war but voted against the Arab League's anti-Iraq resolutions. He voiced opposition to the invasion and publicly criticized Iraq's retention of foreign hostages, but vociferously objected to the presence of foreign military forces in Saudi Arabia. Finally, there is ample evidence that Libya continued to ship supplies to Iraq after the U.N. embargo on such shipments was imposed.

Then, in mid-December, it was reported that Qaddafi had joined forces with Saddam Hussein to put terrorist agents in place to attack U.S. and British targets around the globe in the event of war.

Despite Qaddafi's mouthing of a desire to improve relations with the United States, Great Britain, France and some of his estranged neighbors in Africa and the Middle East, his actions in recent months would seem to be a harbinger of business as usual for at least the immediate future.

Chad

Population: 5,017,431.
Government: Republic.
Head of Government: Interim President Idriss Deby.
GDP: $902 million.
Per Capita Income: $190.
Defense Expenditures: $57 million.
Armed Forces: Army—17,000; Air Force—200; Paramilitary—6,500.
Total Regular Armed Forces: 17,200.

The year ended in Chad with the ouster of President Hissein Habre, whose eight-year administration was noted on one hand for its human rights violations and depletion of the treasury and on the other for its success against two Libyan invasions (1983 and 1986). Control of the country is now in the hands of General Idriss Deby, Habre's former chief of staff and leader of the Patriotic Salvation Movement. Deby invaded from Sudan on Nov. 10, took the capital city of Ndjamena on Dec. 2 and declared himself interim president on Dec. 4.

About the only positive aspect of the change in leadership is Deby's stated intent to establish a multiparty democracy. He immediately dissolved the parliament and suspended the constitution (which called for elections in early 1991), promising elections at an unspecified later date. On the negative side, Deby was reportedly supported in his take-

over by Libya's Muammer el-Qaddafi and by Omar Hassan Ahmed al-Bashir of the Sudan. Both Deby and Qaddafi vehemently deny any Libyan involvement, though Qaddafi's interest in Chad as a possible stepping-stone to greater influence in Africa is well-known and of long standing. Qaddafi has also loudly protested the U.S. evacuation of approximately 500 Libyan dissidents from Chad following Deby's coup, calling the move an act of piracy.

France had twice helped Habre to repulse Libyan and Libyan-backed forces, but now takes the position that the conflict between Deby and Habre is nothing more than an internal power struggle between tribal factions and thus declines to participate. It is widely assumed that France's recent interest in improving its relationship with Libya, for the purpose of obtaining oil, is at the root of this sudden neutrality.

Chad is a nation of limited strategic value, which is confined to its location—bordering Libya, Sudan, the Central African Republic, Cameroon, Nigeria and Niger—and the mineral-rich Aozou Strip along its border with Libya. Qaddafi annexed the Aozou Strip in 1973 and has only recently agreed to submit the question of its ownership to international arbitration. Now, however, much attention will be focused on the capital of Ndjamena as Deby attempts to implement his plans for government reform. This is not so much because of any great interest in Chad itself as it is to measure just how much Deby is influenced by Qaddafi. Now, with all eyes on the crisis in the Persian Gulf—something Qaddafi may be counting on—no one discounts the possibility that he has chosen Chad as the arena for another round of trouble-making.

Sudan

Population: 24,971,806.
Government: Military.
Head of Government: Lt. Gen. Omar Hassan Ahmed al-Bashir.
GDP: $8.5 billion.
Per Capita Income: $340.
Defense Expenditures: $956 million.
Armed Forces: Army—68,000; Navy—500; Air Force—6,000; Paramilitary—3,000.
Total Regular Armed Forces: 74,500.

Like a number of its neighbors, the Sudan (Africa's largest country) is sinking under the weight of famine and civil war. Compounding the problem for the Sudanese is the Islamic fundamentalist dictator in Khartoum, Omar Hassan Ahmed al-Bashir. He steadfastly denies there is famine and continues to bomb civilian targets in an effort to subdue (at a cost of $1 million per day) the rebel Sudan People's Liberation Army (SPLA).

The SPLA is comprised primarily of African (mostly Dinka) animists and Christians from the southern region of the Sudan. They have been fighting for more than seven years against the Islamic extremism of the northern Arab Muslims who control the government. Sharia, the harsh Islamic religious laws that are key to the SPLA's discontent, had been suspended under the democratic leadership of President Sadiq el Mahdi. But they were reactivated (and the civil war reignited) in January, six months after Bashir ousted the elected government and immediately following the breakdown of peace talks mediated by former U.S. president Jimmy Carter. Three failed coup attempts this year have added further impetus to the government's desire to quell the rebellion in the south and make sharia the undisputed law of the land.

Bashir's government, backed politically and financially by the extremist National Islamic Front (NIF) and by the dictator's good friends Muammer el-Qaddafi of Libya and Saddam Hussein of Iraq, seems determined to destroy the Sudan's relationship with its former Western benefactors. The government's alliance with Libya and Iraq; its disregard for the well-being of its citizens; its failure to cooperate with relief organizations; and escalating human rights violations have all contributed to the withdrawal of support. All major Western donors, including the European Community, have refused to pledge any new development aid; the European Community also refuses to send humanitarian aid. Since Bashir is making no effort to pay the country's $10 billion foreign debt, the International Monetary Fund has declared the Sudan a non-cooperative member, which is tantamount to expulsion (Liberia is the only other nation so designated).

Bashir's denials to the contrary, the Sudan faces its third widespread famine in six years. (Several hundred thousand Sudanese—no more precise estimate is available—died in 1984-85; an estimated 250,000 perished in 1988.) Plantings this year, already greatly reduced by the upheaval of the civil war, were further diminished when the seasonal rains failed to materialize. Livestock, the Sudan's chief source of export revenue, are dying for lack of food and water. The civilian population of the south, refugees in their own homeland, wander the country in search of sustenance. Meanwhile, Bashir reportedly trades thousands of tons of sorghum (a basic food staple for the Sudanese) to Libya and Iraq for war materiel and sells other food supplies abroad to obtain much-needed foreign currency. Efforts by the United States, the United Nations and others to deliver emergency rations to the starving refugees have come to nothing. Almost all food that has been allowed into the country has been diverted to government forces, and recent shipments have been turned away or hopelessly entangled in bureaucratic red tape. All the while, the government was offering assurances that the Sudan is well able to feed its people—that any existing problem should be blamed on refugees from Ethiopia and other neighboring countries. Then, in late September, Bashir's government quietly asked the U.S. for $150 million in food aid.

For many years an alliance existed between the United States and the Sudan, in spite of that government's major human rights violations against its own people. The U.S. provided $1.6 billion in economic and military assistance from 1975 to 1985. Now, however, in the face of Bashir's endorsement of Saddam Hussein's invasion of Kuwait (a one-time supplier of aid to the Sudan) and the diversion of

supplies previously sent, the U.S. denied the government's request for emergency aid and diverted a shipment of 45,400 tons of wheat already en route to the Sudan. Other former benefactors, such as Saudi Arabia, have also withdrawn support, and smaller relief organizations have given up the frustrating task of trying to help the people because of Khartoum's interference.

Unfortunately, withholding emergency food and medical supplies would seem to bring little or no pressure to bear on a government which exhibits no concern for the plight of its people. In fact, with 11 million Sudanese teetering on the brink of starvation, NIF leader Dr. Hassan al-Turabi stated in a recent interview in the government-controlled newspaper, "It is a blessing in disguise when people seek to withdraw financial and food supplies to the Sudan."

Ethiopia

Population: 51,666,622.
Government: Communist state.
Head of Government: President Mengistu Haile Mariam.
GDP: $6.6 billion.
Per Capita Income: $130.
Defense Expenditures: $471.6 million.
Armed Forces: Army—430,000; Navy—3,500; Air Force—4,500; Paramilitary—9,000.
Total Regular Armed Forces: 438,000.

For almost 30 years civil war, famine and abject poverty have been a way of life in Ethiopia, and 1990 brought more of the same. At the core of the current conflict, the Soviet-backed Marxist dictatorship of President Mengistu Haile Mariam is pitted against no less than 21 regional insurgent factions. Chief among these is the well-trained and ably led guerrilla force of the Eritrean People's Liberation Front (EPLF), which seeks independence for and modernization of Ethiopia's northernmost province. Eritrea, annexed by Emperor Haile Selassie in 1962, is strategically located along the Red Sea coast and encompasses Ethiopia's two principal ports.

In recent months EPLF has gained ground against Mengistu's forces. Since February the group has controlled the Red Sea port of Massawa; 30,000 government troops have been killed, wounded or captured in three unsuccessful attempts to retake the city. EPLF has also tightened its siege of Asmara, the provincial capital of Eritrea and one of the few government strongholds left in the region. Some 100,000 of Mengistu's troops are trapped in the city and must be resupplied daily by airlift. Yet the Eritreans appear unwilling to press their advantage, a reluctance attributed by many observers to a combination of goodwill and war-weariness—the Eritreans are estimated to have suffered more than 500,000 casualties out of a population of four million.

Recently, the Soviets began to rethink their relationship with Mengistu's bloody regime. While still vowing to abide by their friendship treaty, the U.S.S.R. pulled its advisers out of the war-torn northern zone and hinted that the arms agreement with the Ethiopian government would not be renewed in 1991. (Moscow has provided Mengistu with $10 billion in arms since 1974.)

But Mengistu has not been left entirely without support by the Soviet retreat. The United States and the United Nations, as well as most African leaders, oppose the disintegration of the Ethiopian empire, and Israel has reportedly assumed the role of benefactor to the government—for a price. Ethiopia and Israel reestablished diplomatic relations in November 1989 after a 16-year estrangement.

The other major rebel group in Ethiopia, the 14-year-old Tigre People's Liberation Front (TPLF), seeks the overthrow of Mengistu but not the dissolution of the empire. Situated only a few hours' drive from Addis Ababa, TPLF reportedly killed or wounded 15,000 government troops and took 13,000 prisoners in June. TPLF has carried its fight almost to the suburbs of the capital, yet, like EPLF, the Tigre organization apparently wishes to avoid a climactic battle; a TPLF victory, while almost a certainty, could turn allies into rivals in the chaos following a Mengistu defeat.

In the meantime, with his enemies poised on the threshhold of victory and his forces demoralized and diminished by his bloody purges, Mengistu has seemingly renounced his Marxist policies. In March he announced plans to replace Ethiopia's Soviet-style centrally-controlled economy with a liberalized economic system.

In October, U.S. officials met with representatives of the Ethiopian government and EPLF in hopes of reviving peace talks broken off last year. Mengistu indicated willingness to pursue peace efforts and to allow relief shipments into Massawa and called on Eritrean leaders to cooperate. The Eritrean rebels at first rejected U.N. attempts to facilitate famine relief. By late November, however, the Ethiopian government and EPLF reached a tentative agreement to open Massawa to U.N.-sponsored shipments of food.

In the last decade, Ethiopia has been wracked by mass starvation as the devastating effects of widespread drought have been exacerbated by the destruction related to Africa's longest civil war. So far this year, Western governments and relief agencies have been able to avert total disaster even without access to Massawa. Still, an estimated 4.2 million people remain at risk as northern Ethiopia faces its second year of drought. The failure of either side to cooperate with the United Nations relief effort could result in another famine of catastrophic proportions.

For now Ethiopia remains in political and economic limbo. Will famine-relief cooperation, Mengistu's apparent conversion to more liberal governing policies and the negotiating efforts of the United States and the United Nations be able to overcome decades of repression, starvation and war? Maybe—and maybe not.

Somalia

Population: 8,424,269.
Government: Republic.
Head of Government: President Mohamed Siad Barre.
GDP: $1.7 billion.
Per Capita Income: $210.
Defense Expenditures: Not available.
Armed Forces: Army—60,000 (30,000 conscripts); Navy—2,000; Air Force—2,500; Paramilitary—29,500; Reserves—numbers not known.
Total Regular Armed Forces: 64,500.

Somalia's octogenerian president, Mohamed Siad Barre, has ruled this predominantly Muslim East African country since 1969, when he staged a bloodless coup. But years of civil war, economic mismanagement, government corruption and human rights violations have left him almost entirely without power, and anarchy has become the law of the land.

One of the world's poorest countries, Somalia was a staunch U.S. ally during the struggle with the Soviet Union for influence in the Horn of Africa. But the end of the Cold War and escalating human rights atrocities prompted Congress, in June 1990, to ban further military aid to Siad Barre's crumbling regime. The flow of money and oil from the United Arab Emirates and Kuwait has also ceased, and all international aid agencies except the International Red Cross have long since left the ravaged capital of Mogadishu. With the government in turmoil, Somalia has no basic services, there is almost no currency in circulation and the rate of inflation is reportedly somewhere between 350 and 600 percent.

The population lives in fear of Mogadishu's only guardians of law and order, Siad Barre's Special Military Police. Described as little more than rabble, they spend their off-duty time committing armed robberies and selling arms in the streets. On duty, they are just as dangerous—in one instance, when spectators at a soccer match in July booed Siad Barre's opening speech, his bodyguards opened fire on the crowd, killing dozens. Siad Barre appears unable or unwilling to curb their excesses.

Somalia is unlike many of its neighbors in that it is made up entirely of one ethnic group, the Somali, with one common language. But that group is divided into 26 major clans and countless minor families, and the only thing most of them have in common, other than ethnicity and language, is hatred of their president. Three clans predominate, and each is represented by a rebel faction bent on the downfall of the government. This would seem to make the government an easy target for a coup, but the clans are so consumed with hatred for one another that they refuse to unite in overthrowing Siad Barre. So Somalia's civil war is actually several wars on several fronts. The fighting has forced almost 500,000 refugees to flee the country (most have gone to Ethiopia), while 400,000 others have been displaced within Somalia.

At year's end the rebel forces were closing in on Mogadishu. Siad Barre's troops were still resisting to some degree, but the fighting around the capital city was fast reaching a fever pitch. Given Siad Barre's advanced age, his lack of control over his own forces and the determination of the insurgents (and most other Somalis) to see his corrupt regime toppled, expect a new government of some description in Somalia fairly early in the new year. (EDITOR'S NOTE: At press time, Siad Barre and most of his cabinet had fled Mogadishu but were reportedly still in country.)

Kenya

Population: 24,639,261.
Government: Republic.
Head of Government: President Daniel Teroitich arap Moi.
GDP: $8.5 billion.
Per Capita Income: $360.
Defense Expenditures: $100 million (1989 estimate).
Armed Forces: Army—19,000; Navy—1,100; Air Force—3,500; Paramilitary—4,000.
Total Regular Armed Forces: 23,600.

In recent months a number of African leaders have (willingly or otherwise) embraced the concept of multiparty government. President Daniel arap Moi is not among them, even though Kenya once had a multiparty system and was considered one of the most democratic nations in Africa.

Despite considerable pressure from citizens rioting in the streets and from Western aid donors, Moi has held firm against the idea of broadening Kenya's political system, saying it would result in tribalism. That Moi fears losing his grip on a government riddled with rot would seem to be closer to the truth.

The governing Kenya African National Union party's December meeting resulted in some changes to appease complaining citizens. It was agreed that the secret ballot would be restored for primary elections, that expulsion from the party would be abandoned as a disciplinary measure and that a candidate who received 70 percent of the vote in the primary would no longer be the automatic candidate in the general elections.

The announced changes, along with Moi's recent decision to restore the judiciary, also addressed some of the concerns of Western aid donors (the U.S. among them) pressing for political reform. (Kenya is the largest recipient of U.S. aid in sub-Saharan Africa, receiving $49.8 million in economic and military aid in 1990 and tentatively scheduled for the same amount in 1991.)

Kenya's political difficulties have spawned other problems as well. Tourism has long been the country's primary foreign exchange earner, bringing in almost $500 million annually. Recent internal strife, including rioting, unsolved political murders and other unexplained deaths, has begun to make Kenya less attractive as a vacation spot. Coffee and tea are the only other viable industries, and with all available arable land under cultivation, there is no room for expansion. Manufactured exports declined in the 1980s; many

foreign manufacturers have pulled out, reportedly due to favoritism and corruption in the Moi government's dealings with industry.

Kenya's population continues to grow at an alarming rate—the current figure of 22 million will double by the year 2010. Each year 150,000 young people flood the job market to compete for about 3,000 new jobs. Government, too, is expanding rapidly as corruption becomes more pervasive. The number of government employees increases at an annual rate of 5.4 percent, faster than the private sector, the population or the gross national product.

Once considered a model of stability and sound development in post-colonial Africa, Kenya has the means to make a complete recovery. It has almost all the necessary ingredients to become a manufacturing and service industry center for East and Central Africa: a good port (Mombasa), good roads, a comfortable climate, a large work force, good communications and a strong free-market tradition. What's missing is foreign and domestic investment, and that component will remain out of reach as long as Kenya has a government that is mired in corruption and a president who blames the discontent of the people on hooligans, drug addicts and "a few selfish agitators."

Angola

Population: 8,534,483.
Government: Marxist people's republic.
Head of Government: President Jose Eduardo dos Santos.
GDP: $5 billion.
Per Capita Income: $600.
Defense Expenditures: $819 million.
Armed Forces: Army—91,500 (24,000 conscripts); Navy—1,500; Air Force—7,000; Paramilitary—7,000; Reserves—50,000 (militia).
Forces Abroad: 500
Total Regular Armed Forces: 100,000 (24,000 conscripts).

When this year's fifth round of peace talks ended on Nov. 20, Angola seemed only marginally closer to a ceasefire in its 15-year-old civil war. Since that time, thanks in large measure to pressure from the United States and the Soviet Union, significant strides toward a settlement have been taken by both the rebel National Union for the Total Independence of Angola (UNITA) and the ruling Popular Movement for the Liberation of Angola (MPLA).

One major sticking point at the negotiating table had been the rebel leader's demand for formal recognition by the ruling party. However, on Dec. 5, U.S.-backed Jonas Savimbi of UNITA withdrew his demand, contingent on the government's ratification of a multiparty system. The following week, MPLA's party congress responded with the adoption of a new ideology— democratic socialism—allowing a multiparty system, direct election of the president and a free-enterprise economy. The 700-member congress also gave a vote of confidence to President Eduardo dos Santos, paving the way for negotiations with Savimbi.

Observers attribute the government's (and probably Savimbi's) change of heart to a new—albeit reluctant—pragmatism in the face of changing political and economic realities around the globe. The Soviet-backed MPLA has already witnessed the departure of 38,000 Cuban troops, with the remaining 12,000 to be withdrawn by July 1991. The Soviet Union, which has provided the Marxist government with 1,100 advisers and $800 million in annual military aid since 1975, has enough political and economic problems at home to preclude continued support of any significance. In the meantime, though UNITA continues to gain ground militarily, Savimbi can see his covert CIA support (estimated at about $60 million a year) beginning to dry up as U.S. congressional interest in UNITA declines.

The next round of negotiations is scheduled for early 1991 in Portugal. Although many details remain to be ironed out, a ceasefire could take place as early as April. Savimbi is calling for elections by the end of the year, while the government, less eager for that event, predicts a somewhat later date. Both sides, however, agree on the need for international monitoring of both the ceasefire and the elections.

As is the case with many other African nations, civil war has cost Angola many lives (more than 300,000) and brought ruination to the country. However, if negotiations are successful, mineral-rich Angola (unlike some of her neighbors) has the potential not only for peace but also for prosperity.

Namibia

Population: 1,452,951.
Government: Republic.
Head of Government: President Sam Nujoma.
GNP: $1.54 billion.
Per Capita Income: $1,245.
(Defense expenditures and military manpower figures are not available.)

March 21, 1990, was independence day for the new Republic of Namibia. Thus ended 75 years of South African control over the land formerly known as South-West Africa.

Earlier, on Feb. 9, Namibia's 72-member Constituent Assembly voted unanimously to adopt a Western-style constitution that provided for a multiparty system, guaranteed human rights, established an independent judiciary, banned the death penalty and limited the presidency to two five-year terms. On Feb. 16 the Assembly also voted unanimously to elect Sam Nujoma as Namibia's first president.

Since returning from exile as guerrilla leader of the leftist South-West African People's Organization (SWAPO) in 1989, Nujoma has foregone his heavily socialist rhetoric in favor of a moderate stand on economic issues. On independence day he reiterated his government's support for a mixed economy, urging foreign investors to help Namibia to end its economic dependence on South Africa. Both the

U.S. and Canada have since lifted all economic sanctions against Namibia, and Canada has promised more than $4 million in aid.

The United Nations has played a key role in guiding Namibia's transition to independence. First colonized by Germany in 1884, mineral-rich South-West Africa was occupied by South Africa during World War I. In 1920 the League of Nations gave South Africa a mandate to govern the territory. Later the U.N., over South Africa's objections, established a trusteeship for South-West Africa in 1946.

In 1966 SWAPO launched its guerrilla war for the independence of South-West Africa, to be renamed Namibia, and the U.N. revoked South Africa's trusteeship. By 1978 the U.N. Security Council had adopted Resolution 435 calling for a ceasefire, South Africa's withdrawal from Namibia and transfer of power to the Namibian people through U.N.-sponsored elections. Official implementation of the resolution did not begin until April 1989, almost a year after the U.N., the U.S. and the Soviet Union negotiated an agreement calling for South African and Cuban troop withdrawals from neighboring Angola, where SWAPO bases were located. The transition period culminated in the inauguration of Nujoma by U.N. Secretary-General Javier Perez de Cuellar.

With independence, Namibia becomes the 160th member of the United Nations and the 50th member of the British Commonwealth. With recognition and assistance from Western industrialized nations and the most liberal democratic constitution in Africa, this could be the beginning of a bright future for the last colony on the dark continent.

South Africa

Population: 39,549,941.
Government: Republic.
Head of Government: President F.W. de Klerk.
GDP: $83.5 billion.
Per Capita Income: $2,380.
Defense Expenditures: $3.92 billion.
Armed Forces: Army—60,900; Navy—5,500 including marines (1,000 conscripts); Air Force—11,000 (4,000 conscripts); Medical Service 8,000; Paramilitary—97,000; Reserves—380,000 all services.
Total Regular Armed Forces: 77,400.

For those who saw Nelson Mandela's February 1990 release from prison as a harbinger of the end of apartheid, hope is still alive—and rightfully so. But anyone who expected the death of that hateful institution to be swift and merciful for both sides is by now disappointed. Apartheid's decline has been, and will continue to be, slow and painful for all who reside in or care about South Africa.

To be sure, President F.W. de Klerk has set the white ruling minority on its collective ear by lifting the state of emergency, legalizing Mandela's African National Congress (ANC), opening talks with ANC leaders and setting the wheels in motion to allow thousands of political exiles to return home. He has scrapped the Separate Amenities Act which allowed segregation of parks, swimming pools and the like, and is expected to eliminate the Land Act (barring black ownership of 87 percent of the country's land) and the Group Areas Act (designating separate living areas for the different races). He has also ruled out an elected constituent assembly or an interim mixed black-white government, saying that either would strip whites of power.

Mandela, in the meantime, has been viewed by many—black and white— as the embodiment of a new order in South Africa as he traveled around the world seeking support for the ANC cause. He was met with much initial enthusiasm in the United States and in other Western nations, as well as by many of South Africa's neighbors, but he seriously undermined his own image and efforts by claiming political kinship with Libya's Muammer el-Qaddafi and the Palestine Liberation Organization's Yasir Arafat.

If de Klerk and Mandela had only the white government and the multiracial ANC to please, ending apartheid would still be a daunting proposition. Unfortunately, there are other interested parties and both de Klerk and Mandela insist that all must be involved. The Inkatha Freedom Party, a multiracial (mostly Zulu) faction led by Chief Mangosuthu Buthelezi, is committed to power through negotiation, opposing armed resistance and, unlike ANC, refusing to back continued international economic sanctions. The sticking point between Inkatha and ANC is whether two parties can speak for the black population, and most of the violence which has wracked the black townships in the last year has been between these two groups. Also involved is the Pan-Africanist Congress, an all-black faction which rejects negotiations with the government and calls instead for election of a constituent assembly to design a new constitution—a possibility de Klerk rejects absolutely.

The dissent is by no means confined to the black majority. In addition to those within his own Nationalist party who object to the end of apartheid, de Klerk must also contend with three million Afrikaners (descendants of 17th-century Dutch, French and German settlers), some of whom have threatened to take up arms if the white government "sells out." Less militant Afrikaners are seriously exploring the possibility of an all-white "homeland," with a portion of the northeastern section of the country as the most likely location.

Longstanding racial biases continue to undermine negotiations, but there are major economic considerations as well. South Africa is one of the few African nations able to feed itself, and many fear for its agricultural survival under the new order. ANC's Freedom Charter demands that the scrapping of the Land Act be followed by redistribution of the land, thus displacing successful white commercial farmers (and giving the whites one more reason to fear—and fight—the end of apartheid).

One thing that many had hoped for with Mandela's release and the beginning of negotiations was an end to the violence that has plagued South Africa for so many years.

That dream, too, has proved elusive as 1990 ended with the highest political death toll ever. But most of the fighting is not between blacks and whites—as has been the case in the past—so much as between separate black factions in the townships. What was once a racial war has now become a tribal war.

There are still many reasons to hope for a brighter future for South Africa and all of its citizens. But with de Klerk's announcement in mid-December that his government intends to keep the upper hand, and ANC's declaration that 1991 will be "the year of mass action for the transfer of power to the people," a peaceful accord may still be a long time coming.

THE MIDDLE EAST— THE POWDER KEG EXPLODES

In the final months of 1990, the focus of most of the world was on the crisis in the Persian Gulf. Iraq's brutal seizure of Kuwait has helped to coalesce some groups that have never before been allied. It has, as well, given a new stature to the United Nations to a degree not enjoyed by that body since its inception.

Following a series of hearings on the Gulf crisis by the House Armed Services Committee, Chairman Les Aspin concluded: "For the Persian Gulf region, this is a watershed event. Things are not likely to be the same again. For example, it is highly unlikely that Pan-Arab nationalism will ever be the same. The U.S.-Saudi relationship acquired a new visibility. U.S. troops are flooding into Saudi Arabia which formerly preferred our presence just over the horizon. Egypt and Syria are side-by-side, not toe-to-toe. There are strains, perhaps differences, in the U.S.-Israeli relationship. The Middle East is not going to be the same." Once the current crisis has passed, hopefully in the not-too-distant future, it will leave behind the more fundamental source of combustion in the area, that of Arab vs. Israeli. Dean Rusk, whose more than forty years of diplomatic service included eight years as Secretary of State, wrote in his autobiography: "Of all the world's problems the Arab-Israeli conflict has been the most stubborn, intractable, and unyielding. Its root causes go back centuries and the emotions that it generates are awesome."

Among the brighter aspects of life in this volatile region in 1990 were the great changes that began to occur in Lebanon and Iran, where the absence of armed conflict has permitted a start of rebuilding and recovery from years of killing and strife. After years of semi-dormancy, Turkey has stepped forward as a more active allied player and, as Mr. Aspin points out, Egypt and Syria are working in harness for the first time in many years.

In much of the region there has been increased fervor for the tenets of Islamic Fundamentalism that is even more pronounced than when Iran's Ayatollah Khomeni gave it such loud voice. Saddam Hussein has tried to use that increasingly important political idiom to selectively drive a wedge between some of the Arab nations arrayed against him.

Many other questions still confront the area beyond the current Gulf crisis. Unresolved are the disposition of disenfranchised Palestinians and the problems created by a tremendous influx of Soviet Jews into Israel.

The agitation and ferment that has typified the Middle East for centuries continues. There are no easy solutions in sight, but the search for peace goes on. It will take hard work and diplomacy of the highest order to avoid further bloodshed and killing.

Turkey

Population: 56,704,327.
Government: Republic.
Head of Government: President Turgut Ozal.
GDP: $75 billion.
Per Capita Income: $1,350.
Defense Expenditures: $3.28 billion.
Armed Forces: Army—525,000 (475,000 conscripts), 950,000 reserves; Navy—55,000 including marines (42,000 conscripts), 84,000 reserves; Air Force—67,400 (36,800 conscripts), 73,000 reserves; Paramilitary—71,100, 50,000 reserves.
Forces Abroad: 30,000.
Total Regular Armed Forces: 647,400 (553,800 conscripts).

President Turgut Ozal brought Turkey into the front rank of the U.S. allies in the Persian Gulf crisis. In so doing, he had to overcome serious opposition at home, but with the majority that his Motherland Party enjoys in the Parliament, it seems unlikely that he can be diverted successfully from within.

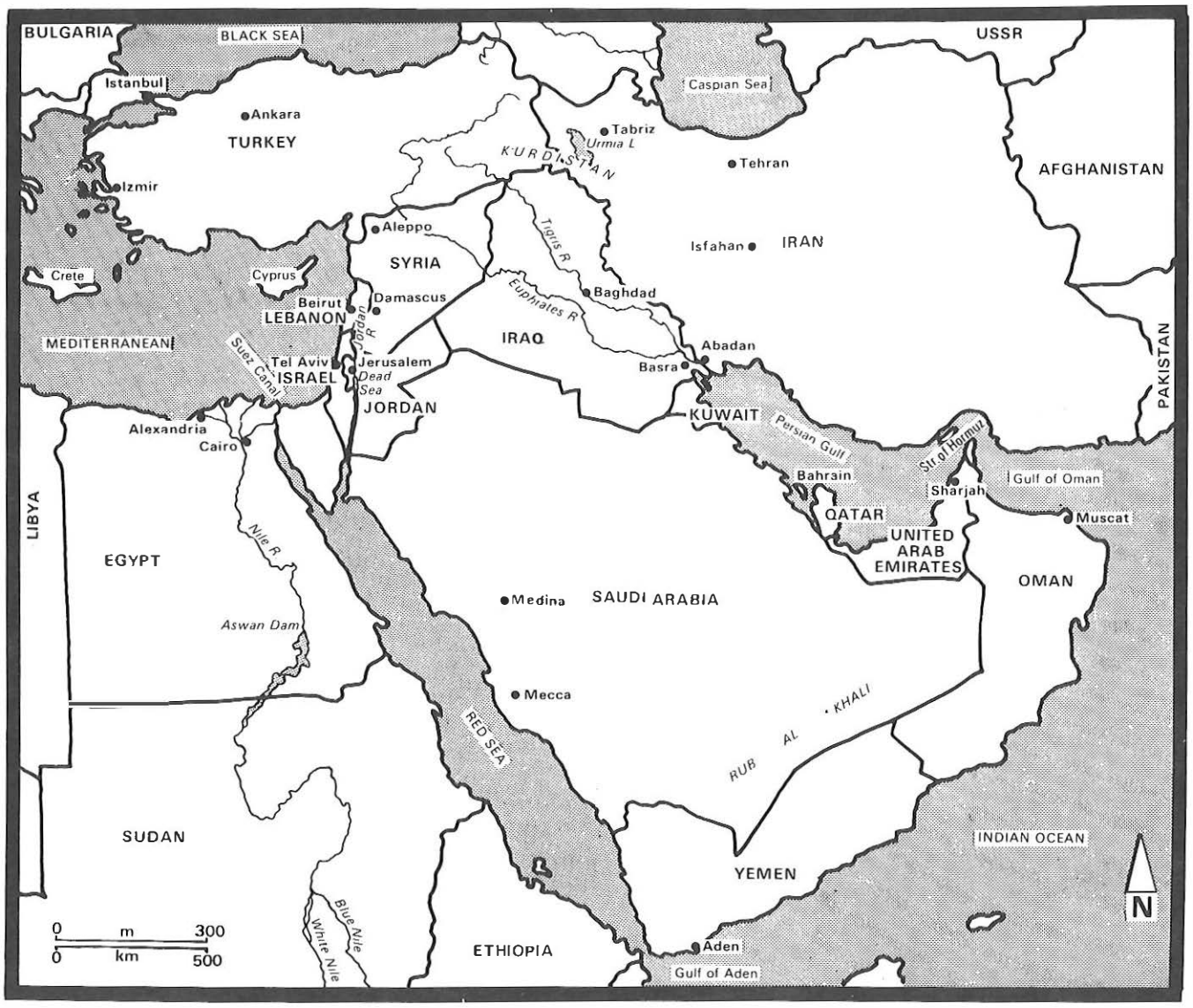
At year's end, Turkey was still building up troops along the Iraqi border and was continuing to play a strong role in enforcing the United Nations' oil and trade embargo against Iraq.

Last August, the other 15 NATO countries affirmed that they would honor NATO's treaty commitments to defend fellow member Turkey if attacked. And in late December, when Ozal's government asked NATO to bolster their defenses against Iraq, NATO agreed.

This bold support of the United Nations has not been without cost to Ozal or to Turkey. In October, his foreign minister, Ali Bozer, resigned in disagreement with these policies. The defense minister quit in November, followed by the resignation of Ozal's top military leader, General Necip Torumtry, who flatly declared his opposition to the course that Ozal was following.

There is also substantial economic cost to Turkey for this strong stand in opposition to Saddam. Lost trade with Iraq will probably reach $3 billion. The Turks will also lose the transit fees accruing from tanker trade and from the twin pipelines from Iraq's Kirkuk oil fields through Turkey to the Mediterranean that once carried about one-half of Iraq's oil exports.

MIDDLE EAST



Turkey is having difficulty trying to deal with a rapidly growing population, steep inflation and seething ethnic unrest. The eight million Kurds concentrated in the southeast are people without a country who dearly want one and are willing to fight for it. They are restive under what they consider foreign control.

But Ozal's strong stand against Saddam Hussein has moved Turkey upward on the international scale, and with over 600,000 in his armed forces, he speaks with some authority. Although somewhat deficient in modernization, Turkey's is the largest armed force in NATO, outside of the U.S.

Ozal's determination was expressed in an early December statement: "I think if Saddam Hussein has logic, even a little logic, he should pull out of Kuwait. That does not mean there will be no war. The other side has to be very straight; there will be a war if he does not pull out of Kuwait."

Egypt

Population: 54,705,746.
Government: Republic.
Head of Government: President Hosni Mubarak.
GDP: $38.3 billion.
Per Capita Income: $700.
Defense Expenditures: $6.38 billion.
Armed Forces: Army—320,000 (180,000 conscripts), 500,000 reserves; Navy—20,000 (12,000 conscripts), 14,000 reserves; Air Forces—30,000 (10,000 conscripts), 20,000 reserves; Air Defense Forces—80,000 (50,000 conscripts), 89,000 reserves; Paramilitary—374,000.
Total Regular Armed Forces: 450,000 (252,000 conscripts).

Egypt has experienced an uplift of self-confidence from

the crisis in the Gulf, primarily because of the up-front stance of its leader, Hosni Mubarak.

When Saddam invaded Kuwait in August, he didn't bargain for such outspoken opposition from his neighbors in the Arab community. Eleven days after the invasion, Egypt dispatched some 10,000 troops to support the Saudis and has subsequently increased its commitment to more than 24,000 ground troops and 5,000 paratroopers. Egypt, therefore, has the second largest contingent of foreign troops who are providing what is truly a desert shield.

Mubarak has never been viewed by his countrymen as a particularly charismatic leader, but because so many Egyptians resent the actions of Saddam, the Egyptian president now reaps their approval for his prompt and forceful action.

Mubarak is particularly angry with Jordan and Yemen, believing that they were at the root of a conspiracy to transform the Arab Cooperation Council, an economic and political group consisting of Egypt, Jordan and Yemen, into a military organization. To Mubarak, Saddam appeared to be manipulating this group in a manner to neutralize Cairo and to dominate Saudi Arabia, which they geographically surrounded. King Hussein of Jordan tried repeatedly to include a military segment in the Council agreement, a maneuver which Mubarak adamantly opposed.

All of Mubarak's positive efforts have not gone unrecognized. The United States has forgiven $7.1 billion in debt owed by Egypt, saving Cairo $700 million a year in repayments. Other Arab nations have forgiven another $7 billion. In total this year, Egypt has had one-fourth of its $50 billion foreign debt forgiven. That in itself will obviously take some of the domestic heat off Mubarak, even after the emotional annoyance at Saddam will have passed.

Another significant political event of the last year was the dramatic burying of the hatchet between Syria and Egypt. In July, Syrian President Hafez al-Assad spent three days in Cairo visiting Mubarak. The two had not been on speaking terms since Egypt signed a separate peace treaty with Israel in 1979. This renewal of partnership between two of Israel's most powerful neighbors must be disconcerting to the Israelis in their own time of discontent.

Egypt emerges from the year as a vigorous opponent of Saddam, an increasingly popular posture in today's world. If its bonds with Syria can be further strengthened, a new order in the Middle East may be truly in the making.

Lebanon

Population: 3,339,331.
Government: Nominally a republic.
Head of Government: President Elias Hrawi.
GDP: $2.3 billion.
Per Capita Income: $700.
Defense Expenditures: $154 million.
Armed Forces: Despite the break-up of the Lebanese armed forces, all units are referred to here as National Armed Forces: Army—21,000; Navy—numbers unknown; Air Force—800; Paramilitary—8,000.
Total Regular Armed Forces: 21,800.

At the close of 1990, the almost incomprehensible fifteen-year civil war in Lebanon seemed to be at an end. In late October, Syrian troops supporting Lebanese President Elias Hrawi routed Christian General Michel Aoun, who had opposed the power-sharing agreement between Muslims and Christians hammered out in the legislature last year.

With Aoun defeated and in French-sponsored asylum, other dissident groups began to move out of Beirut. Now, Hrawi has the opportunity to stabilize the city and establish a legitimate base for his government. For the first time since 1975, Beirut begins a new year free of warring militia.

While the cessation of internecine warfare is most welcome, many Lebanese remain concerned about the powerful influence of Syria on their governance. Yet, without Syrian intervention, the senseless killing would still prevail. Nor do all Lebanon's problems center solely on Beirut and Northern Lebanon. Regardless of what happens in the north, Southern Lebanon likely will remain explosive. The government's authority is not apt to carry much weight in the Sidon area, home to more than 15,000 adherents to the Palestinian Liberation Organization—most of whom support Saddam Hussein. Similarly, there is no indication that Israel intends to give up its buffer zone along the border with Southern Lebanon.

The beginning of an end to Lebanon's internal warfare started when the Muslim and Christian leaders of Lebanon agreed to a constitutional change, giving Muslims an equal share of power with the long-dominant Christians. On Sep. 1, President Hrawi signed the constitutional reforms and they became the law of the land. The most surprising thing to date has been the willingness of some nine major militia groups to give concrete support to these reforms.

Lebanon has a host of other major problems which ultimately must be addressed. Not the least of these is a multi-billion dollar underground economy fueled by illegal drugs grown in the Bekaa Valley. The magnitude of this operation is such that it has become the area's largest single export commodity, accounting for well over half of Lebanon's foreign exchange revenues. For a number of reasons, including conflicting religious or political priorities and hostage rescue considerations, no one seems to have given adequate attention to this major drug source. Maybe now it will merit closer attention.

Syria

Population: 12,483,440.
Government: Socialist.
Head of Government: President Hafez al-Assad.
GDP: $18.5 billion.
Per Capita Income: $1,540.
Defense Expenditures: $2.49 billion.
Armed Forces: Army—300,000 (130,000 conscripts), 50,000 reserves; Navy—6,000, 8,000 reserves; Air Force—40,000; Air Defense Command—60,000; Paramilitary—24,300.
Forces Abroad: 42,000 (Lebanon).
Total Regular Armed Forces: 406,000.

Over the past few months, President Hafez al-Assad made his boldest moves in years to bring Syria into a position of leadership in the Arab world. His role in harboring terrorists and his vision of a Greater Syria—which includes Lebanon—have been sublimated for the moment by his overt opposition to the Iraqi invasion of Kuwait.

Nonetheless, with the encouragement of Egypt's Mubarak and the tacit dismissal by President Bush of some past repugnant acts, Assad is emerging as one of the key leaders in the Arab orbit. Mubarak met with Assad in May, the first visit to Damascus by an Egyptian leader in 13 years, and offered a proposal for the formation of a new Arab focus to be centered on Syria, Egypt and Saudi Arabia.

Assad's first success of 1990 was the ousting of Michel Auon, the Maronite Christian leader of the opposition in Lebanon. In October, Assad sent the vanguard of the 40,000 Syrian troops in Lebanon against the last Christian holdout and successfully routed Auon. Considering Assad's vision of a Greater Syria, it is by no means certain that power sharing between the Syrian and Lebanese governments may change any time soon. Certainly, no date for the withdrawal of Syrian troops has yet been announced.

Assad's next attempt at respectability came with his prompt and substantial contribution to the resistance to Iraq's invasion of Kuwait. He has promised up to 20,000 troops, including his 9th Armored Division, to the forces opposing Saddam in Saudi Arabia.

When President Bush met with Assad in Geneva on Nov. 24, both leaders were criticized on their respective home fronts for agreeing to talk. Assad is not deeply concerned with public opinion and President Bush has made it clear that as long as one American soldier was at risk in the Middle East, he would meet with anyone who joined the fight against aggression.

Many Syrians feel that they have not received adequate recognition or regard for the sacrifices they have made to participate directly in the opposition to Iraq. They have seen the U.S. forgive a $7 billion debt to Egypt and are irked that monies provided by Kuwait and Saudi Arabia are being distributed more generously to others. They are exasperated even further by increased U.S. aid to Israel. The U.S. promise to provide Israel with Patriot missile systems is not viewed by Syrian leaders as a friendly gesture.

Over the past decades, the Syrian people have been fed a continuous diet of anti-Americanism and pro-Arab nationalism. So it is not surprising that they find the dramatic changes in current affairs hard to absorb. These are truly traumatic events for the Syrian people. Assad has said that his government makes public opinion rather than being guided by it. His stature as a rising leader in the Middle East may rest on that assessment.

Israel

Population: 4,409,218.
Government: Republic.
Head of Government: Prime Minister Yitzhak Shamir.
GNP: $38 billion.
Per Capita Income: $8,700.
Defense Expenditures: $6.32 billion.
Armed Forces: Army—104,000 (88,000 conscripts, 598,000 on mobilization), 494,000 reserves; Navy—9,000 (3,000 conscripts, 10,000 on mobilization), 1,000 reserves; Marines—300; Air Force—28,000 (19,000 conscripts, 37,000 on mobilization), 9,000 reserves; Paramilitary—6,000 Border Police.
Forces Abroad: 125.
Total Regular Armed Forces: 141,300 (110,000 conscripts).

This past year was a tough one for Israel, and the future does not promise an early diminution of the very serious difficulties with which the country has been forced to cope.

One of the most troubling aspects of the countless problems confronting Israel is divided government. The hardliners of Likud, with Yitzhak Shamir as their prime minister, currently hold the reins of power, but by only a small margin. Ariel Sharon, who is the hardest of them all, plays an increasingly important role in the government. For much of the year he served as minister of housing and thus was in charge of the assimilation of the overwhelming influx of Soviet Jews. The intifada, the uprising of Palestinians to protest the Israeli occupation of Gaza and the West Bank, entered its fourth year in December. As much as five percent of the Israeli defense budget is absorbed in resisting Palestinian rock-throwers, pipe-bombers and snipers. The intifada has basically three aims: to end enforced creation of a Palestinian economic dependence on Israel, to win international support for the Palestinian state and to end the occupation itself. Intifada keeps on the front burner the ultimate disposition of the Palestinian question, a continuing problem throughout the Middle East. Saddam Hussein, for example, has tried to link any settlement of his rape of Kuwait to a major Middle East conference aimed at solving the Palestinian question.

Another difficulty that has long-range implications for the Israeli government is the absorption of increasing numbers of Soviet Jews immigrating to the country. Almost 125,000 arrived this past year and some 400,000 are expected in 1991. Upon arrival they face conditions of insufficient housing and almost nonexistent employment opportunities. Most of the emigres have limited, if any, funds and their coming to a country that is unable to support adequately its existing population exacerbates an extremely stressing problem.

Israel has had always to rely on outside funding for its existence— notably official aid from the United States and others. Not insignificant have been the private contributions from the American Jewish community. Israel lives constantly on the financial edge and even its prospects for generating internal income have suffered in the past year, es-

pecially that derived from tourism. At least 25 percent of the total budget continues to be allocated to the national defense in the light of both the internal and external dangers that confront the country.

In October, Israel handed Saddam Hussein an unusual opportunity to share the limelight for ill-deeds. Israeli security forces fired into an angry mob on Jerusalem's Temple Mount, killing 19 Palestinians and wounding 140. Eager to divert attention from his rape of Kuwait, the Iraqi leader has tried repeatedly to convince his fellow Arabs that the enemy is not Iraq but the Zionists and their American backers. He has not been totally successful, but the debacle on the Temple Mount will undoubtedly be used against Israel in any future negotiations.

That same incident contributed to United States support of a U.N. resolution in December condemning Israel for the continued eviction of Palestinians from the occupied territories. The resolution deplores the latest deportations, asks the United Nations to give the Palestinians more protection against Israel and demands that part of Jerusalem be added to the Arab territories occupied by Israel since 1967. This move was necessary if the U.S. was to hold together the coalition of Arab countries now contesting Saddam's brutal occupation of Kuwait. It was, nevertheless, an action by the U.S. against Israel, stronger than anything in recent memory, and may suggest a further weakening of U.S. support for Israel—at least at the same levels as in the past.

This was not a banner year for Israel. The struggling nation appeared to end 1990 with more problems on its plate than it had when the year started. Great effort has been made to keep Israel on the sidelines during the Gulf crisis but should conflict occur, some untoward act may draw her in and that would further confuse an already incomprehensible Middle East dilemma.

Jordan

Population: 3,064,508.
Government: Constitutional monarchy.
Head of Government: King Hussein I.
GNP: $5.2 billion.
Per Capita Income: $1,760.
Defense Expenditures: $383.22 million.
Armed Forces: Army—74,000; Navy—250 coast guard; Air Force—10,000; Paramilitary—33,200; Reserves—35,000 all services.
Total Regular Armed Forces: 84,250.

Saddam's invasion of Kuwait has become a nightmare for Jordan. From a position of relative calm, with an improving economic outlook, the last few months of the year have proved chaotic.

Over the years, King Hussein has projected his regime as the most pro-Western of the Arab states and has tried to play the role of peacemaker in the Middle East. Even in the present crisis, he has crusaded around the region in an attempt to gain recognition for his "Arab solution." The king would readily trade an Iraqi package of concessions to Saddam. These would include a pullout of Western troops from Saudi Arabia, an unspecified "privileged" relationship between Iraq and Kuwait and the convening of a Middle East peace conference to consider the Israeli occupation of the West Bank and the Syrian occupation of Lebanon. Neither the Arabs of the desert coalition, nor Washington, want any part of this deal except to see Saddam out of Kuwait.

King Hussein's support for Saddam, particularly galling to the Western powers, has caused a number of Arab states to be equally upset with him. Saudi Arabia, for example, feels that King Hussein has been acting as a lawyer for Saddam—trying to make the best case for Iraq. Ninety percent of Jordan's population is Palestinian and with PLO leader Yasir Arafat publicly on the Saddam bandwagon, many Jordanian people strongly support Saddam. Jordan gets Iraqi oil at a fixed price of $16.40 a barrel. Last year 40 percent of Jordan's non-phosphate exports went to Iraq. The trucking of wheat, corn and industrial imports from Aqaba to Baghdad brought in another $250 million, making Iraq Jordan's largest trading partner. Jordanian economic losses as a result of the latest Gulf crisis are estimated to be $2.1 billion per year. Significantly, in September the government began rationing milk, sugar and rice for the first time since 1940.

Since the invasion, Jordan has absorbed some 600,000 refugees from Kuwait and Iraq. With the anticipated return of an estimated million Jordanians from Kuwait, Saudi Arabia and the Emirates, Jordan's teetering economy easily could collapse into complete chaos.

Jordan's neighbors are not solid in their belief that King Hussein has abided fully with the United Nations embargo against Iraq. This, coupled with his public embracing of Saddam, has stifled much sympathy for Jordan's plight.

This is not the first time King Hussein has backed a loser. In 1967 he threw in his lot with Nasser in time to see him soundly defeated in the Six-Day War. Although King Hussein is held in low regard at the moment, he could have a future role to play in the interminable search for some solution to the festering problems between the Israelis, the Palestinians and the more radical Arab states. His emergence from the current debacle, which is by no means assured, could prove a plus much further down the line.

Iran

Population: 55,647,001.
Government: Islamic republic.
Head of Government: President Ali Akbar Rafsanjani.
GNP: $97.6 billion.
Per Capita Income: $1,800.
Defense Expenditures: $8.77 billion.
Armed Forces: Army—305,000 (250,000 conscripts), 350,000 ex-service volunteer reserves; Navy—14,500 including naval air and marines; Air Force—35,000; Revolutionary Guard Corps—150,000; Paramilitary—2,557,000.
Total Regular Armed Forces: 504,500 (250,000 conscripts).

Even as war clouds gathered in the rest of the Middle East, 1990 was Iran's most peaceful year in recent memory. Still, a number of significant changes took place toward the end of the year that could bode well for Iran's future.

In the October 1990 election, President Ali Akbar Hashemi Rafsanjani was reelected by an overwhelming margin and, more importantly, bolstered his position by outflanking the hardliners who opposed many of his more moderate policies. His supporters won most of the 83 seats on the Council of Experts, Iran's highest religious body, that chooses Iran's supreme leader and interprets the constitution.

In what had to be one of the least expected turns of events, Saddam Hussein, anxious to protect his eastern flank, made major concessions to Iran by withdrawing his forces and returning to Iran territory that Iraq had occupied after their eight-year war. In effect, Saddam accepted Iran's conditions for ending the Gulf War, including reinstatement of the 1975 Algiers Treaty, which gives half of the Shatt-al-Arab waterway to Iran.

If Saddam thought this would gain Iran's support in his takeover of Kuwait, he was mistaken. Rafsanjani has remained firm in his opposition to "any change in the geopolitics, the independence or territorial integrity" of any states in the region. By the same token, Iran has condemned the deployment of American forces to Saudi Arabia. The Iranians want the United States out of the Middle East as soon as possible. For Iran, Rafsanjani seeks a central role in the Gulf believing that his country is capable of acting as an anchor of stability in the region.

The run-up in oil prices precipitated by the Kuwaiti invasion is helping Iran address some of its debilitating economic problems. Oil at $30 a barrel nets Iran an extra $5 billion each year. With inflation running at roughly 50 percent and unemployment at about 25 percent, it is apparent that Iran, although making some progress, is a long way from economic recovery.

In June, a major earthquake, measuring 7.7 on the Richter Scale, devastated much of northwestern Iran. The quake reportedly killed more than 40,000 people and literally obliterated numerous villages and towns. Several less severe quakes have occurred in the fall, but with no comparable loss of life and property.

Rafsanjani's firm grasp on Iran's power structure, together with his close working relationship with religious leader Ayatollah Ali Khamenei, indicate a clear move to a more moderate stance. Iran's backing of the United Nations resolution demanding Iraqi withdrawal from Kuwait is another indicator that Iran may be moving toward the international community for the first time since 1979. Indeed, this has been a year of encouraging change in Iran as she benefits from the Gulf crisis by standing on the sidelines, increasing oil production and condemning Iraq, all of which should encourage Western investment. Would it be overly optimistic to expect two such years in succession?

Iraq

Population: 18,781,770.
Government: Republic.
Head of Government: President Saddam Hussein.
GNP: $35 billion.
Per Capita Income: $1,940.
Defense Expenditures: $13.3 billion.
Armed Forces: Army—955,000, 480,000 active reserves; Navy—5,000; Air Force—40,000; Paramilitary—854,800.
Total Regular Armed Forces: 1,000,000.

Iraq's unprovoked invasion and subsequent brutalization of an almost defenseless Kuwait has taken the center stage of world attention. The ruthless actions of Saddam Hussein have mobilized world opinion as never before and have spurred the United Nations into action.

Iraq emerged from its eight-year war with Iran relatively victorious, if the loss of 250,000 war dead, 500,000 wounded and 70,000 POWs is a victory. In any event, Iraq's modest gains in territory were returned to Iran toward the end of the year in an effort to reduce border tensions.

The core of Iraq's problems with Kuwait stems from the fact that, although it supported Iraq financially during the war with Iran, the Kuwaiti government refused to forgive the $8 billion debt that Iraq had incurred. In addition, there has been long-standing tension between Kuwait and Iraq over boundary problems and Iraq's lack of access to the Gulf. The British drew boundaries after World War I that left Iraq with only 25 miles of Gulf shoreline and no port, an issue that has been festering for 70 years.

Iraq is bordered by Turkey, Syria, Jordan, Saudi Arabia,

U.N. SECURITY COUNCIL RESOLUTIONS IN RESPONSE TO THE PERSIAN GULF CRISIS

Resolution Number/Date	Subject
660/Aug. 2	Condemned Iraq's invasion of Kuwait.
661/Aug. 6	Imposed economic embargo on Iraq.
662/Aug. 9	Declared annexation of Kuwait null and void.
664/Aug. 18	Demanded release of foreigners in Iraq and Kuwait.
665/Aug. 25	Allowed use of force to enforce sanctions.
666/Sep. 13	Food for humanitarian purposes.
667/Sep. 16	Condemned Iraq's violation of embassies.
669/Sep. 24	Humanitarian aid shipments to Iraq or Kuwait.
670/Sep. 25	Expanded economic embargo to include air traffic.
674/Oct. 29	Mistreatment of Kuwaitis/foreign nationals, held Iraq liable for damages from occupation of Kuwait.
677/Nov. 28	Condemned Iraq's attempts to change Kuwait's demographic composition, destruction of Kuwaiti civil records.
678/Nov. 29	Set Jan. 15, 1991 deadline for Iraq's withdrawal from Kuwait.

Iran and Kuwait. It has a population of 18 million, divided mostly between Arabs (75 percent) and Kurds (15 percent). The population is 95 percent Muslim and, with a 70 percent literacy rate, is fairly well educated. Iraq possesses about one-third of the Middle East's oil reserves and has ample water to meet minimum population needs, but has a limited agricultural capacity to meet domestic food requirements (70 percent of its food is imported). Iraq has accumulated about $80 billion of foreign debt; inflation runs about 40 percent and at least 40 percent of the GNP is habitually spent on defense.

Iraq's "Father-leader," Saddam Hussein al-Takriti, is a minority Sunni Muslim who has become one of the most brutal, audacious and ruthless dictators in history. He has frequently displayed a total disregard for human life, and it is that reputation that made the unprecedented opposition to the takeover of Kuwait so well subscribed.

Saddam Hussein has attempted to project himself as the uncontested power center and leader of the Arab world. His success at exterminating some competitors and suppressing others within Iraq could have given him a false sense of his ability to tyrannize his neighbors. There is no doubt that the quick imposition of U.N. sanctions (see accompanying chart), and the antipathy of his Arab neighbors, has come as a considerable jolt to both his ego and his plans.

The Iraqi armed forces number about one million. Over the past 10 years, Iraq has amassed an arsenal of predominantly Soviet-made weapons, as well as equipment manufactured by Brazil, France, West Germany, Czechoslovakia, Romania, Austria, China and the United States.

Among Saddam's long-range weapons are the Al Hussein (Soviet Scud B) surface-to-surface missile and the Exocet, a proven French air-to-surface missile. Iraq has some 500 combat aircraft, including Soviet SU-24 long-range fighter bombers and advanced MiG-29 interceptors; more than 4,000 antiaircraft guns; in excess of 300 surface-to-surface missile launchers; about 5,000 tanks, including modern Soviet T-72s; and over 3,000 pieces of artillery.

Saddam has already used chemical weapons against the Kurds; his arsenal of chemicals is a matter of grave concern to the forces allied against him.

Earlier in 1990, Iraq seemed to be on the road to economic recovery and an enhanced role of leadership in the Arab world. That was before Saddam's foolish decision to invade and take over Kuwait. He now faces a world united against him; that will make economic recovery a much more prolonged journey. If war should come, Iraq will face major destruction. And, unless there is a change of regime, Iraq will face severe international opprobrium and isolation. That is the price of greed and aggression. (EDITOR'S NOTE: Coalition forces initiated combat against Iraq on January 17, 1991.)

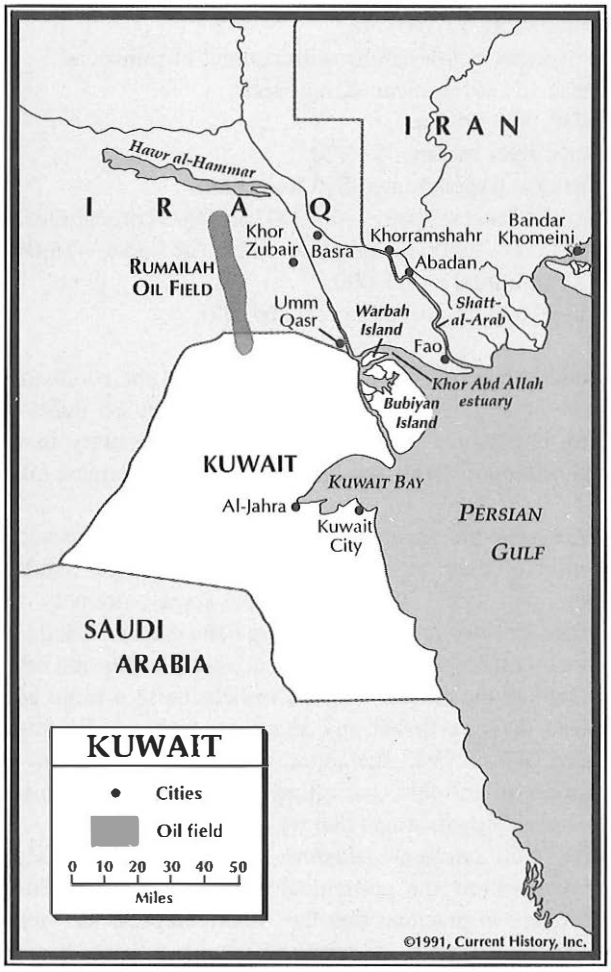
Kuwait

Population: 2,123,711.
Government: Constitutional monarchy.
Head of Government: Emir Jabir al-Ahmad Al Sabah.
GDP: $20.5 billion.
Per Capita Income: $10,500.
Defense Expenditures: $1.54 billion.
Armed Forces: Army—16,000; Navy—2,100; Air Force—2,200; Paramilitary—7,000.
Total Regular Armed Forces: 20,300.

For many, it is hard to visualize a country slightly smaller than New Jersey being the focal point of major hostilities in today's international climate. Kuwait has two principal attributes that have become attractive and irresistible to Iraqi strongman Saddam Hussein. It boasts oil reserves proven to be the world's third largest and possesses several thriving seaports on the Persian Gulf.

In 1961, Kuwait became the first of the British protectorates to achieve full independence. Iraq's early claims on Kuwait were met with British intervention, and in 1973 all such claims were renounced.

Kuwait is an interesting contrast to other Arab oil nations. While under the rule of the Sabah family since 1977, this has been a more enlightened rule than most. Most oil nations find a way to spend all their oil income almost as



fast as they get it. The Kuwaitis have been more frugal. They made an early decision to save for the future. The result was that before Saddam's rape of the country, Kuwait reaped more annual income from foreign investments than from oil revenues. Some 70 percent of oil income has been sequestered for the Fund for Future Generations.

Kuwait has had a truly impressive foreign assistance program, that over two decades has exceeded $17 billion. The average of six percent of GNP expended annually for assistance is many times greater than any other nation, including the United States.

It is easier to fathom the thinking of Saddam Hussein in his desire for the resources and port facilities in Kuwait than it is to comprehend the inhumane manner by which he seized them. Even more revolting have been the actions of his troops, who have looted, raped, shot and otherwise terrorized those who have remained in Kuwait after Saddam's invasion.

While Kuwait is the catalyst for our immediate Middle East dilemma, it will not be the last. The territorial guidelines for much of the Middle East, drawn by the departing British, have left a legacy of ethnic unrest and turmoil that will be a plague on the governments and peoples of this volatile region far beyond our times.

Saudi Arabia

Population: 17,115,728.
Government: Monarchy with council of ministers.
Head of Government: King Fahd.
GDP: $73 billion.
Per Capita Income: $4,720.
Defense Expenditures: $13.84 billion.
Armed Forces: Army—40,000, 55,000 National Guard; Navy—9,500 including marines; Air Force—18,000; Paramilitary—11,000.
Total Regular Armed Forces: 67,500.

Saudi Arabia, about one-third the size of the continental United States, is a country of 250,000 square miles of mostly uninhabited desert. It is the largest country in the world without a river, but sits on the world's largest lakes of oil.

This year the Saudis have faced the real potential of violation of their territory by the aggression of Saddam Hussein and were compelled to make some extremely difficult choices to counter it. But King Fahd surprised Saddam and many others when he asked the United States and other members of the United Nations to help build a force adequate to deter or defeat any attack by Saddam. From the isolated Islamic view, the consequence has been the arrival of hordes of infidels, including almost 400,000 Americans—creating situations that try the Islamic soul.

Nearly all Saudis are Muslims, and most are Sunni Muslims who follow the puritanical Wahhabi doctrine. Thus, they adhere to practices that the American press has found so intriguing, such as prohibitions against women driving. No doubt there will be serious impact on Muslim practices in Saudi Arabia when the current crisis is concluded.

King Fahd has been both a cautious and conservative leader as the fifth member of the Azziz tribe to rule modern Saudi Arabia since the kingdom was founded in 1932. He operates the ultimate welfare state with an average family income of approximately $8,000 per year. Saudi Arabia has no personal income taxes; medical treatment and schooling, including higher education, are free and electricity and airline tickets are subsidized. All Saudi citizens who are not independently wealthy are entitled to an $80,000 interest-free loan and a plot of land.

King Fahd has displayed both courage and determination in facing up to Saddam's potential aggression. He has shouldered what most believe a fair share of host nation support in a situation that is bewildering and upsetting to many of his subjects. Relations with the United States, always good in the past, are improving, not only because of the massive military support the U.S. and U.N. have provided, but also by the thoughtful conduct of foreign military leaders and troops who are deployed there. Great efforts have been made to respect the deep-rooted Islamic traditions of the Saudis and that has not gone unrecognized throughout the Arab world.

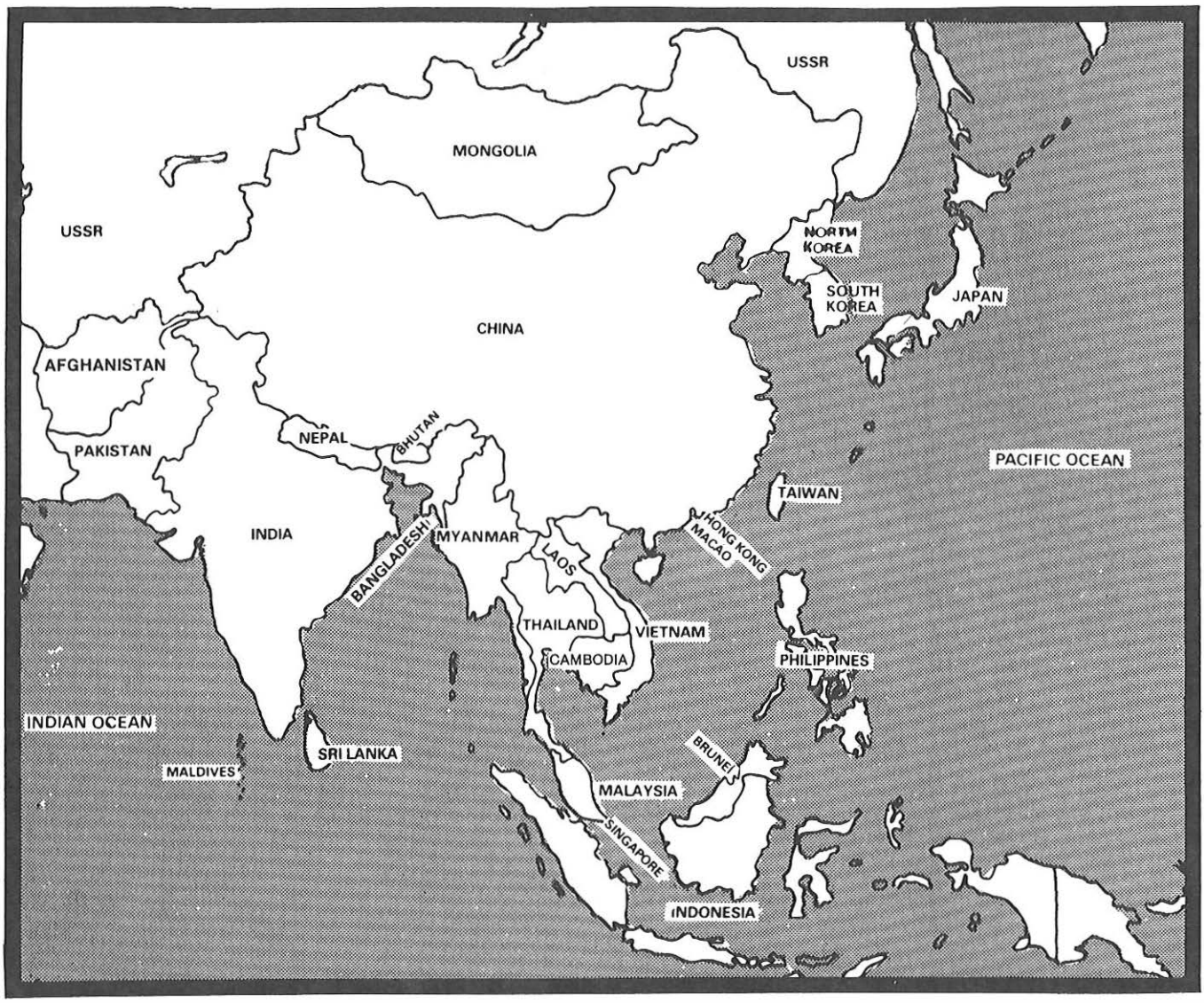
The total United Nations commitment to the ousting of Saddam from Kuwait, and the protection of the surrounding countries, rank as one of the most encouraging signs that aggression cannot again disrupt the advance of mankind. Saudi Arabia is involved deeply as the proving ground.

ASIA AND THE PACIFIC— THE TIGER ROARS ANEW

Most Asian countries continue to feel the impact of the breakup of the communist system in Eastern Europe and the Soviet Union. Following a pattern that seems to prevail in the rest of the world, every tie in Asia's intricately-constructed system of alliances either started to unravel or underwent major change. States such as India that have had a special relationship with Moscow as well as those such as Vietnam that received massive Soviet aid could look forward to fewer practical benefits from the Soviet connection. The Soviet withdrawal from Afghanistan has weakened the geopolitical imperatives underpinning the U.S./Pakistani relationship. That made it easier for the United States to cut off aid to Pakistan in October when President Bush chose not to certify to Congress that Pakistan did not possess nuclear weapons.

The fall of communism in Eastern Europe shocked the elderly hardline communist leadership in the socialist countries of Asia. North Korea, Vietnam and China generally tightened internal political control and Vietnam even stepped back from some of the economic reforms implemented over the last few years. At the same time, the communist countries in Asia began to look more toward each other for support. For the first time in decades, Vietnam

ASIA AND THE PACIFIC BASIN



and China held discussions—presumably about Cambodia—and North Korea increased its dialogue with China.

The Republic of Korea has had some success with its program of *Nordpolitik* and has established formal diplomatic relationships with the Soviet Union as well as trade arrangements with China. Another first was the three meetings between the prime ministers of North and South Korea. While little progress was made toward reducing tensions on the Korean peninsula, the meetings signal a positive step. Not to be outdone, the Japanese opened talks with North Korea aimed toward the development of a more productive Tokyo/Pyongyang relationship.

Early in the year the United States announced a ten percent cut in forward-deployed U.S. forces along the Western Pacific Rim. Later, during negotiations with the Philippines over the use of bases there, the U.S. indicated it planned to phase out these installations after a yet to be determined period. This major shift in the U.S. position (the bases have always been viewed as vital to U.S. interests) was made possible in part by the extraordinary changes in the Soviet threat.

For the first time since the early 1970s, the U.S. government initiated talks with Vietnam concerning Cambodia. It became apparent that, aside from Vietnam, only the hard-line communist Khmer Rouge were an effective military force that could gain control of Cambodia. The U.S. withdrew its support from the Khmer Rouge, indicating that the ongoing talks with Vietnam could lead to formal relationships.

The year ended without a solution to the fighting in either Cambodia or Afghanistan. In both cases, the international community and the warring parties searched for solutions. Various peace plans for each country fell apart over the question of who would govern pending United Nations-

supervised elections. There is a real danger that the international community might turn its back on these unfortunate countries and their problems.

While the dynamo of economic progress in the Pacific continued to operate, it did suffer setbacks in 1990. The stock markets in the four tigers (Japan, South Korea, Taiwan and Hong Kong), as well as in Thailand, suffered large downturns. The increase in oil prices related to the Persian Gulf crisis squeezed profits and generated inflation and labor problems. Ecological and environmental issues, maldistribution of income, and rising expectations of the workers surfaced as potential obstructions for future economic growth.

On balance, 1990 was a good year for the countries of the Pacific. Reactions in the Pacific to events in Europe, the Soviet Union and the Middle East clearly demonstrated the international favor and involvement of the Pacific countries with the rest of the world. How the Pacific countries, especially Japan, will react to their enhanced economic and political status could set the course for our world, at least for the remainder of the 1990s.

Japan

Population: 123,642,461.
Government: Parliamentary democracy.
Head of Government: Prime Minister Toshiki Kaifu.
GNP: $1,914.1 billion.
Per Capita Income: $15,600.
Defense Expenditures: $28.12 billion.
Armed Forces: Army—156,200, 46,000 reserves; Navy—46,400, 1,300 reserves; Air Force—46,400, 1,100 reserves; Paramilitary—12,000.
Total Regular Armed Forces: 249,000.

Most Japanese probably won't have fond memories of 1990. The stock market took a nose-dive, Japan's contribution to the United Nations effort in the Gulf was bungled and, despite the efforts of Prime Minister Toshiki Kaifu, the U.S./Japan balance of trade remained an emotional cause in both countries. Many believe the root cause of many of Japan's problems was the fragile political position of Kaifu within the Liberal Democratic Party (LDP).

Kaifu started from a very weak political base and does not appear to be well-regarded by his contemporaries. His job was to hold the seat warm for one of the real power brokers, Takeshita, Abe or Nakasone. Remarkably, Kaifu is liked by the Japanese people; his ruling LDP scored a solid victory in February elections.

The first three months saw turmoil in the Japanese financial markets that sent the stock market prices down 20 percent. The yen was down more than five percent and interest rates rose sharply. These trends continued despite numerous attempts by Tokyo's financial bureaucrats to restore order. The stock market closed the year down (falling from over 38,000 to about 24,000), the yen dropped about ten percent and interest rates climbed almost 15 percent. Japan's GNP continued to grow at a respectable 4.5 percent, but the inflation level doubled.

By no means was Japan's economic powerhouse threatened, but 1990 did display a few cracks in the heretofore solid wall of Japanese economic invincibility. Moreover, it dawned on many people that Japan has become a capital-rich, labor-poor country whose vast wealth is dedicated to making Japanese cooperatives competitive in the world rather than improving the Japanese standard of living.

With Japan and America again on a collision course with a $49 billion trade imbalance, a March meeting between President Bush and Prime Minister Kaifu jump-started lagging trade talks. The U.S. wants Japan to change its distribution system, increase foreign access to Japanese consumer markets and revise anti-monopoly laws. Japan wants the U.S. to boost savings, improve education and lower the budget deficit.

In the spring, the United States announced it will withdraw 10,000-12,000 troops from the Pacific over the next three years. About 5,000 would leave Japan. At the same time, the U.S. asked Japan to contribute 60 percent (they now underwrite 40 percent) of the $6 billion annual cost of maintaining U.S. forces in Japan. Japan will probably meet this demand, although there are many in the U.S. Congress who will not be satisfied until Japan pays the entire cost.

While Saddam Hussein's takeover of Kuwait had serious repercussions around the international community, it almost cost Kaifu his job. The initial and very much delayed response to calls for help in the Gulf was a very modest $10 million which was increased quickly to $1 billion. After many countries, including the United States, expressed displeasure at the pace and puniness of Japan's contribution, the amount was increased to $2 billion for the United States and others furnishing forces and $2 billion for front-line states suffering economic loses (such as Jordan, Egypt and Turkey). As the money levels were being established, Kaifu's plan was to send about 2,000 Japanese to accomplish non-combat duties. His government sponsored a law—the U.N. Peace Cooperative Bill—which would have allowed Japan to send military forces abroad for the first time since World War II. The prospect of Japanese troops overseas sparked contentious debate in the Diet, sent many Japanese into the streets in protest and almost split the LDP party. Kaifu wisely let the bill die a natural death in a Lower House committee. The fiasco over Japan's belated contributions probably laid to rest Japan's chance for a permanent seat in the U.N. Security Council.

Mr. Kaifu and his shaky mandate will be further tested as a decision is needed quickly to end the foreign rice ban as required by the Uruguay Round of GATT talks, which will begin again in January. Also the vexing problem of political reform remains. The chances of Kaifu's cabinet's steering through this tricky course are not good, but Kaifu, with his clean image, plays well with the Japanese man in the street.

Republic of Korea (South)

Population: 43,045,098.
Government: Republic.
Head of Government: President Roh Tae Woo.
GNP: $200 billion.
Per Capita Income: $4,600.
Defense Expenditures: $10.9 billion.
Armed Forces: Army—650,000; Navy—60,000 (19,000 conscripts, 25,000 marines); Air Force—40,000; Reserves—4,500,000 all services; Paramilitary—3,503,500.
Total Regular Armed Forces: 750,000 (19,000 conscripts).

By Korean standards the first six months of 1990 were rather calm. However, by June the action picked up when South Korea's President Roh Tae Woo met with Soviet President Mikhail Gorbachev in San Francisco. That meeting set the stage for the two countries to establish full diplomatic relations in September. Then, at Gorbachev's invitation, Roh visited Moscow for several days in December. Meanwhile, three historic meetings between the prime ministers of North and South Korea held in Seoul and Pyongyang—the highest level dialogue since the division of the peninsula in 1945—closed out a slow-starting but fast-finishing 1990 for the emerging democracy south of the demilitarized zone.

While the Republic of Korea/Gorbachev meetings and the establishment of full diplomatic relations with the Soviet Union were center stage, South Korea's Nordpolitik made progress in other areas. New diplomatic and trade relations were established with Czechoslovakia and Bulgaria while South Korea and China exchanged trade offices with a consular function.

Although there were no breakthroughs for North/South relations, the prime ministerial talks could set the stage for a summit meeting between North Korean leader Kim Il Song and President Roh Tae Woo of South Korea. Kim has hinted that such a meeting could be held if progress was made at the ministerial talks.

South Korea's economic engine missed a few times during the early months of 1990. The Seoul government offered a series of gloom and doom statements which were generally believed by the Korean people. The Gross National Product (GNP) increase was predicted to be around 6-7 percent and the current account surplus was to shrink to less than half of what it was in 1989 ($2 billion vs. $5.1 billion). In reality, the GNP real growth in 1990 will be in the 8-10 percent range, but there will be a trade deficit as feared.

South Korea made significant efforts in 1989 to open its markets to foreign goods, but Seoul's renewed campaign against consumer goods imports has again caused a backlash in the United States and the European Community countries. It may be that the xenophobic, anti-import campaign imbedded in an overall Confucian anti-excess movement reflects a genuine fear that the economic miracle may turn sour. Many economic experts believe South Korea is undergoing a simple adjustment and the economic engine is indeed running well.

South Korea's trade with the Soviet Union in 1990 doubled to $1.2 billion. Newly approved direct air travel between Seoul and Moscow should help to increase trade even further. Current ongoing trade negotiations will lay the basis for more substantial economic relations. Some in Korea are frightened by the Soviets' lack of business sense and the large part that politics plays in the relationship. Others believe the Soviets are playing the Koreans off against Japan. Despite these cautions, trade between South Korea and the Soviets seems destined to continue to grow.

Faced with budgetary problems and congressional pressure, the United States declared it would remove about 7,000 of its 44,000 troops from South Korea over the next several years. Subsequent drawdowns are to be accomplished, extending through the 1990s, if North Korean behavior and the security situation on the peninsula warrant. Seoul continues to improve its own military capability (with about five percent of GNP to defense in 1990), but the Korean peninsula remains one of the most volatile flashpoints in the world. The North Korean military threat to the South remains a real concern. To underscore this threat, in March ROK/U.S. military officials uncovered a fourth North Korean tunnel under the demilitarized zone. It is believed there are at least twenty such tunnels to be used for attacks on the South, a fact which does not serve to improve relations between the two Koreas.

Democratic People's Republic of Korea (North)

Population: 21,292,649.
Government: Communist dictatorship.
Head of Government: President Kim Il Song.
GNP: $28 billion.
Per Capita Income: $1,240.
Defense Expenditures: $4.15 billion.
Armed Forces: Army—1,000,000, 500,000 reserves; Navy—41,000, 40,000 reserves; Air Force—70,000; Paramilitary—4,200,000.
Forces Abroad: 110.
Total Regular Armed Forces: 1,111,000.

The year 1990 was not a good one for the "Socialist Paradise" of North Korea. The Great Leader, President Kim Il Song, apparently robust and healthy, celebrated his 78th birthday in April, but the nation had little else to cheer about. The North Korean economy is bankrupt, its foreign policy in ruins and its principal benefactors, China and the Soviet Union, are forsaking their old communist ally in favor of the South.

Last year's global assessment wondered when and how change would come to North Korea. At the end of 1990, it is clear that North Korea is making some small accommodations to the realities of today's world. The North Koreans were stunned when Soviet President Gorbachev met South Korea's President Roh Tae Woo, and they have watched a number of Eastern European countries, long-time friends,

moving closer to Seoul. Even China has opened formal trade ties with South Korea. Apparently these external forces, coupled with his own severe internal economic problems, have convinced Kim Il Song that changes must be made.

Accordingly, North and South Korea have held three prime minister-level meetings focused on tension reduction measures. While not overly productive, these historic events mark an abrupt departure from the situation of the last 50 years. At the same time, Kim's government has signaled a desire for more talks with the United States. They want credit for returning the remains of five American soldiers killed in the Korean War and have implied they may permit on-site inspection of their nuclear facilities by the International Atomic Energy Agency.

Much has been written over the year about North Korea's terrible economic conditions. China and the Soviet Union have indicated they will stop or significantly cut back the barter trade arrangements which make up at least 30 percent of the trade with the Soviets. The military continues to be the biggest drain on the economy with defense expenditures amounting to about one-fourth of the GNP. Foreign debt, estimated to be about $6-8 billion, is also a constraining factor. Faced with this situation, North Korea is working hard to attract foreign investment by pushing a 1986 law which authorizes joint ventures. More than 80 deals have been signed and about 30 more are underway. Unfortunately, 90 percent of the effort is with overseas Koreans. Several Australian firms have shown interest, but actual progress in this critical area has been minimal.

A major topic of speculation in 1990 dealt with who will succeed Kim Il Song—and when? Many thought that the elections for the Supreme Peoples Assembly, a body which goes through the motions of approving the country's president and prime minister every four years, would give an opportunity for a change in leadership. The elections were moved forward from November to coincide with Kim Il Song's 78th birthday on April 15. The time was right, it seemed, for Kim to announce the transfer of power to his son, Kim Jung Il. When the announcement was not forthcoming, hordes of North Korea watchers went back to the drawing board.

Despite economic problems, there have been no discernible cutbacks in the armed forces of North Korea. The U.S. intelligence community has cut the warning time of a North Korean attack to less than 24 hours, mainly because over 70 percent of the North's 930,000 ground forces are on a wartime footing within 15-30 miles of the demilitarized zone which separates the two Koreas. A new North Korean missile has Republic of Korea/U.S. military officers worried. This weapon, an enhanced version of the Soviet Scud B surface-to-surface missile, is rated at a range of 310-370 miles. On the plus side, during initial tests the missile apparently blew up on the launching pad. Once operational, a missile with such anticipated range could hit any target in the Republic of Korea. Not a happy prospect.

People's Republic of China

Population: 1,118,162,727.
Government: Communist people's republic.
Head of Government: Premier Deng Xiaoping.
GNP: $422.49 billion.
Per Capita Income: $360.
Defense Expenditures: $6.13 billion.
Armed Forces: Army—2,300,000 (1,075,000 conscripts); Navy—260,000 (35,000 conscripts); Air Force—470,000 (160,000 conscripts); Reserves—1,200,000 all services; Paramilitary—12,000,000.
Total Regular Armed Forces: 3,030,000 (1,270,000 conscripts).

China began 1990 with the massacre at Tiananmen Square fresh in the minds of the world. The year ended with China still trying to balance a conservative communist economic and ideological approach internally, while presenting to the world the image of a respected member of the family of nations.

The Tiananmen Square incident may have faded as an issue for the Chinese masses, but the confrontation continues to be debated within the Communist Party and the military. In the Party there is intense jockeying among China's aging masters to determine what political and economic direction China will take in the aftermath of the violent crackdown. Many China experts believe China is once again embroiled in an esoteric and semantic political exercise in place of real national policy-making.

Despite a resurgency of hardliner effort to stifle critics, it was evident that the instruments of repression were much less effective now than in the past. After a year of trying, hardliners could not carry off an extensive purge of the Communist Party ranks. This shows the degree of deadlock that has brought the Chinese political system to a halt. Tiananmen Square changed things in three substantial ways. Democracy is an issue on people's minds as never before. Second, the rulers and the ruled alike came to see that the discontent was much broader than realized. Finally, the leadership's handling of the protests actually strengthened and expanded the opposition.

China's relations with the Western world, and especially the U.S., in 1990 were poor. Tiananmen Square generated a series of economic sanctions and harsh confrontations over human rights issues with various countries of the world. During the first part of the year loans, except for humanitarian needs, were held up, but by year's end things were changing. A Japanese delegation went to Beijing to clear the way for a $5 billion loan, Saudi Arabia switched its diplomatic recognition from Taiwan to the PRC and Indonesia, after a 23-year break, resumed relations with China.

Much has been written this year about China's Peoples Liberation Army (PLA). At the heart of the issue is the army reaction to Tiananmen Square and whether this force would again put down a people's revolt on orders of the Communist Party. The army is bitter about being pitted against the Chinese people, and resents the hard line resurgence and its political content.

In what appears to be a reward to the PLA, Beijing increased the 1990 defense budget by 15 percent. This is a formidable jump when compared to military budget cuts in the past. Most of the money is going to pay raises and to offset the downturn in civilian industries run by the military. In spite of many problems, the size of the PLA alone makes it a force to acknowledge. Like other segments of the Chinese scene, it is undergoing changes and it is hard to envision how it will evolve.

Taiwan (Republic of China)

Population: 20,546,664.
Government: Republic.
Head of Government: President Li Teng-hui.
GNP: $121.4 billion.
Per Capita Income: $6,000.
Defense Expenditures: $8.55 billion.
Armed Forces: Army—270,000, 1,500,000 reserves; Navy—30,000, 32,500 reserves; Marines—30,000, 35,000 reserves; Air Force—70,000, 90,000 reserves; Paramilitary—25,000.
Total Regular Armed Forces: 400,000.

Amid growing pressure for democratic reforms, Li Teng-hui, a 67-year-old native Taiwanese, was reelected president in March. A member of the Nationalist Party, known also as the Kumintang (KMT), Li received 641 of 668 votes cast in the National Assembly or electoral college.

Following his reelection, President Li took steps to encourage better relations with mainland China. There is talk of unification, with free economies, free democracy and free elections. Li has stated there will be no "fast German track" to reunification, but increased communications could bring about changes over the long term.

Taiwan had a dreadful year economically. The stock market reached its peak in February (up 15 times the level of four years ago), then suffered a fall of some 80 percent. Investment is down, the economy is growing at its slowest pace in five years (at about 5¼ percent) and profits outside the financial industry have fallen by a third. Crime, traffic congestion and pollution are way up and some question the cost of more prosperity. Still, annual income per adult is $6,000 compared to $5,000 three years ago.

Taiwan military forces were estimated to number about 400,000 with 1.6 million in the reserves. They are better trained and motivated than their opposition in China. Although Taiwan would lose against an all-out assault by China, it is believed the costs to the PRC would be tremendous. To maintain their fighting forces, Taiwan spent about $15 billion in 1990. That equates to about nine percent of the GNP.

Premier Huan, an ex-general and former minister of defense, was a very unpopular cabinet appointee early this year. Since then, Huan has called out the military to restore Taiwan's deteriorating social order and his popularity has soared. He plans to deploy military engineers to help reduce the backlog of unfinished major civil works projects. Over two-thirds have stalled for labor shortages and completion development.

Not a banner year, 1990 closed with the industrious Taiwanese going back to the economic basics, abetted by a modest increase from overseas friends. Upgrading of the Canadian and Australian offices in Taipei was viewed as an important advance and a slap in the face for China. The Tiananmen Square crackdown and the diminishing importance of the "China card" have made it easier to shrug off Beijing's objections. In short, don't bet against the Taiwanese, one of the original tigers of the Pacific Rim.

Philippines

Population: 66,117,284.
Government: Republic.
Head of Government: President Corazon Aquino.
GNP: $40.5 billion.
Per Capita Income: $625.
Defense Expenditures: $1.05 billion.
Armed Forces: Army—68,000, 100,000 reserves; Navy—25,000 (including marines and coast guard), 12,000 reserves; Air Force—15,500, 16,000 reserves; Paramilitary—90,000.
Total Regular Armed Forces: 108,500.

President Corazon Aquino staggered through 1990 with little to cheer about at year's end. Economic growth was down, destabilizing dissident groups sprang up, political rivals increased their criticism, and relations with the United States were at a low ebb.

After more than four years in power, the Aquino government faces growing charges of incompetence, graft and corruption. Her principal rivals, former Defense Minister Juan Ponce Enrile and Vice President Salvador H. Laurel, were joined by Aquino's billionaire cousin Eduardo "Danding" Cojuangco, who had fled the Philippines with President Marcos in 1986. Despite significant evidence that Cojuangco had a central role in the most corrupt activities of the Marcos period, he is now considered a bona fide presidential candidate. There is rising disillusionment and despair in the Philippines, where coups and rumors thereof run rampant, with at least six coup attempts against the Aquino government since 1986. Late last summer, there were over 20 bombings and two explosions in Manila luxury hotels during a 45-day period. In October, Philippine military rebels took control of two army posts in Mindanao and declared the state a republic; after two days, the mutineers surrendered to a loyal armed forces element.

In May, talks began between the U.S. and the Philippine government concerning the military bases leased by U.S. forces. These talks generated attacks against American servicemen and other American citizens living in the Philippines. Two American airmen were killed by suspected communist rebels just hours before the talks commenced. These deaths brought to 10 the number of Americans killed during the year.

At one time the Communist Party of the Philippines and

its military arm, the New Peoples Army (NPA), were the main threat to the government in Manila. At year's end, the strength of the NPA had actually dipped to around 11,000, down from over 20,000. The Philippine armed forces' goal of achieving victory over the NPA by the end of Mrs. Aquino's tenure in 1992 looked achievable. Unfortunately, the most immediate threat to the stability of the Aquino government has shifted from the rebels to her own army.

Over the last decade much of the U.S./Philippine relationship focused on Clark Air Base and Subic Bay Naval Base, two installations leased by the U.S. military since 1947. The treaty permitting use of the bases expires in September 1991.

The changing military situation in the Pacific and the decline of communism around the world have allowed American planners to re-evaluate the need for Clark and Subic Bay. Consequently, the U.S. issued a statement in September that it was not seeking a renewal of the base agreement and was looking for a long-term phase-out.

Economic growth in 1990 slowed to about 3.2 percent after a strong showing of more than five percent over each of the last three years. The inflation rate will settle at about 14.5 percent; the trade and budget deficits have both deteriorated. One-half of the people live below the poverty line and one-third of the work force is unemployed. The foreign debt of $27 billion consumes 30 percent of the country's yearly export earnings.

It is difficult to predict where the Philippines are going. The situation argues that Mrs. Aquino will be out before the end of her term and some element of the military will take power. From the beginning, however, the people power advocate has defied the odds and the 1992 election approaches at a rapid clip.

Vietnam

Population: 66,170,889.
Government: Communist state.
Head of Government: National Assembly Chairman Le Quang Dao.
GNP: $14.2 billion.
Per Capita Income: $215.
Defense Expenditures: Not available.
Armed Forces: Army—900,000; Navy—40,000 includes naval infantry; Air Force—12,000; Air Defense Forces—100,000; Paramilitary—3,600,000; Reserves—4-5 million all services.
Forces Abroad: 10,000-18,000.
Total Regular Armed Forces: 1,052,000.

In December 1986 the Communist Party of Vietnam took the first steps toward a free market economy by amending the constitution, thereby guaranteeing the rights of private property. Since then, Hanoi has devaluated its currency, brought inflation down from 1,000 percent in 1988 to single digits in 1990, balanced the budget, abolished a dual-pricing system and allowed the predominantly rural population to own land. Agricultural production is up to the extent that Vietnam is now the third largest exporter of rice in the world. About half the retail sector is in private hands and one-third of the light industry has been released from state control.

Despite economic progress, Vietnam is one of the poorest countries in the world. Inflation was up again the last quarter of the year and unemployment was a problem. Fuel prices tripled in two months when the switch was made from cheap Soviet oil to post-Saddam world prices. Heretofore, the Soviet Union provided 90 percent of the fuel used by the Vietnamese. Next year, when Moscow no longer provides subsidies (estimated at $2 billion annually), it could mean more difficult times for the Vietnamese.

Vietnam intensified its effort to establish better relations with China when Communist Party Secretary General Nguyen Van Linh met with senior Chinese leaders and sealed a long-awaited deal that could help settle the Cambodian war. Both China and Vietnam have pulled back forces about 25 miles from their common border and trade now flourishes across the border. Better relations between Vietnam and China were made possible in part by the withdrawal of Vietnamese troops from Cambodia in 1989. In September, the United States and Vietnam held their first high-level talks since 1973 when Secretary of State James A. Baker and Vietnam Foreign Minister Nguyen Co Thach met in New York City. Both participants described the 30-minute meeting as a step in the direction of normalization of relations. Thach also went to Washington to meet with retired General John Vessey, Jr. At this exchange Thach agreed to expand efforts to identify and return the remains of missing U.S. servicemen.

The political upheavals in Eastern Europe generated calls for the relaxation of ideological controls in Vietnam. The communist leadership, led by Party General Secretary Linh, was taken aback by the breathtaking events in Europe. The ruling Politburo faced the option of tightening their hold or introducing Soviet-style political reforms. A series of actions and declarations over the year made it clear that the Communist Party would retain the leading role in Vietnam.

Vietnamese military forces were reduced by more than 600,000 in the last two years and military activities again took a back seat in 1990. The defense budget was again reduced and a major effort was required to find work for the many demobilized soldiers. In the first quarter the Soviets withdrew a MiG-23 fighter squadron and half of its TU-16 bombers from Cam Ranh Bay. There are no indications that the Soviets intend to abandon the facility, but the reduced activity level reflects a major reduction in Soviet military activity in the region.

During much of the year, Vietnam and its leadership attempted to evaluate the country's position and establish the vectors which would carry the struggling nation into the 21st century. The key for success is how well a doctrinaire communist government can incorporate and control the forces of a free market economy. The businessmen of the world, especially Asians, are excited about Vietnam's economic potential, but to date have been slow to invest in the country's future. How the United States deals with Vietnam

in 1991 has a lot to do with how Vietnam lives up to its potential—an ironic turn of events.

Cambodia

Population: 6,991,107.
Government: *
Head of Government: *
GDP: $890 million.
Per Capita Income: $130.
Defense Expenditures: Not available.
Armed Forces: Army—55,000; Navy—1,000; Air Force—800; Provincial Forces—22,500; Paramilitary—50,000.
Total Regular Armed Forces: 111,800 includes 22,500 provincial and 32,500 district forces.

At its beginning, 1990 seemed to hold promise that peace could be achieved in the 12-year-old conflict in Cambodia. An Australian proposal envisioned United Nations administration of the country with a large peacekeeping force on the ground and, after an unspecified period, free elections to decide which of the four Cambodian contenders would govern.

The Soviet Union and the Chinese, both major players in the Cambodian war, were again talking. Centuries-old enemies China and Vietnam (on opposite sides of the Cambodian question) were moving to improve relations. The United States announced that it would start talking with the Vietnamese about Cambodia and would no longer support the Khmer Rouge. Even the Japanese jumped into the peace-seeking process, their first venture into post-World War II Indochina foreign affairs. Unfortunately, the Tokyo/Cambodian peace talks held in June quickly collapsed.

Despite all this activity, little changed in 1990 for this war-weary nation. Battles for control of the Phnom Penh government continued and the international community, growing weary of a lack of progress, gave warnings that it could not devote itself indefinitely to the search for a solution in Cambodia.

After a series of meetings over the year, the five permanent members of the United Nations Security Council (United States, Soviet Union, China, Great Britain and France) agreed in late August on a framework for a comprehensive settlement in Cambodia. The proposal, along the lines of the Australian suggestion, would include about 10,000 U.N. administrators joined by an equal number of peacekeeping troops. They would stay in the country up to two years preparing for free elections. There would be a Cambodian Supreme National Council (SNC) to be made up of 12 members, six from the current Phnom Penh government and six from the three main resistance groups. This council would provide the sovereignty element and its representative would occupy the U.N. seat now filled by the resistance coalition.

In November, the co-chairs—Indonesia and France—of the Paris International Conference on Cambodia, met with representatives of the five permanent U.N. Security Council members in Jakarta. There was agreement on the rough shape of the comprehensive peace plan accord. The meeting integrated the Paris peace process with the efforts of the U.N. There also emerged from the meeting a gloomy feeling since the Cambodian factions had not settled arguments over the composition of the SNC. The latest round of talks (Dec. 21-22) ended with no indication that a solution to the Cambodian civil war could be found.

As peace efforts sputtered along, Prime Minister Hun Sen tried to shed the image that his government was a Hanoi puppet. However, Hun Sen's independence from Vietnam was questioned and the image of his government was tarnished when Vietnamese soldiers returned to Cambodia. The Vietnamese forces shored up the crumbling Cambodian military and prevented Battambang, a major city 127 miles west of Phnom Penh, from falling into Khmer Rouge hands.

It was difficult to get a clear picture of the war inside Cambodia, but unquestionably the tempo of conflict increased. The communist Khmer Rouge, by far the most effective insurgent force, made major gains by overrunning dozens of government positions in the western portion of Cambodia. The return of the wet season in late spring reduced military operations and, like the peace talks, the military was at a stand-off at year's end.

Economically, Cambodia struggled. The Khmer Rouge attempts to destabilize the economy and spread panic in Phnom Penh had some success. The value of the riel (Cambodian currency) fell and the value of gold jumped. The price of rice climbed as did the cost of gasoline. Reports at mid-year that the Soviet Union and those Eastern Europeans who have bankrolled the Cambodian government would cut off most of their aid did little to improve the economic climate in Cambodia. Communist aid has been the major source of revenue for the national budget; some experts believe Cambodia cannot survive on a pay-as-you-go fiscal basis. Cambodia's demise has been forecast before, but 1991 seems sure to be a tough year for the long-suffering people of Cambodia.

Thailand

Population: 55,115,683.
Government: Constitutional monarchy.
Head of Government: Prime Minister Chatichai Choonhavan.
GNP: $64.5 billion.
Per Capita Income: $1,160.
Defense Expenditures: $2.04 billion.
Armed Forces: Army—190,000 (80,000 conscripts); Navy—50,000 (including naval air and marines, some conscripts); Air Force—43,000; Paramilitary—141,700; Reserves—500,000 all services.
Total Regular Armed Forces: 283,000.

*Disputed between the Coalition Government of Democratic Kampuchea led by Prince Norodom Sihanouk and the People's Republic of Kampuchea (PRK) led by President Heng Samrim.

While 1989 presented few political crises for Prime Minister Chatichai Choonhavan, the 70-year-old ex-general needed all his political skills to survive in office through 1990. The year began with labor unrest and allegations of corruption within the government and ended with Chatichai's resignation. Although he quickly formed a new government, experts in Thai affairs were nearly unanimous in predicting his political demise.

The long-awaited retirement of General Chavalit Yongchaiyudh, the overly-ambitious army chief of staff and acting supreme military commander, came in the spring. Appointed to the position of deputy prime minister and assuming the defense minister's portfolio, Chavalit lasted in office for less than three months. He resigned in June amongst veiled warnings against government plans to delve into corruption. The unexpected resignation generated concerns about another military coup (there have been 12 since 1932). Chatichai quickly defused the situation by appointing the disgruntled ex-general, who many believe will be the next prime minister, as a special advisor. For the rest of the year, Chavalit remained in the background, attempting to gather strength for a bid for the leadership position.

Amid persistent rumors of corruption, Prime Minister Chatichai sacked nine ministers from his cabinet, including the long-time (10 years) foreign minister. He also added a seventh party to his ruling coalition. These changes followed closely an early August unsuccessful no-confidence vote by his opposition. On Dec. 9, Chatichai, still feeling the pressure from the army and his rivals, dramatically resigned and the next day formed a new government.

The performance of the Thai economy in the late 1980s has been phenomenal and 1990 was almost a repeat (economic real growth was 9-10 percent). Unfortunately, there are some clouds on the economic horizon. For one thing, incomes growth has not been at an equal rate. Some 30 million people—out of a population of about 55 million—live at or below the official poverty line. The motors of Thai economic growth— construction, agriculture and national resources—seem to be faltering. While overcrowded Bangkok will see housing needs ease in 1991, agriculture was damaged by a drought and by competition from other countries such as the Philippines and Indonesia. Finally, aggressive logging in the 1980s has left little timber for commercial purposes in the 1990s.

Seventeen days after Saddam Hussein invaded Kuwait, the Bangkok stock market fell 40 percent. The government promptly began investing in the market in hopes of stopping the downward spiral. Because of activities in the Middle East, oil prices have increased 20-40 percent; higher oil prices could put the trade deficit in the $8 billion range.

Much of Thailand's economic growth can be traced to Japanese involvement. About 55 percent of foreign investment in Thailand is of Japanese origin. Over 20,000 Japanese businessmen work in Bangkok and some 300 new factories—underwritten with the yen—are due on-line over the next three years. Japan is Thailand's most important trading partner, and the Thais run a trade deficit with Tokyo. Many Thais are worried about this over-dependence on Japan and the influx of foreign capital. Thai planners are getting cautious and Thailand's failing infrastructure, along with a lack of skilled labor, has caused some slowdown in foreign investment.

Throughout most of the year, the Thai military kept a low profile concerning domestic politics. In November the army chief of staff openly criticized the prime minister for the first time. Chatichai has been able to stay a step ahead of the military, but his refusal to do the military's bidding in the December cabinet shuffle may impact on the tenure of Chatichai's second government. Chatichai may not be able to survive the loss of military support in the face of eroding public confidence and economic troubles.

India

Population: 849,746,001.
Government: Federal republic.
Head of Government: Prime Minister Chandra Shekhar.
GNP: $333 billion.
Per Capita Income: $400.
Defense Expenditures: $9.25 billion.
Armed Forces: Army—1,100,000, 300,000 reserves; Navy—52,000 including naval air and marines; Coast Guard—2,500; Air Force—110,000 (reserve numbers unknown); Paramilitary—672,000.
Forces Abroad: 43.
Total Regular Armed Forces: 1,264,500.

In December 1989, former Prime Minister Veshwanath Singh merged his Janata Dal Party and a coalition of minority opposition parties into the National Front, which soundly defeated Prime Minister Rajiv Gandhi in a national election. Thus, 1990 started with a great deal of optimism in that the new prime minister represented a group of politicians untouched by corruption or cronyism. Eleven months later, Singh suffered a crushing defeat (346 to 142) in a no-confidence vote. As a result, he became the first Indian prime minister since independence (in 1947) to be voted out by the parliament. Singh was undone by age-old problems of religion and caste and was outflanked by rivals in his minority government.

The problems he inherited intensified while he was in office. Inflation accelerated, government deficits and debt burdens increased, secessionist movements in three states (Kashmir, Punjab and Assam) grew more violent; and the polarization of the people along caste and religious lines became increasingly apparent.

From the very beginning, Singh attempted to reduce tension and violence in both Kashmir and Punjab since problems in these two states posed crucial tests for his government. However, heavy-handed measures to crack down on the separatists in Kashmir served only to fuel their cause. In the state of Punjab, Sikh militants stirred up trouble using a simple strategy of killing Hindus and thereby provoking retaliation against other Sikhs in the region. In August, a record 600 deaths were attributed to Sikh-inspired violence against Hindus.

Pakistani/Indian relations soured over the tensions in Indian Kashmir. Two of the three wars between India and Pakistan have been fought over the Kashmir question, where about two-thirds of the state is controlled by India and the remainder is administered by Pakistan. Islamabad has long called for a United Nations plebiscite; since most of Kashmir is Muslim, Pakistan would easily win such a vote. India rejects a plebiscite, describing their portion of Kashmir as an integral part of India. By June, India-Pakistan talks over the question had collapsed.

The collapse of European communism and the changes in the Soviet Union forced some fundamental rethinking in the Indian government. The close ties between India and the Soviet Union survived in the 1980s largely for geopolitical reasons. Pakistan sided with the United States, China and the Afghan resistance, while India remained close with the Soviets and their Afghan communist government in Kabul. Indian officials are aware that their benefits from the Soviet connection, such as trade concessions and aid, will soon end.

Early in the year, India withdrew the last 350 of some 50,000 troops who were dispatched to Sri Lanka in 1987 to keep the peace there. This marked the end of a rather dismal chapter in Indian diplomacy that had cost the lives of more than 1,100 Indian soldiers.

The Indian economy received mixed reviews in 1990. Welcome monsoon rains produced a bumper harvest. Industrial growth was at a nine percent rate, exports were up and the new Indian stock market was one of the few in Asia that experienced rising prices. On the other hand, India's trade deficit increased—as did government debt—and higher world oil prices dealt a severe blow to India's fragile economy. Finally, a burgeoning population is a serious threat to India's economic future. Population growth is about two percent a year; unless it is checked, India will overtake China in population in the next century.

In the end, the government fell apart over two decisions by Singh himself. In September the prime minister announced that 27 percent of all jobs in the public sector would be reserved for the middling (backward) Hindu caste. Protests led by upper caste students quickly developed and street battles erupted between anti- and pro-preservationists.

Then came an intense struggle over plans by militant Hindus to build a temple on a site that is sacred to Muslims. When 10,000 Hindus marched to the disputed site, more than 100 were killed or injured by government gunfire. Fundamentalists in the major Hindu party split with Singh over the temple incident; when he lost a vote of confidence in the parliament he resigned.

Gandhi was asked to form a government, but declined. A government headed by Chandra Shekhar, a dissident from Singh's Janata Dal Party, was formed. Shekhar, a 64-year-old veteran socialist, heads a party with only 64 seats in parliament. Many believe Shekhar is an instant lame duck and will be very dependent on Gandhi and the Congress Party, which controls about 220 seats.

India likes to be called the largest democracy in the world, but it will have its institutions tested in 1991. The staggering economic, social and political challenges which dogged Singh are still there for the new government, a government which most believe will be short-lived, with the venerable Congress Party ready to assume power once again.

Pakistan

Population: 114,649,406.
Government: Limited parliamentary democracy.
Head of Government: Prime Minister Naivoq Sharif.
GNP: $43.2 billion.
Per Capita Income: $409.
Defense Expenditures: $2.89 billion.
Armed Forces: Army—500,000, 500,000 reserves; Navy—20,000 (including naval air), 5,000 reserves; Air Force—30,000, 8,000 reserves; Paramilitary—240,500.
Total Regular Armed Forces: 550,000.

Events inside Pakistan again demonstrated that it is sometimes easier to get elected to head a government than it is to govern. In late summer, Prime Minister Benazir Bhutto, elected 20 months earlier in the wake of strong popular support, was removed from office by Pakistan's President Ghulam Ishaq Khan. Bhutto subsequently lost a national election in October. Her tenure was filled with problems, brought on by a lack of experience, an inability to handle the "political deal," and intransigence in making timely policy decisions. Corruption in government, urban and rural violence and the inability to organize an efficient government also contributed to her downfall. The high point of Bhutto's administration was the birth of a daughter in January. She was the first modern head of government to give birth while in office. However, some said the baby was all she was able to deliver.

Charges of corruption hounded Prime Minister Bhutto and involved not only her political inner circle but also her husband and others in her family.

Killings, kidnappings and gun battles between rival ethnic groups and political parties became commonplace in Karachi and the Sind province. In May, police opened fire on a group of people pleading for food in Hyderabad, killing about 65. This was the most serious incident of violence in almost two years and prompted President Khan to express concern and call for Bhutto to take steps to protect the citizens.

While the prime minister was struggling with these domestic problems, tension with India increased over Kashmir. Since December Kashmir separatists have had mass demonstrations and carried out a number of kidnappings to underscore their desire for independence. India accused Pakistan of forming and training the separatists while Pakistan denounced India for acting against fellow Muslims. While Bhutto strongly supported self-determination for the Kashmiris, her handling of the situation did not please the Pakistani military.

In August, President Khan removed Bhutto from office,

charging her administration with corruption, nepotism and other acts in "contravention of the constitution and law." President Khan appointed a caretaker government and set Oct. 24 as the date for new elections. Bhutto quickly claimed the move was illegal and unconstitutional and vowed to run with her party, the Pakistan People's Party, in the election.

Amid cries of fraud, Bhutto and her party were soundly defeated in the elections. The Pakistan People's Party won only 45 seats, down from 93, in the 207-seat National Assembly. The major opposition, the Islamic Democratic Alliance, won a majority of seats and selected Naivoq Sharif as the prime minister. The selection of Sharif, a protege of the late military President Zia, may signal the return of a number of politicians associated with Zia's martial law period.

Prime Minister Sharif, an ex-businessman, moved to privatize the vast state-run industry. He laid off about 30,000 civil servants recruited under the previous government and imposed a three-month moratorium on hiring. In foreign affairs, talks between the U.S. and Pakistan on the nuclear issue are scheduled. There is a token Pakistani force of 5,000-7,000 in the Gulf region supporting the United Nations resolution against Iraq.

Next year may be kinder to Pakistan. Early settlement of the Afghan question and the Gulf crisis are necessary if Pakistan is to make progress in the new year. Most importantly, a curtailment of domestic violence and a resurgence of economic growth must be achieved. Pakistan's track record doesn't support optimism.

Afghanistan

Population: 15,862,293.
Government: Authoritarian.
Head of Government: President Mohammad Najibullah Ahmadzai.
GDP: $3 billion.
Per Capita Income: $200.
Defense Expenditures: $286.56 million.
Armed Forces: Army—50,000 (mostly conscripts); Air Force—8,000; Paramilitary—97,000.
Total Regular Armed Forces: 58,000.

By any measure, 1990 was a year of bitter disappointment for the Afghan rebels and their United States backers. The Kabul communist government, led by President Najibullah and supported by the Soviet Union, did not rapidly crumble when the Soviets pulled out. Government forces aided by Soviet-furnished food, fuel and weapons (valued at $5 billion annually) were more than a match for the disparate groups of guerrilla forces. The military stalemate generated a series of talks, policy shifts and peace plans as the United States, the Soviet Union and several indigenous warring factions searched for ways to end the fighting in Afghanistan.

Failure of the Afghan rebels to make significant military gains, coupled with an escalation in rebel internecine fighting and the Afghan Interim Government's (AIG) lack of headway in expanding its power base, soured many in the U.S. government.

While the Soviet Union seeks to retain Najibullah in power until elections are held, the rebels have refused to deal with Najibullah and his departure has been key to any negotiated settlement to the 11-year-old war.

In March, Najibullah defeated the most serious coup attempt in almost four years. Led by Afghan Defense Minister General Shahnawaz Tanai, the rebelling forces damaged many of Kabul's historic buildings and caused an estimated 300 civilian deaths. The alliance for the coup attempt was unique. Tanai, a hardline communist, joined forces with Gulbuddin Hekmatyar, a militant Islamic fundamentalist. Most rebel factions avoided involvement in the coup, not wanting to be associated with either of the two communist factions.

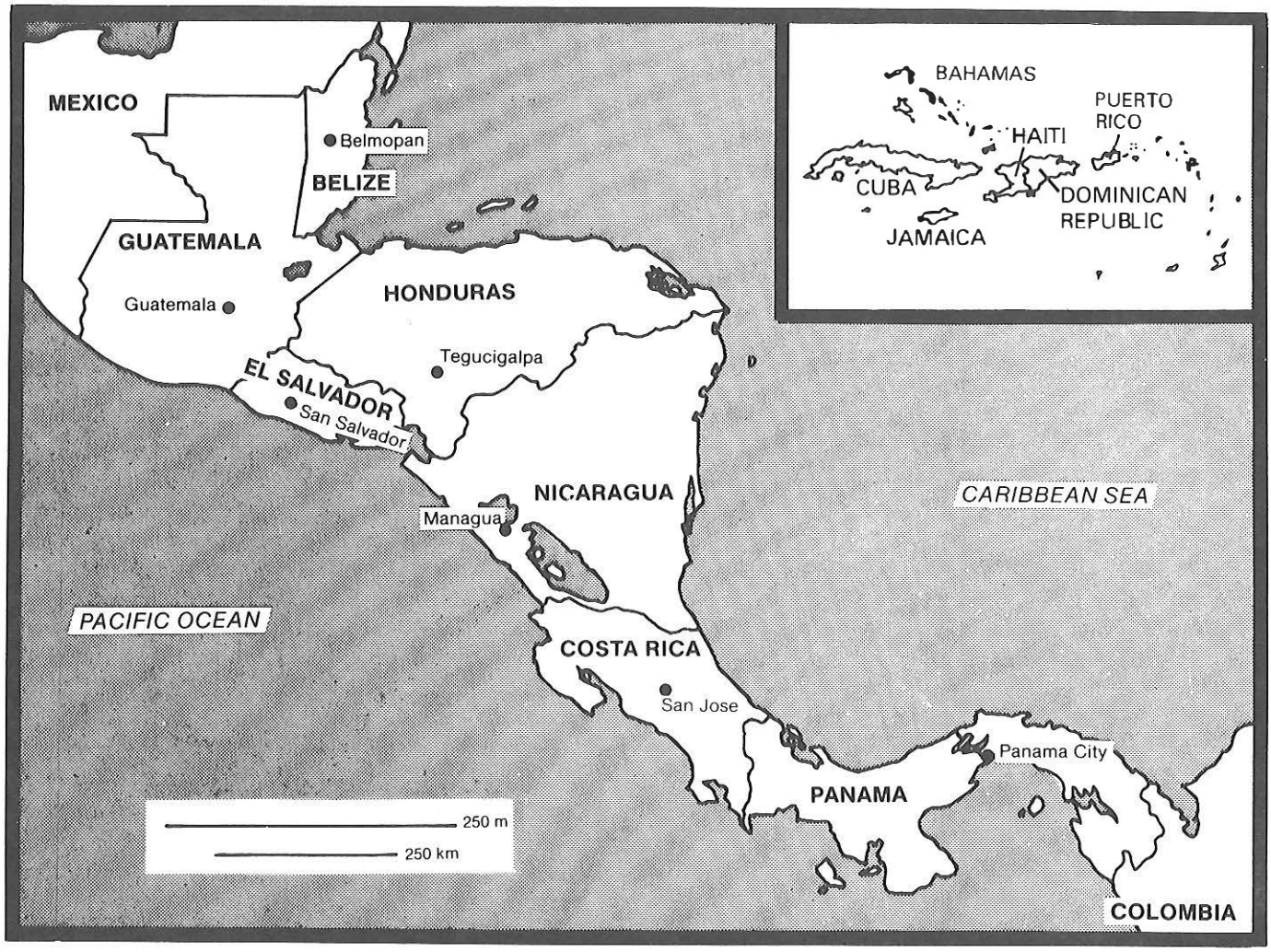
Afghanistan is a country fatigued by war. The mujahideen continue to control the countryside, but many of the rebels have quit fighting the Kabul communist regime. It is more and more difficult for the AIG to exert control over the resistance commanders in the field—commanders who in some cases are not interested in fighting and are trying to consolidate their fiefs in the countryside. Some of the field commanders have formed a National Commanders Council which seeks to coordinate rebel efforts and develop a new military strategy.

Regardless of any new strategy, the future appears dismal for real solutions to the fighting. At the end of the second so-called fighting season since the Soviet withdrawal, the mujahideen are further from victory than the day the Soviets headed back north. Support for the Pakistan-based rebels, both in the ranks and internationally, has dropped noticeably. Diversions of U.S. non-military aid—which led to the suspension of shipments by the U.S.—and rumors that some Afghan rebels are engaged in drug trafficking tarnish the rebel image. The current Middle East crisis is understandably the main focus of Arabs and the Western world, a situation that can sidetrack the search for a solution to the Afghan war.

MEXICO, CENTRAL AMERICA AND THE CARIBBEAN— A TIME OF RELATIVE CALM

The dichotomy of 1990 in the torrid zone of North America was the perception of great change matched equally by no change. Four new presidents were inaugurated in Central America and governments changed hands in a few Caribbean island nations as well, while the patriarchs of the region continued in power in Cuba, the Dominican Republic, Jamaica and Antigua. The military forces of the region suffered major reductions as the threat from Nicaragua subsided and the Panamanian Defense Force was dismembered, but military control or significant influence continued throughout the region where almost no government can function without some degree of military acquiescence.

MEXICO, CENTRAL AMERICA AND THE CARIBBEAN



Drug problems, weak economies, terrorism and other destabilizing factors remained ubiquitous among populations and government employees ripe for corruption because of poverty, unemployment or inadequate wage scales. Arms scandals, money laundering and coup attempts followed the usual pattern during the year. And finally, U.S. interest, aid and influence continued to be a sometime thing, attentive in a crisis but always subject to erosive political attack or indifference in both the executive and legislative branches of the U.S. government. The opportunities for dramatic improvement remain present throughout this vast region, but a continuation of current policies and problems appears the more likely course for 1991.

Mexico, to our immediate south with a common border of over 1,520 miles, is of particular concern to the U.S. Last year we ventured some optimistic observations as to Mexico's ability to revitalize itself economically and politically under President Salinas, but we're still waiting to see tangible improvement. Progress on a North American free trade agreement may offer future hope in this respect.

Mexico

Population: 87,870,154.
Government: Federal republic.
Head of Government: President Carlos Salinas de Gortari.
GDP: $187 billion.
Per Capita Income: $2,165.
Defense Expenditures: $709 million.
Armed Forces: Army—105,500 (60,000 conscripts); Navy—35,000 including naval air and marines; Air Force—8,000; Paramilitary—105,000; Reserves—300,000 all services.
Total Regular Armed Forces: 148,500 (60,000 conscripts).

One-third of the way through his six-year term, President Carlos Salinas de Gortari is guiding his ship of state on a sea of turbulent transition. The end of his voyage is a long way off and the hazards en route remain largely unknown. Nevertheless, he gives every indication of being firmly in command and confident of his course. To be successful, he will need a forbearing patience from the Mexican people, relief from the pitfalls of a world economic downturn, cooperative acquiescence of the U.S. Congress and a generous measure of good luck.

In practice, the president has moved boldly to free the economy, to generate capital and to entice foreign investors. Still, the results have been mixed. Inflation has risen, the cost of living has increased, poverty has spread, wages are still frozen, and European investors have shown more interest in Eastern Europe and the Soviet Union than in Latin America. Conversely, the free market is beginning to work, oil price increases have been beneficial, government monopolies are beginning to crumble and the U.S. is giving serious support to a Mexican call for a North American free-trade agreement. American and Canadian companies are expanding into Mexico in search of cheaper labor, causing pockets of prosperity to develop along the U.S. border where new plants and entrepreneurial enterprises have developed.

All of this would be more promising if it were accompanied by political reforms that offered real progress toward democracy. In this arena, however, President Salinas has provided more talk than action. Announced reforms include secret balloting for internal Industrial Revolutionary Party (PRI) elections, greater participation of the rank and file, and a weakening of the block-style voting controlled by the three traditional power sectors of the party—the bureaucracy, the labor unions and the peasant farmers. But state elections continue to be suspect, with charges of fraud and corruption at every ballot count and the government/PRI retaining control of the outlying states despite something less than universal acceptance of the honesty of the regime. President Salinas balances adroitly his announcements of reform, his accommodation of the entrenched powers in his ruling party and his need to continue in power to see through his long-range plans. As the trappings of democracy can contribute to—or at least not upset—that balance, they will be included in the overall program. But Salinas seems in no rush to identify what they might be or how they might be implemented.

Mexico has two other problems demanding immediate attention. One is its crumbling infrastructure. Seventy years of mismanagement, socialist-type control and lack of investment have brought on seriously decaying transportation, communications and utilities systems that are threatened now with disastrous breakdown. The water supply of Mexico City, for example, is drying up and there are no measures under way to cope with the impending disaster.

The second problem is drug trafficking. As U.S. drug enforcement measures close down direct South American delivery into the states, Mexican airfield and port transshipment sites have flourished and trucks, carts, mules and humans have become the principal border-crossing carriers. The development of a Medellin-type control of the border areas is now a worrisome possibility, and the Mexican government has had to increase drastically the resources it employs in the drug war.

President Bush's visit to Mexico in late November was a welcome event, one which focused some attention on a vitally important neighbor and gave impetus to U.S. support for the programs President Salinas has underway. Success is certainly not assured, but if the Mexican leader can hold his course through 1991 he will take a giant step toward achievement of his goals.

Guatemala

Population: 9,097,636.
Government: Republic.
Head of Government: President Vinicio Cerezo Arevalo.
GDP: $10.8 billion.
Per Capita Income: $1,185.
Defense Expenditures: $87 million.
Armed Forces: Army—41,000, 35,000 reserves; Navy—1,000 (including marines), some reserves; Air Force—1,300, 200 reserves; Paramilitary—612,800.
Total Regular Armed Forces: 43,300.

Guatemala is another of those Latin nations which seemingly passed through 1990 marking time. President Vinicio Cerezo Arevalo began his term in 1986 with great hope of democratic reform, but he has stumbled through five years of inaction, retrogression and the inevitable charges of corruption, mismanagement and raiding the treasury. Cerezo's greatest accomplishment seems to have been his ability to hold his position for a full term, thereby promising to hand over power from one civilian head of state to another for the first time in Guatemala's history.

The national election, held peaceably in November, brought out about 51 percent of the eligible voters, who conferred upon President Cerezo's hand-picked Christian Democrat candidate, Alfonso Cabrera Hidalgo, a humiliating defeat. The voters instead supported Jorge Antonio Serrano Elias, a Protestant evangelist and businessman, and Jorge Carpio Nicolle, a conservative newspaper magnate. In a Jan. 8, 1991 run-off election, Serrano severely trounced Carpio by taking 68 percent of the vote.

Both candidates were considered to be anti-establishment. Both promised those reforms that Cerezo never attempted. It is clear, however, that both recognized the power of the army and would defer to the armed forces when dealing with Guatemala's 45-year-old guerrilla insurrection. That seems to be true even in the face of U.S. pressure, which this year involved a temporary termination of military assistance until some control of the apparent death squad apparatus is established.

Throughout 1990, the country faced a resurgency of the Guatemalan National Revolutionary Union, a Marxist organization which has slowly reconstituted itself after an army campaign of the early 1980s almost wiped it out. New

outbreaks of terrorist and guerrilla activity, which retired Defense Minister Hector Alejandro Gramajo dismisses as last-gasp operations, are instead better supplied and equipped than ever before. Speculation regarding these improvements proposes that the rebels are allied with drug traffickers, each faction serving the other in a mutual effort. The credibility of this argument is supported by the ongoing efforts of the Mexican and Belize governments, both of which have driven the opium and heroin producers and the cocaine transshippers across their Guatemalan borders.

The drug problem is serious and is growing. The gravest part of the problem is the suspicion that the drug cartel has infiltrated the army, particularly the intelligence structure. That suspicion was confirmed when two aides of the president's anti-corruption task force were caught loading cocaine on a Miami-bound airliner. Under pressure the president discharged Lt. Col. Hugo Moran from the task force, but to date no criminal charges have been placed against any of the principals involved.

For Guatemala in 1991, the outlook is for more of the same. There will be a new president, but also continued military control of the government. A fitful insurgency will continue to be countered by heavy-handed military action. And a very few brave new free-enterprise efforts will be supported by the few capitalists rich enough to venture into a difficult economic arena.

Honduras

Population: 5,259,699.
Government: Republic.
Head of Government: President Rafael Leonardo Callejas.
GDP: $4.4 billion.
Per Capita Income: $890.
Defense Expenditures: $124 million.
Armed Forces: Army—15,000 (11,500 conscripts); Navy—1,100 including marines (900 conscripts); Air Force—2,100 (800 conscripts); Paramilitary—5,000 public security forces; Reserves—60,000 all services.
Total Regular Armed Forces: 18,200 (13,200 conscripts).

For years Honduras provided the operational base for anti-communist activities in Central America. As a willing partner and friend of the United States in efforts to support the Contras of Nicaragua and the elected government of El Salvador, Honduras was often front-page news and its domestic politics and economics were of concern to many in the free world. But 1990 was the year of victory—Soviet support of Cuba dried up; Cuban support of the Sandinistas ended; Sandinista support of the Salvadoran FMLN withered; and Honduras seemed to drop from the corporate view of the world news media. Except for the ambush of a bus carrying U.S. servicemen— allegedly perpetrated by the Morazanista Patriotic Front, an arm of the Honduran Communist Party—there was a respite in the armed conflict that for years had been imposed on Honduras by the wars in El Salvador and Nicaragua.

Of course, the victory wasn't quite complete. Somehow the FMLN continues to be supplied. Somehow the Sandinistas are not completely out of power. Somehow the Contras are not completely disbanded. And not surprisingly, the political and economic problems of Honduras have not been resolved.

When Rafael Leonardo Callejas was inaugurated on Jan. 27, it marked the first time in 57 years that an opposition candidate would assume the mantle of power in a peaceful vote.

President Callejas has maintained stability. Terrorist attacks, which marred many previous years, tapered off sharply, but real progress awaits new programs, new funding and more time. Perhaps 1991 will provide new opportunities to achieve some of the long-sought aspirations of the Honduran people.

El Salvador

Population: 5,309,865.
Government: Republic.
Head of Government: President Alfredo Cristiani Buckard.
GDP: $5.5 billion.
Per Capita Income: $1,020.
Defense Expenditures: $224 million.
Armed Forces: Army—40,000 (some conscripts); Navy—2,200; Air Force—2,400; Paramilitary—25,900.
Total Regular Armed Forces: 44,600.

Except for the fact that there was no election in El Salvador in 1990, the year was almost an eerie repetition of 1989, even including another leftist rebel offensive in November.

President Alfredo Cristiani Buckard has remained in power, but his promise to win El Salvador's 11-year-old civil war has not come to fruition. Likewise, his promise to solidify civilian control over the army has resulted in little change from the way things have been done for a decade. And his promise to punish the murders of the Jesuit priests is still bogged down in judicial review and inquiry. He has, however, inclined toward acceptance of a U.N.-sponsored peace-making effort led by Alvaro DeSoto of Peru. That plan calls for a reduction of the army, separation of the army and three police forces and the establishment of true civilian control. It then calls for the rebel Faribundo Marti National Liberation Front (FMLN) to demobilize, disarm and return to civilian life. The army resists the DeSoto plan and the rebels are generally noncommittal, but both sides continue to demonstrate a willingness to talk.

In October, the U.S. Congress, accommodating the faction that believes that withdrawing military support is the way to peace, voted to halve U.S. aid to the Salvadoran armed forces. In November, the FMLN, as pugnacious as ever and shrugging off the electoral defeat of their Sandi-

nista suppliers in Nicaragua, launched simultaneous attacks on different government installations across the country. Employing Soviet SA-14 surface-to-air missiles brought a new effectiveness to their operations. It also brought a strong reaction from the Bush administration, which immediately ordered a speed-up in the delivery of military assistance previously authorized.

The year ended with much the same situation extant in El Salvador as when it began. The government, wary of confronting the military too strongly, pursues a hesitant reform policy that has yet to fulfill any promise of real progress. The army, in need of modernization and a better guarantee of outside sustainment, continues to wage an indecisive campaign against the rebels. The FMLN, still determined to wage guerrilla war until the army is disciplined and the government reformed to their liking, struggles to remain viable and significant.

The people of El Salvador remain stalwart democrats, willing to vote for progress regardless of threats to themselves and their well-being. They are tired of war, they refuse to rise in insurrection and they are alienated equally by the terror tactics of the FMLN and the heavy-handedness of the army's response. At this time, 1991 does not seem to promise much improvement.

Nicaragua

Population: 3,722,683.
Government: Republic.
Head of Government: President Violeta Barrios de Chamorro.
GDP: $1.7 billion.
Per Capita Income: $470.
Defense Expenditures: Not available.
Armed Forces: Army—57,000 (16,500 conscripts), 140,000 reserves; Navy—3,500 (some conscripts), 2,500 reserves; Air Force—3,000; Paramilitary—1,300.
Total Regular Armed Forces: 63,500.

The caldron called Nicaragua continues to simmer. The promises of individual freedom, free enterprise and stability portended by the surprise election of Violeta Chamorro have not materialized. The demise of the Sandinistas, humiliated by the voters in March, has not occurred. The dissolution of the Contras, begun after the election with great promise of peace among the warring factions, is not final.

Economically, the country remains in a perilous state. The Chamorro government is moving very slowly in privatizing state holdings and liberalizing trade, apparently out of fear of antagonizing the Sandinistas. Two successful general strikes, engineered by Sandinista-controlled unions and government workers, during her first few months in office, have caused Chamorro to adopt a cautious attitude that prompted Central Bank president Francisco Mayorga to resign in impatience.

On the plus side, inflation and the deficit are down, the gold cordoba is strong and the U.S.S.R. has agreed to help improve the country's debt posture by delaying for 40 years repayment of some $3.5 billion owed Moscow. Conversely, agricultural production is sluggish and the collectives and unions are still in control of Nicaragua's output. Unemployment remains high (about 40 percent) and ex-soldiers and ex-Contras are swelling the ranks. Government payrolls have not been cut and the business sector remains uncommitted and wary of all government programs. None of the property seized by the Sandinistas has yet been returned, nor has there been any redistribution of land as promised to repatriates and demobilized Contras.

Overall, Nicaragua seems to be in a state of disillusionment. A schism has developed between Chamorro and the Contras while appeasement of the Sandinistas has brought no real reconciliation with the communist-inspired leaders of that movement. Drug trafficking is very much on the increase and there is a continuing linkage with the FMLN rebels in El Salvador. The Ortegas, particularly Humberto, who controls the army and police forces, are still powerful and give every indication of a fight to return the Sandinistas to control of the government.

The Sandinistas have embarked on a program of self-analysis and revisionism and have promised open debate on their program in a February 1991 national convention. Nevertheless, they blame U.S. hostility and the necessary military draft for the demise of their popularity and the resulting election loss.

The U.S. government, strongly supportive of the Chamorro government, has confined its efforts to economic assistance, ignoring the political and practical problems to avoid any charge of interference in internal affairs of the nation.

The coming year will be crucial to the future of Nicaragua. It cannot continue its current foundering without falling into anarchy and chaos. At year's end there were few indicators of the courses of action that will be followed. Nor are there any portents of either success or failure on the part of any of the various factions who are vying to lead Nicaragua into the future.

Costa Rica

Population: 3,032,795.
Government: Democratic republic.
Head of Government: President Rafael Angel Calderon Fournier.
GDP: $4.7 billion.
Per Capita Income: $1,630.
Defense Expenditures: $67 million.
Security Forces: Civil Guard—4,600; Rural Guard—3,200.
Total Security Forces: 7,800.

When Rafael Angel Calderon Fournier was elected president of Costa Rica on Feb. 4, he found a bloated bureaucracy running the government and an artificially controlled economy covering up some serious problems.

The voters of Costa Rica had turned down Oscar Arias'

designated successor, Carlos Manuel Castillo. In taking power from the National Liberation Party, they transitioned from a statist, socialistically-inclined system which had been in office for 20 of the previous 24 years. The voters brought in the Social Christian Unity Party, more inclined to a market economy, free enterprise and the privatization of business and industry. The government they replaced had embarked on a socialistic spending spree which had emptied the treasury.

Upon inauguration, President Calderon found himself in immediate difficulty. He had promised during his campaign to continue or even improve the popular housing, employment and welfare programs of the Arias government. Without money, he could not sustain those efforts. His long-term reforms brought short-term hardships—inflation, utility price increases and a large fiscal deficit. They also brought immediate opposition from trade unions, from the Catholic Church and from business organizations, all protesting the threat of unemployment, reduction in welfare and a too-slow return to capitalism.

Fortunately, the new president also inherited four positives: the military threat from Nicaragua had receded; as bad as it is, the economy is truly among the strongest in the Americas; U.S. monetary support remains constant and noncontentious; and the Arias Peace Plan still provides an aura of international good will for Costa Rica. Most observers remain supportive and optimistic about the actions President Calderon has taken thus far and they consider the complaints as being narrowly based and relatively inconsequential to date. Whether he has the strength and the fortitude to press his reforms and to solve his biggest problem—reducing the size of the governmental bureaucracy—are questions to which Costa Ricans will seek answers in 1991.

Panama

Population: 2,425,400.
Government: Centralized republic.
Head of Government: President Guillermo Endara.
GDP: $3.9 billion.
Per Capita Income: $1,648.
Defense Expenditures: $104.6 million.
Armed Forces: National Police Forces—11,500; National Maritime Service—380; National Air Service—370.
Total Public Forces: 12,250.

One year after the deposition of strongman Manuel Noriega, the progress of Panama toward democracy and economic stability is another of the cloudy perspectives that are common throughout Central America. Current assessments run the gamut of "rosy scenarios" from those who see promising rebirth in the reopening of retail stores, restaurants, hotels and small businesses to "gloom and doom" from those who cite 20 percent unemployment, 40 percent of the population in poverty, growing discontent among union members and government employees and pockets of poverty such as in the city of Colon.

The truth is hard to discern. The flush of enthusiasm over changes brought about by the U.S. invasion and popular support for Endara's government has been followed by a gradual disillusionment as Panamanians face reality. The economy still suffers from years of Noriega mismanagement and the two years of U.S. economic sanctions that preceded his ouster. U.S. aid is neither as forthcoming nor as massive as was hoped. Also, the cleansing of Noriega's remnants in the total society, including the government, the police and the army, is not as rapid or as thorough as had been anticipated. Drug trafficking and money laundering continue at epidemic levels.

Indicative of the fragility of Panama's fledgling democracy, and the extent to which it is reliant on U.S. forces to maintain order, was the Dec. 5 rebellion of several dozen Panamanian police led by their former chief, Col. Eduardo Herrera Hassan. Panamanian officials were quick to request help and the U.S. Army was quick to respond. The mutinous police had detained a handful of U.S. advisors at police headquarters, then marched, 100 strong, on the National Assembly before being halted and disarmed by some 500 U.S. troops.

But U.S. aid (to the tune of $130 million in 1990) is arriving, U.S. support (even when military action is required) is positive and firm, and the seeds of economic recovery seem to be sprouting. The big question at year's end is whether progress can be sufficiently speedy and adequately apportioned to forestall the growth of protest among the "have not" elements of the society.

Panama offers divergent opportunities, either for the exploitation of its promise or for a degeneration to widespread discontent. To assure the former, the United States and the Organization of American States must provide more attention than has been apparent in 1990.

Cuba

Population: 10,620,099.
Government: Communist dictatorship.
Head of Government: President Fidel Castro.
GNP: $20.9 billion.
Per Capita Income: $2,000.
Defense Expenditures: $1.83 billion.
Armed Forces: Army—145,000 (60,000 conscripts), 110,000 ready reserves; Navy—13,500 includes naval infantry (8,500 conscripts), 8,000 reserves; Air Force—22,000 (11,000 conscripts), 12,000 reserves; Paramilitary—1,469,000.
Forces Abroad: 45,600.
Total Regular Armed Forces: 180,500 (79,500 conscripts).

For Cuba and Cuba watchers, 1990 was a year of anticipation. The demise of communism as a political force in other parts of the world, the abrupt withdrawal of Soviet subsidies, the demand of COMECON (the communist bloc

trade group) for hard currency trading only and the expectations of world leaders that surely Fidel Castro would have to allow democratic elections created a year-long wait for something "good" to happen in Cuba.

But the year has ended, Castro still reigns, there have been no elections and Cubans are still beset with massive problems. Economically, Castro's trade with and aid from Eastern Europe is drying up. Politically, his hardline opponents (in exile) sense weakness and make plans to exploit it. Internally, Gustavo Areos Bergnes, leader of the Cuban Committee for Human Rights, advocates reconciliation with the exile community in Miami and with dissidents emerging in Cuba. Carlos Rafael Rodriguez, one of Castro's original revolutionists and a staunch supporter ever since, is now calling publicly for a transition to democracy. Internationally, Castro's appeal among Latin leftists is rapidly eroding as activists acknowledge the failure of socialism and the progress of democracy throughout the region.

Nevertheless, Fidel Castro has defiantly held to his beliefs and coped with, rather than succumbed to, the pressure for change. He has decreed austerity with more price controls and expanded rationing, shunted thousands of government bureaucrats to state factories and farms, arrested dissenters and changed his old war cry from "Fatherland or Death" to "Socialism or Death." He successfully expanded trade with China and Brazil and initiated crash capitalist-tainted programs to increase tourism and to promote a world-class Center for Biotechnology and Genetic Engineering.

At year's end Cuba is politically and ideologically isolated. Food, housing and clothing are scarce and becoming more so. Castro has tightened control by replacing two members of his seven-man Central Committee and has militarized the leadership of the Committees for the Defense of the Revolution. He has created a schism with the Catholic Church, branding it as imperialist and an enemy of the revolution. And, finally, he has alienated Spain, his lone supporter in Europe, by accusing the Spanish Embassy in Havana of a linkage with the American Central Intelligence Agency.

In the end, the past year of anticipation will surely be followed by a second year of anticipation. All parties except Fidel Castro seem firmly convinced that change will come. The difference between this December and last is a growing uncertainty that a peaceful change can occur and a growing worry that Castro will choose Goetterdaemmerung over capitulation.

Haiti

Population: 6,142,141.
Government: Republic.
Head of Government: Interim President Ertha Pascal Trouillot.
GDP: $2.4 billion.
Per Capita Income: $380.
Defense Expenditures: Not available.
Armed Forces: Army—7,000; Navy—250 Coast Guard; Air Force—150.
Total Regular Armed Forces: 7,400.

A stormy political year in Haiti ended with no more indication of the course of the nation's future than was present when it began. Major changes occurred: a military dictator was deposed, and a historic free election was held. Still, the year ended with a promise of continued instability and lawlessness and no relief from the economic paralysis that has, for years, made this the poorest nation in the Western Hemisphere.

The most significant news out of Haiti was the December election of the Reverend Jean-Bertrand Aristide, the first democratic election of a Haitian head of state in 186 years. It was a smashing win (60-plus percent of the vote) for a non-politician who was opposed by the Catholic Church, the Protestant Church, the voodoo priests, the Duvalierists and the business community. It occurred in what a United Nations observer team described as a positive election, one that was orderly, disciplined and peaceful, and one that voters supported in very large numbers despite the threats of violence and retribution that accompanied efforts to register and turn out the voting public.

The election was the culmination of a series of events which began in March with the ouster of General Prosper Avril and his military dictatorship. Avril was replaced by an interim president, Ertha Pascal Trouillot, and a 19-member Council of State. He was also replaced as army chief of staff by Lt. Gen. Herard Abraham, who pledged army support of the democratic process.

Sadly, though, the removal of Avril resulted in the return of Roger Lafontant, Maj. Gen. Williams Regala and other Duvalierists who had been exiled from the country after the fall of dictator Jean-Claude Duvalier in 1986. It also resulted in a swelling growth of terrorism, lawlessness and crime that the interim government could not control. That deterioration led leading American and European journalists to predict, in August and September, that Haitians would likely not "get their chance to vote" in 1990.

Even as those conditions persisted through the fall months, the election was held and a new president was designated. What that portends remains a mystery. The president-elect, Mr. Aristide, is a leftist throwback who seems to believe that a dictatorship of the proletariat is still a viable political aim. Whether he will align his nation with Fidel Castro's Cuba is a major international question.

Mr. Lafontant, formerly (and perhaps currently) a leader of the infamous Tonton Macoute secret security force of the Duvalier regime, has announced that Aristide will never be

allowed to assume power at the scheduled Feb. 7 inauguration.

And so, while the Haitian economy stagnates and public services (power, telecommunications, etc.) grind to a halt because of bankruptcy, the world stands by to see what will happen next. The Haitian people, now generally euphoric over their demonstration of democracy, have, in reality, little promise of any improvement in their situation. (EDITOR'S NOTE: Jean-Bertrand Aristide was inaugurated as Haiti's president on Feb. 7, 1991.)

SOUTH AMERICA—MORE DEMOCRACY, MUCH MORE DEBT

Almost all of South America has now turned (or returned) to democracy. The generals have returned to the barracks, some having saved their nations from certain failure, others leaving a legacy of corruption and violence for their democratic successors to overcome.

The entire continent is suffering from a debt-driven depression. The aggregate foreign debt is $410 billion, up nearly $100 billion since 1982. Infrastructure and industry are crumbling because investment has dried up. Unemployment figures are very high, wages very low. Housing, medical care and education are on the decline in every country. In some, crime and violence are part of the fabric of life.

SOUTH AMERICA

Only in Chile and Colombia have living standards risen even slightly.

The governments of most of these countries are engaged in much-needed economic reform, with varying degrees of success. Some are going it alone, while others join together in the effort. (Argentina, Brazil, Paraguay and Uruguay are planning to form a common market in 1994.) Many are renegotiating foreign debts. In most cases the people are as eager for change as their leaders, though the announcement of yet another austerity program usually sparks some civil unrest. Only in Uruguay, with its cradle-to-grave welfare system, are the citizens resistant to reform despite their economic woes.

The United States is actively involved, along with the IMF, the World Bank and others, in the effort to save South America from economic disaster. President Bush made a whirlwind five-nation tour of South America in December to promote his Enterprise for the Americas initiative—"an ambitious new plan to increase trade, investment and growth throughout the hemisphere"—and to celebrate the trend toward democracy. He was accompanied by Treasury Secretary Nicholas F. Brady, whose developing country debt-reduction plan will soon be made available to several South American nations. The visits—to Argentina, Brazil, Chile, Uruguay and Venezuela—were generally successful, although somewhat overshadowed by events in the Persian Gulf.

Bush's campaign to stem the flow of cocaine from Bolivia, Colombia and Peru into the U.S. has not been so successful. In all three countries, drug trafficking is on the increase, as is the violence it spawns, despite the efforts of the Drug Enforcement Agency and massive infusions of U.S. economic and military aid. The Colombian Medellin cartel has moved into Ecuador and possibly Uruguay as well. Surinam has recently been identified as a key conduit for drugs from Colombia to Amsterdam, with the local military actively participating in the operation.

The U.S. may not be able to halt the South American drug trafficking (only time and the continued cooperation of the nations involved will tell), but is in a position to help build hemispheric economic stability. Some analysts suggest that it would be in the best interests of the U.S. as well as South America to make Brady's debt-relief plan more flexible, to write off some loans to Latin nations and to influence multilateral lending agencies to be more lenient in debt rescheduling. Others predict a more durable and meaningful recovery for those nations who effect reform without outside interference. Either way, the nations who survive will be those who have finally accepted one basic premise: inflation is the scourge of South America, and inflation is caused by governments spending money they don't have.

Colombia

Population: 33,076,188.
Government: Republic.
Head of Government: President Cesar Gaviria Trujillo.
GDP: $35.4 billion.
Per Capita Income: $1,110.
Defense Expenditures: $374.13 million.
Armed Forces: Army—115,000 (38,000 conscripts), 100,000 reserves; Navy—14,000 including marines (500 conscripts), 15,000 reserves; Air Force—7,000 (1,900 conscripts), 1,900 reserves; Paramilitary—81,500.
Forces Abroad: 500.
Total Regular Armed Forces: 136,000 (40,400 conscripts).

Often characterized as the most violent country in the Western world, Colombia ended the year with that reputation intact. Two presidential candidates were assassinated—Bernardo Jaramillo Ossa of the leftist Patriotic Union on March 22 and Carlos Pizarro Leongomez of the former guerrilla group April 19 Movement (M-19) on April 26. Both were slain at the instigation of the Medellin drug cartel.

Most of the violence in Colombia has its roots in cocaine trafficking. Approximately 75 percent of the world's cocaine supply is produced in Colombia; most of the coca used in its production is grown in Peru and Bolivia. The drug trade in these three countries generates $4 billion a year.

Early in 1990, the Bush administration, in a continuing effort to stem the flow of illicit cocaine into the United States, turned its attention to the "Andean connection." President Bush met in Cartagena with the presidents of Colombia, Peru and Bolivia and pledged to seek funds from Congress to help in the fight against illicit drugs.

In March the leftist guerrilla group M-19 opted to participate in Colombian politics as a mainstream political party. A peace pact was signed ending 16 years of armed struggle and M-19 turned its weapons over to the government. In exchange, the government pledged that a constitutional amendment would be proposed virtually guaranteeing them seats in congress. In a matter of days legislative and municipal elections were held in which M-19 fared well.

In May, Liberal party candidate Cesar Gaviria Trujillo (also under a Medellin death threat) was elected president of Colombia with 48 percent of the vote. He began his four-year term in August, succeeding Virgilio Barco Vargas, who was barred by the constitution from consecutive terms in office. Gaviria was the only candidate to back Barco's agreement with Bush to extradite drug traffickers to the U.S. for trial.

Gaviria's three goals for his term in office are to bring peace to the country, to reform its archaic institutions and to liberalize its protected economy. To achieve the first of these, he must deal with the Medellin drug cartel. At the time of his inauguration Gaviria announced that he would take personal charge of military and police action against narco-terrorism, strengthen the judiciary and continue extraditing suspected drug traffickers to the U.S.

Gaviria's second goal may well undermine the achievement of his first. In October Colombia's highest court approved the president's plan to call a national assembly to amend the constitution. The 70-member assembly, at which all aspects of Colombia's current government structure and policy will be up for discussion and possible radical reform, is scheduled to run from February to July 1991.

Elections to fill the 70 seats of the assembly were held Dec. 9. The president's Liberal party won the largest block of seats with 24; M-19 came away with 19. Some polls indicate that most Colombians feel that both the Liberal and Conservative parties are too committed to the status quo, and that only M-19 is willing to make sweeping reforms.

As for the upcoming assembly, it seems quite likely that, at a minimum, Colombia's position on drug trafficking could soften. Former Health Minister Antonio Navaro Wolff, M-19's leader, has already called for an end to the current extradition policy. Although there is no evidence to suggest that M-19 has maintained its relationship with the drug traffickers, the drug cartels reportedly see the assembly as a unique opportunity not only to end extradition but also to gain approval for an amnesty.

Long considered to be an outpost of democracy and responsible fiscal management in Latin America despite the cartels and the guerrillas, Colombia now stands on the brink of major upheaval. Threatened with death by the Medellin cartel, besieged by the six remaining major leftist guerrilla groups (with a combined membership of 10,000) and facing a constitutional convention that could spell the end of his government, Gaviria is in a tenuous position. He must be steadfast in his determination to save his country—and even that may not be enough.

Venezuela

Population: 19,698,104.
Government: Republic.
Head of Government: President Carlos Andres Perez.
GDP: $52.0 billion.
Per Capita Income: $2,700.
Defense Expenditures: $564 million.
Armed Forces: Army—34,000 (some conscripts); Navy—10,000 includes naval air, marines and coast guard (4,000 conscripts); Air Force—7,000 (some conscripts); National Guard—20,000.
Total Regular Armed Forces: 71,000 (18,000 conscripts).

Although Venezuela still suffers the effects of the world oil glut and the resulting economic downturn of the 1980s, President Carlos Andres Perez reported in March that his year-old economic austerity program has begun to show positive results. Under the program, Perez had lifted price controls and reduced state subsidies to make Venezuela's economy more competitive with others in the region.

Perez reported a balance of payments surplus of $792

million in 1989, compared with a $4.7 billion deficit in 1988. Foreign reserves increased and the public deficit shrank to 1.7 percent of the gross domestic product, down from eight percent the previous year.

Implementation of the austerity measures in February 1989 led to rioting which left more than 300 people dead. In February 1990, students in several cities protested against the high cost of living and against a plan to raise gas prices. Also in February, the Confederation of Venezuelan Workers organized protest marches in nine cities. Economists railed against the high social costs of the austerity measures, blaming the program for causing a recession. The rate of unemployment stood at 9.7 percent at the end of 1989, up from 6.9 percent the previous year, and was expected to hit 10 percent in the first quarter of 1990. Purchasing power had eroded as well, with the GDP falling 8.1 percent in 1989.

The controversial austerity program is clearly not the only arrow in Perez's economic quiver. In January the government announced legislation liberalizing Venezuela's foreign investment code; in April a plan to partially privatize the state sector was unveiled. Impressed with the economic reforms, the International Monetary Fund is lending Venezuela $4.3 billion and the World Bank another $867 million.

In March, Venezuela became the fourth nation (after the Philippines, Costa Rica and Mexico) to participate in a U.S. developing country debt-reduction plan. Under that plan, Perez hopes to reduce Venezuela's $20 billion in medium- and long-term commercial bank debt and lower the nation's debt and debt service by $700 million annually. Venezuela's total debt burden, the developing world's fourth largest, is $28 billion.

Saddam Hussein's August invasion of Kuwait may have inadvertently given Perez a helping hand just when he needed it most. Iraq's aggression has forced up both the price of oil and Venezuela's OPEC production quota, giving the Venezuelan government the prospect of an $8 billion revenue windfall this year in addition to the $10 billion already anticipated.

The past two years have been difficult for Perez and for his people. They once enjoyed a very high standard of living compared to most of their South American neighbors. So far Perez has stood firm against his detractors (including many in his own Democratic Action Party) while actively seeking ways to draw Venezuela back from the edge of an economic abyss created in large measure by his own mismanagement during his earlier term as president (1974-79). Prohibited by Venezuela's constitution from standing for another term, Perez must use his time wisely to ensure that his economic reforms and his vision for Venezuela's future endure.

Ecuador

Population: 10,506,668.
Government: Republic.
Head of Government: President Rodrigo Borja Cevallos.
GDP: $9.8 billion.
Per Capita Income: $935.
Defense Expenditures: $232 million.
Armed Forces: Army—50,000; Navy—4,800 including marines; Air Force—3,000; Paramilitary—200; Reserves—100,000 all services.
Total Regular Armed Forces: 57,800.

Ecuador's stagnant economy, which relies on oil for at least half of its export revenue, cost President Rodrigo Borja Cevallos half his power in congress last summer when voters turned against the center-left coalition.

Economic reform is essential both to the nation and to Borja's political future, and many thought that help had arrived in late 1990 with the Persian Gulf crisis. As an OPEC member, Ecuador has made huge gains from higher oil prices; growth in 1990 is expected to be at least two percent. The windfall will surely be good for the nation, following on the heels of zero growth and an annual inflation rate of 50 percent in 1989. But Borja's announcement, responsible though it may be, that oil profits will be used to help renegotiate Ecuador's foreign debt will not be of much help politically.

President Borja has other difficulties as well. Recently, while the Bush administration's Andean Initiative for reducing drug traffic into the U.S. has focused on Colombia, Bolivia and Peru, cocaine has become big business in little Ecuador. In March a U.S. State Department report identified Ecuador as a significant processing location for cocaine; the report indicated that production had increased by 12 percent last year. Reports from investigators in Ecuador estimate that 30 to 40 metric tons of cocaine passed through the Pacific port city of Guayaquil in 1989. This year's total will be higher as radar surveillance makes the traditional Caribbean routes less attractive to the drug cartels.

It is estimated that Ecuador's 33 banks (a large number for a country with so little above-board commercial activity during the oil slump) laundered roughly $400 million in drug money in 1989. At present no coca is actually grown in Ecuador, but recently Colombian buyers have been grabbing up huge parcels of Ecuador's best agricultural land, paying 30 to 100 percent more than market value—and paying the whole price up front, in dollars.

According to Borja and others, the government has been hamstrung by its own strict bank-secrecy laws and by a lack of regulation concerning the importation and sale of chemicals and other activities related to drug trafficking. Early in 1990, before congressional elections cut into his power base, Borja's government established a panel to investigate the source and destination of chemical imports. In August 1990—after the elections—Ecuador's legislators passed a watered-down version of Borja's tough anti-narcotics bill.

Ecuador does not have the means to cope with a major drug-trafficking problem. A strong smuggling network ex-

isted long before the Colombian cartels moved in, and it was no problem to add cocaine to the list of items handled through Guayaquil and numerous smaller river ports. The Ecuadorian military is dedicated to an ongoing border dispute with Peru, and the police force is both ill-trained and ill-equipped to take on an operation of such magnitude. Borja has asked the United States for help, financial and otherwise, to combat the drug cartels before they get completely out of hand. Unfortunately, continued domination of the Ecuadorian congress by right-wing populists and anti-Borja leftists has created a stalemate likely to last until the next elections in 1992—and to undermine the president's ability to effect the legislative reform needed to push the drug traffickers out.

Brazil

Population: 152,505,077.
Government: Federal republic.
Head of Government: President Fernando Collor de Mello.
GDP: $377 billion.
Per Capita Income: $2,500.
Defense Expenditures: $1.41 billion.
Armed Forces: Army—223,000 (143,000 conscripts); Navy—50,500 (2,200 conscripts); Air Force—50,700; Paramilitary—243,000; Reserves—1,115,000 trained first line, 225,000 second line.
Total Regular Armed Forces: 324,200 (145,200 conscripts).

Fernando Collor de Mello, Brazil's first directly-elected president in 29 years, took office March 15, 1990. With inflation exceeding 80 percent per month, Collor immediately began to implement his stabilization plan, known as Plano Brasil Novo.

Collor's economic package calls for fiscal, monetary and tax reforms; foreign trade stabilization; the introduction of a new currency; foreign exchange market reform; price rollbacks to the level of March 12, 1990; and renegotiation with Brazil's commercial creditors. His objective is to liquidate the monthly inflation rate by withdrawing excess money from circulation.

Collor's administrative reforms include restructuring the ministries; reduction of the civil service; divestiture of state-owned enterprises; and withdrawal of perquisites for high-ranking government officials. The status of the Joint Chiefs of the Armed Forces ministry was reduced to the secretariat level. The infamous National Intelligence Service also lost its ministerial status and is to be abolished.

The largest debtor nation in the developing world, Brazil owes $112.7 billion to external creditors. It has remained current in its payments to international financial organizations, but not to other governments (including the United States). The Brazilian government stopped payments to foreign commercial banks in September 1989; arrears now approach $10 billion. Debt negotiations with commercial banks resumed in October 1990.

Brazil listed a foreign-trade surplus of $16.5 billion in 1989, down from $19 billion in 1988. In the past the U.S. and other trading partners have objected to such Brazilian import restrictions as outright prohibition of imports, market reserves and other non-tariff barriers. Since taking office in March, Collor has largely eliminated these practices—a major step toward improved relations with the U.S., Brazil's largest investor and most important commercial partner.

One aspect of Brazil's international trade that greatly concerns the U.S. is the Latin American country's relationship with Iraq. Long a major supplier of arms to the Middle East, Brazil is Iraq's fourth largest supplier, accounting for five percent of all Iraqi arms imports.

Since 1988, Brazil has attempted to buy a supercomputer from IBM. The U.S. balked at approving the sale, suspecting that the computer might be used to develop a nuclear weapon. In an effort to pressure Brazil to stop trading with Iraq, the U.S. Senate in 1990 passed legislation to prevent Brazil from purchasing the computer. However, when President Bush visited Brazil in December, he announced an agreement allowing the sale of the supercomputer to Embraer, Brazil's state-owned aerospace company. This reversal of policy was a result of a November Brazil-Argentina agreement renouncing both the use and development of nuclear weapons.

Election results in October 1990 showed clear support for Collor's reforms, even from the opposition. However, runoff gubernatorial elections were required in 14 states in November. The results of those elections left the president without his power base, indicating that the approval rate for his policies was eroding rapidly. By that time prominent businessmen and industrial leaders were deploring the Collor reform policy's lack of direction. The inflation rate for November was more than 18 percent, and Collor's promise to privatize one state-owned enterprise each month had fallen by the way. Sky-high interest rates were keeping many companies from borrowing, and a record number of firms had declared bankruptcy. Analysts still feel that the government's stabilization program can succeed, but some adjustment is required if Brazil is to avoid a deep recession and subsequent social unrest in 1991.

Peru

Population: 21,905,605.
Government: Republic.
Head of Government: President Alberto Fujimori.
GDP: $18.9 billion.
Per Capita Income: $880.
Defense Expenditures: $245 million.
Armed Forces: Army—80,000 (60,000 conscripts), 188,000 reserves; Navy—25,000 (12,000 conscripts); Air Force—15,000 (7,000 conscripts); Paramilitary—70,600.
Total Regular Armed Forces: 120,000 (79,000 conscripts).

Peru's new president, Alberto Fujimori, is the Peruvian-

born son of Japanese immigrant parents. Inaugurated in July 1990, Fujimori inherited a plethora of problems from his predecessor, Alan Garcia Perez. Early on, Garcia had provided tax cuts and easy money, producing a couple of years of euphoric prosperity. In 1988 the bottom dropped out of Peru's economy; by 1990 the nation's output was 20 percent lower than in 1988 and the inflation rate was 2,700 percent each year. Since Garcia assumed the presidency in 1985, prices had increased 1.7 million percent. Peru's total external debt stood at approximately $17 billion. Fujimori has wasted no time in making his mark on Peru. Even before his inauguration, he had reached an agreement with IMF, the World Bank and the Inter-American Development Bank on a plan to stabilize Peru's economy. Since assuming the presidency he has fired the commanders of the navy and air force while forging close ties with the army. In a nation that is 90 percent Catholic, Fujimori advocates state promotion of contraception. He has riled the judiciary by suggesting amnesty for thousands of inmates who have spent months and even years in Peru's horrible jails waiting to be tried, or in some cases waiting to be charged.

On Aug. 8 Fujimori announced his austerity plan, aimed at cutting Peru's government deficit, reducing inflation and restoring the flow of funds from international development agencies. His plan sought to reduce government spending by eliminating state subsidies on fuel, electricity, telephones, water, bus fares, basic food supplies and other goods and services. Removal of the subsidies resulted in immediate (though short-lived) price increases of 3,000 percent for gas and an average of 700 percent for household staples such as sugar, rice and cooking gas.

Most of the austerity plan seems to be working, though times are still hard for the people. Inflation is down from triple digits to 10 percent per month, and Peru's treasury—empty when Fujimori took over—now has reserves of $500 million. Peru is expected to become the first country to qualify for assistance under a new IMF program which will convert the country's $800 million debt to a new loan, giving Peru the right to start borrowing again.

Fujimori faces other problems as well. Peru, as the largest grower of coca leaves in the world, is a major player in President Bush's Andean Initiative antidrug campaign. Coca alone provides the economy with about $1 billion per year. The crop jumped to unprecedented levels this year, and local trafficking of coca leaves and semi-processed coca paste has surged dramatically. At the same time the tourist trade has greatly decreased, mostly because of the terrorist activities of the Maoist guerrilla group Sendero Luminoso (Shining Path). The death toll from political and counter-insurgency violence is around 200-300 a month (the average since 1983).

In April the U.S. had approved a sharp increase in antidrug funds for 1990—$35.9 million, up from $1.5 million in 1989. However, in September Fujimori surprised the Bush administration by refusing the $35.9 million— on the premise that the U.S. plan to eradicate the coca fields would lead his country into full-scale civil war. (Approximately 200,000 Peruvian families depend on coca for their livelihood.) Instead, he advocates the creation of a free-market environment where coca farmers would find alternative crops to be economically attractive. Fujimori is forging ahead with his own antidrug policy, which includes not only the free-market/alternative crop concept but also improvements in the transportation system and the judiciary.

Observers say that Fujimori is a very skillful politician, playing parties, factions and individuals against one another while retaining control for himself. Although many of his actions belie his campaign promises, the people seem to admire him, perhaps for his audacity. Detractors predicted early on that there would be a coup before year's end. To their disappointment, Fujimori is still very much in place.

Bolivia

Population: 6,706,854.
Government: Republic.
Head of Government: President Jaime Paz Zamora.
GNP: $4.6 billion.
Per Capita Income: $660.
Defense Expenditures: $86.8 million.
Armed Forces: Army—20,200 (15,000 conscripts); Navy—3,800 (1,800 conscripts); Air Force—4,000 (2,200 conscripts); Paramilitary—13,600.
Total Regular Armed Forces: 28,000 (19,000 conscripts).

Bolivia has long been the poorest country in South America, but lately things seem to be getting better. Under a program developed by Gonzalo Sanchez de Lozada, Bolivia's minister of planning from 1985 to 1989, the nation's economy is in its fourth year of positive growth (estimated at 2.5 percent for 1990). This year's rate of inflation is expected to be about 12 percent—down from a mind-boggling 24,000 percent in 1985.

President Jaime Paz Zamora, who took office in August 1989, has built on Sanchez de Lozada's program. He has renegotiated Bolivia's huge foreign debt and has arranged for Argentina, though nearly bankrupt, to start paying its natural gas bills. That accounts for almost 40 percent of Bolivia's total exports. Non-traditional exports are also soaring, and a new law protecting foreign investments is attracting investors from abroad. Congress is working on laws to encourage foreigners to invest in mining and oil and gas. Bolivia is also considered a potential candidate for U.S. Treasury Secretary Nicholas F. Brady's developing country debt-reduction plan.

In other areas, things are not so bright. Bolivia already has the dubious distinction of being the world's second largest grower of coca (after Peru) and the second largest producer of refined cocaine (after Colombia). Now the levels of both cocaine production and the attendant violence of narcotics traffickers are on the rise, threatening the relative peace Bolivia has enjoyed in recent years.

In February Paz Zamora attended President Bush's Andean Initiative antidrug conference in Cartagena, Colombia. Along with Bush and the presidents of Colombia and Peru,

he signed an accord pledging cooperation in the fight against illegal drug trafficking. Under the terms of the agreement, U.S. funding to Bolivia was increased to $43 million for 1990 (up from about $5 million in 1989) to provide bases, training and equipment for use in the fight against narcotics trafficking. Paz Zamora and Bush also signed a bilateral agreement tightening U.S. control over American export of chemicals used to process cocaine and seeking to prevent American-made arms from falling into the hands of drug traffickers.

In May Paz Zamora met again with President Bush, this time in Washington. He asked for an increase in FY 1991 antidrug aid—from $87.8 million to $150 million—to be used for law enforcement programs and incentives to encourage farmers to grow alternative crops. In the first four months of 1990, Bolivia had already paid farmers to destroy more than 8,400 acres of coca plants.

Part of President Bush's antidrug plan, announced in December 1989, calls for the Department of Defense to place ground-based radar units in mountainous regions of Bolivia, Colombia and Peru. Paz Zamora has steadfastly opposed increased involvement of the Bolivian military in fighting cocaine trafficking, fearing that an expanded military antidrug mission might increase the power of the armed forces, opening the door for a military coup.

Paz Zamora would seem to have Bolivia on the right track economically, but the people are becoming impatient with the government. Promised privatization of mines is moving too slowly and there is too much unemployment. The population is growing at twice the rate of the GDP. Illiteracy and infant mortality are among the highest in Latin America. Drug trafficking has created environmental as well as social and legal problems.

A mid-December clash between police and leftist guerrillas quickly became a political embarrassment to Paz Zamora when charges of brutality and murder were made against the police and it became known that the leftist group was named for the president's late brother. Partisan infighting within both the legislature and the judiciary have also seriously undermined the president's power base. If Paz Zamora and his government do not respond quickly enough to these and other concerns, they may soon be replaced by any of several populists who are just now beginning to gain the attention of the Bolivian people.

Argentina

Population: 32,290,966.
Government: Republic.
Head of Government: President Carlos Saul Menem.
GNP: $72 billion.
Per Capita Income: $2,217.
Defense Budget: $1.1 billion.
Armed Forces: Army—40,000 (10,000 conscripts), 250,000 reserves; Navy—20,000 (3,000 conscripts), 77,000 reserves; Air Force—15,000 (3,000 conscripts), 50,000 reserves; Paramilitary—28,000.
Total Regular Armed Forces: 75,000 (16,000 conscripts).

President Carlos Saul Menem took office in July 1989, six months ahead of schedule, to try to save Argentina from its worst economic crisis of this century. By imposing price controls and promising to cut government spending, he was able to halt that round of spiraling inflation. But his liberal, populist economic program (a far cry from traditional Peronist economics) has since received mixed reviews.

By December 1989 the inflation rate had reached a record 4,923 percent for the year, causing the currency to be devalued and the banks to close. When Menem named Antonio Erman Gonzalez to the post of finance minister, he immediately lifted price controls, allowed the exchange rate to float freely, slashed export and import taxes, removed many restrictions on foreign trade and announced that the treasury would no longer finance the government budget deficit.

On Jan. 8 the Buenos Aires stock exchange's 16 most active issues fell 53 percent. Prices rose 79 percent in January, 62 percent in February and 96 percent in March. The austral (Argentina's national currency) went from 17 to the U.S. dollar in March 1989 to 6,000 to the dollar in March 1990. Gonzalez persevered, announcing in early March that he was suspending payments to thousands of the government's domestic suppliers. This temporary measure removed more money from circulation, the economy went into a deep recession and hyperinflation was halted. Prices rose only 11 percent in April; by July inflation was down to 10.8 percent. Peronist labor leaders led a national strike against Menem's privatization program on March 21, shutting down schools, the state airline and government offices. In June, the government sold the national telephone company, Aerolinas Argentinas, several highways (since converted to toll roads) and a railway line to private entities. Later the president announced his intention to sell all or most of Buenos Aires' electric power company, the government-owned coal and natural gas firms, the government-owned shipping company and the Buenos Aires subway system.

Even the military has not been exempt from Menem's slashes in government spending. Nevertheless, Menem has managed to maintain the loyalty of the army—at least most of it—in a country where military rebellion has long been a way of life. Rebels within the army did, however, take over its headquarters in Buenos Aires and four other installations on Dec. 3. Menem's troops were able to put down the rebellion in record time, making it possible for President Bush's visit to Argentina two days later to continue as planned.

Argentina's relationship with the United States has strengthened since the return of democratic government in December 1983. Most of the population approve of close relations between the two countries and Menem has made this a major aspect of his foreign policy. He has visited the U.S. twice since he assumed the presidency, and he also sent two warships to join the multinational forces in the Persian Gulf following Iraq's invasion of Kuwait.

Argentina's diplomatic relations with the United Kingdom, severed by the 1982 war over the Falkland Islands,

were fully restored Feb. 15. Britain lifted the 150-mile exclusion zone around the Falklands and also lifted the trade embargo between the two countries. The Falklands' sovereignty, still a bone of contention, was not discussed.

Through the end of 1990 Menem has stuck with his free-market economic policy despite all opposition. But it is too soon to label that plan a success. Inflation is still too high, government services have deteriorated and government facilities have fallen into disrepair. Economists warn that Menem's determination to enforce his program will backfire if he allows the social deterioration to continue. In similar circumstances, the army has historically been quite willing to step in to save Argentina.

Chile

Population: 13,082,842.
Government: Republic.
Head of Government: President Patricio Aylwin Azocar.
GDP: $25.3 billion.
Per Capita Income: $1,970.
Defense Expenditures: $559 million.
Armed Forces: Army—54,000 (27,000 conscripts), 80,000 reserves; Navy—29,000 (3,000 conscripts), 14,000 reserves; Air Force—12,800 (800 conscripts), 8,000 reserves; Paramilitary—27,000.
Total Regular Armed Forces: 95,800 (30,800 conscripts).

Chile is once again under democratic rule, after nearly 17 years of military authoritarianism. Patricio Aylwin Azocar, the first elected civilian president since a 1973 military coup ousted Marxist President Salvador Allende Gossens, took office in March 1990. Aylwin replaced General Augusto Pinochet Ugarte, whose dream of lifetime rule was shattered when an October 1988 plebiscite barred him from standing for the 1989 elections.

Pinochet's legacy has been a mixed blessing for Aylwin. The military junta left a balanced budget, large foreign reserves, reduced external debt, a thriving export sector and relatively low levels of inflation and unemployment. Aylwin also inherited an undemocratic legislature, a conservative, overly cautious judiciary and a restrictive constitution that left Pinochet in place as commander of the army. This has made for economic and social progress in 1990, but the political sphere is in turmoil.

In 1989, under Pinochet and the military junta, Chile's economy grew by 10 percent, with an inflation rate of 30 percent. Although that unrealistic rate of growth could not be sustained, under Aylwin the GNP was expected to grow by a respectable four percent in 1990, with inflation projected to remain under 25 percent. Foreign investment has also shown impressive growth and was projected to exceed $ 1.2 billion in 1990—by far the best performance in Latin America. Exports, which account for almost 30 percent of GNP, should continue to grow 20 percent annually. The stock market also continues to grow, and the Chilean peso remains strong.

The investigation of human rights abuses during the Pinochet years has been the single greatest issue on Aylwin's plate (other than Pinochet himself). He has set up a commission to examine allegations involving the disappearance of almost 700 political prisoners and the execution of some 2,000 more between the 1973 coup and the 1978 amnesty. Also under investigation are the killings of some 500 opponents of the Pinochet government as well as alleged left-wing killings of 50 officials of the military regime.

One major obstacle the young democratic government has yet to overcome is the excessive amount of power vested in the armed forces by the Pinochet-engineered constitution. While recent constitutional amendments increased civilian control, the armed forces, as guardians of the constitution, have the right and the power to intervene as they see fit. Still, political analysts feel that only an attempt by Aylwin to remove Pinochet as commander of the army would move other military leaders and the right-wing political parties to reunite behind the general.

With a democratic government in place once again in Santiago, relations between Chile and the United States have begun to improve dramatically. A small amount of military assistance was approved by the Bush administration in 1989. In the early fall of this year, the U.S. and Chile signed a bilateral trade agreement—the first step toward Bush's eventual goal of a hemispheric free-trade zone—and in late November the U.S. approved new trade concessions to Chile. Then, on Dec. 1, one week before President Bush's visit to Chile, the White House announced that sanctions prohibiting military assistance and sales to Chile had been lifted. Bush also stated that Chile is a prime candidate for debt relief under his newly proposed Enterprise for the Americas initiative.

Where the leaders of some other South American nations have the burgeoning narcotics industry to contend with, Chile has Pinochet. However, because of Pinochet's earlier economic policies and despite the obstacles he put in place to disrupt the government, Aylwin has achieved much for Chile in a short time. Years of struggle against the Pinochet regime helped to build the coalition of diverse political groups that supported Aylwin's candidacy. Perhaps the old general's continued presence, however annoying and unnerving, will strengthen the alliance and keep it together long enough for Aylwin to realize at least some of the goals he has set for his country.

CONCLUSION

At the beginning of 1990, some 25,000 U.S. troops were in Panama fighting Gen. Manuel Noriega. When the year ended, more than 500,000 American military men and women had deployed to the Saudi Arabian desert and the Persian Gulf waters, prepared to do battle with the forces of Iraq. In between, we witnessed many startling changes in the world's political and strategic balance. Coupled with the events of the last few months of 1989, those changes are perhaps greater than anything we have seen since the end of World War II. Unlike 1989, when the single greatest occurrence was the revolution in Eastern Europe, this year the world bore witness to a number of events whose repercussions will alter the global picture for all time.

It would be difficult to rank the events of 1990 in order of importance. The astonishing rapidity of the reunification of Germany would be considered by some as the signal event of the year. Add to this the Conventional Forces in Europe arms reduction pact and the accompanying non-aggression pact to which every member of NATO and the Warsaw Pact put its signature, plus the Charter of Paris, signed by 34 North American and European nations. Then came the crisis in the Persian Gulf, ignited by Saddam Hussein's invasion of Kuwait. These are all important milestones on the trail of world events.

The end of the Cold War, proclaimed by the Charter of Paris on Nov. 21, was greeted quietly—understandable given the complete disintegration of the Warsaw Pact as a military alliance and the turning of world attention from the plains of Europe to the deserts of Arabia. Not pausing to celebrate, many European governments diligently set about molding their political and economic union, the European Community, by the self-imposed 1992 deadline.

In the early months of the year the former East bloc nations focused on the exorcism of the communist ghost, the organization of their embryonic political institutions and the testing of their new-found freedoms by way of the ballot box. While elections in all seven former Pact countries were deemed free and fair, the voters of several awoke on the day after to find the reins of government in the hands of old, former communists under new guises—the only parties with the experience and know-how needed to organize a campaign.

A carry-over problem facing the governments of Western Europe in 1991 is the matter of coping with potential hordes of political refugees and economic emigrants from the East, a matter that could worsen should Mikhail Gorbachev open the borders of the Soviet Union. Of primary concern for most East Europeans, however, will be digging their way out of the economic pit created by 40-plus years of communist mismanagement.

In the Soviet Union, the year was dominated by ethnic disturbances, particularly in the southern republics; the continued quest for independence by the people of the Baltic states (recently countered by the heavy hand of the Red Army); food shortages; poverty; pollution and organized crime. The withdrawal of the Communist Party's monopoly on government so far seems to have softened internal unrest very little.

Elsewhere in 1990, Iraq's brutal aggression seems to have rallied much of the world against him, including many of his Arab neighbors. But the coalition opposing Saddam is a fragile alliance and few anticipate that the eventual liberation of Kuwait will have much bearing on the long-standing Arab-Israeli conflict.

Many people on the continent of Africa barely survived another year of poverty, famine, civil war and repression; hundreds of thousands did not. On a somewhat brighter note, Namibia celebrated its independence in March; the Cubans are almost all out of Angola; and the walls of apartheid were further breached with the release from prison of Nelson Mandela. Yet the cheers that greeted that event were overshadowed by a violent upsurge of tribal warfare.

The breakup of the communist system did not go unnoticed on the Asian continent. Former recipients of communist largesse such as India, Vietnam and Afghanistan began to feel the pinch in 1990. Others, including China and North Korea, sought to prevent their own anti-communist revolution by tightening the screws on their respective masses. Yet, for the most part, the economic progress that has characterized many of the nations along the Pacific Rim for several years showed little sign of slowing down.

Despite the actions necessary to depose Panama's dictator, Central America was probably among the least volatile regions in the world in 1990. The deposition of the communist government in Nicaragua by a peaceful, free and fair vote left only Castro's Cuba as the last remaining dictatorship in our hemisphere. Farther south, the conversion to democracy is nearing completion although still hampered by the continuing deep economic depression that pervades South America.

In this report we have pointed out some of the changes and the challenges faced in the real world of 1990. Clearly, the world in which we live remains a dangerous place for civilized values. Even as we celebrated the collapse of communism and the Iron Curtain, Saddam Hussein's invasion of Kuwait taught us that the new, evolving world is still susceptible to aggression. The lessons are clear. The United States must continue to be prepared to protect its interests and those of its friends and allies wherever they are challenged. Also, as long as the U.S.S.R. retains its status as a strategic nuclear power, we must insure that we have an effective counter. As we continue to have vital interests in Europe, the Mediterranean, the Middle East, the Persian Gulf, Asia and our own hemisphere, we must remain capable of forward deployment and rapid reinforcement to guarantee our own and our allies' interests.

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