

PRINCIPAL EVENTS

The world

During 1981 the world economy slipped deeper into recession and political issues everywhere were influenced by recognition that economic problems had to be solved, if disruptive social effects were to be alleviated. The happiness created by release of the United States' hostages from Iran and by two successful US space shuttle missions soon gave way to a long year of economic gloom, punctuated by assassinations, attempted or achieved, and with the continuing state of uncertainty in Poland as a daily concern. There were also the abiding preoccupations of instability in the Middle East, Africa, and Central America, and unsuccessful efforts to bridge the gap between rich and poor nations, to bring about greater respect for human rights or to stem the flow of refugees.

Energy had dominated the international economic scene in 1980 and it remained an often overwhelming problem for some developing countries in 1981. However, for Western nations it was not such an important issue as it was in the previous year, when they had not yet adjusted to the oil shock brought on by events in Iran and the Iran-Iraq war. Decreased consumption, conservation and the depressed economy, together with continued high oil production in Saudi Arabia, meant that supplies were adequate, although not to the point where governments could relax over the situation.

The countries of Western Europe became increasingly critical of the USA's policy of high interest rates which had adverse effects on their economies, burdening them with huge deficits and the necessity to borrow heavily and cut back on social services, just when need for them was growing. Protectionism surfaced in many countries. In Poland, social and political problems were intertwined with a beleaguered economy, complicating the response of governments and financial institutions.

Representatives of the seven major industrialized countries and the European Common Market grappled with these problems at the Ottawa Economic Summit in July, chaired by Prime Minister Trudeau, and at the Cancun North-South Summit, which he co-chaired. At Melbourne the heads of Commonwealth governments' conference also promised to work for practical solutions.

There was no easing of East-West tensions in 1981. Soviet troops remained in Afghanistan and the events in Poland with the continuing threat of Soviet intervention featured prominently in the North Atlantic Treaty Organization consultations. While both situations underlined the fragility of détente, the alliance's foreign ministers reaffirmed their resolve to work for peace and security through a stable balance of forces and constructive relations, typified by the USA-USSR talks on intermediate-range nuclear weapons in November, the USA's announced readiness to resume talks on strategic arms in 1982 and extensive preparations for a second Special Session of the UN General Assembly on Disarmament (UNSSOD) in 1982.