

THE  
STATESMAN'S  
YEARBOOK  
**2010**

'Nothing is so fatal to the progress of the human mind as to suppose our views of science are ultimate; that there are no mysteries in nature; that our triumphs are complete; and that there are no new worlds to conquer.'

Humphry Davy (1810)

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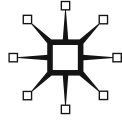
# THE STATESMAN'S YEARBOOK

THE POLITICS, CULTURES AND  
ECONOMIES OF THE WORLD

## 2010

*Edited by*  
BARRY TURNER

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## PREFACE

Along with everything readers have come to expect, including new and revised economic and political overviews, new world leader profiles and an array of social statistics, this year's edition includes a chronology of the global credit crunch.

Now in its 146th edition, it will surprise many to know that our current Editor, Barry Turner, is still only the 7th to hold the title. It is perhaps more surprising to learn that throughout its history, *The Statesman's Yearbook* has consistently published every year, including through two world wars. Institutions that upgrade to a site-wide license for the online edition can, for the first time, have online access to the complete 145-year archive: a wonderful collection of interesting and useful facts and figures through generations. Simply seeing how the book's jacket alone has changed over the decades, gives a sense of how the world, and of course the book itself, have altered. If you would like to offer unlimited access to multiple users to *The Statesman's Yearbook* website and now the archive too, please email [sybinfo@palgrave.com](mailto:sybinfo@palgrave.com).

*The Statesman's Yearbook* continues to be regarded as the desktop reference work of choice by librarians, researchers, journalists, business people and general readers, and in an ever-changing world it's reassuring to know that the online edition is regularly updated throughout the year and available to all purchasers of the print edition. Just go to [www.statesmansyearbook.com](http://www.statesmansyearbook.com) and register the unique code printed on the sticker on the front of this book. The online edition contains even more information than the printed book including a detailed week-by-week chronology of world events since the year 2000, fact sheets, city profiles and detailed biographical profiles of post-1945 world leaders.

If you have any comments or suggestions to help improve *The Statesman's Yearbook* in print or online we'd love to hear from you; please email us at [sybcomments@palgrave.com](mailto:sybcomments@palgrave.com) or write to *The Statesman's Yearbook* team, Palgrave Macmillan, Houndmills, Basingstoke RG21 6XS, UK.

Hazel Woodbridge  
Publisher, *The Statesman's Yearbook*

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# KEY WORLD FACTS

• World population in 2009	6,829 million (3,443 million males and 3,387 million females)
• World population under 30 in 2009	3,614 million
• World population over 60 in 2009	741 million
• World population over 100 in 2009	458,000
• Number of births worldwide every day	373,000
• Number of deaths worldwide every day	156,000
• World economic growth rate in 2008	3.4% (5.2% in 2007)
• Number of illiterate adults	774 million
• Number of unemployed people	190 million
• Average world life expectancy	69.8 years for females; 65.4 years for males
• Annual world population increase	79.30 million people
• Number of people living outside country of birth	191 million, or nearly 3% of the world's population
• Fertility rate	2.6 births per woman
• Urban population	49.9% of total population
• World defence expenditure	US\$1,300 billion
• World trade in 2007	US\$28.2 billion
• Number of TV sets	1.4 billion
• Number of radio receivers	2.2 billion
• Number of cigarettes smoked	5,600 billion a year
• Number of Internet users	1.6 billion
• Number of mobile phone users	4.1 billion
• Number of motor vehicles on the road	790 million
• Number of people who cross international borders every day	2 million
• Number of people living in extreme poverty	1.4 billion
• Number of people living in urban slums	924 million
• Number of malnourished people	967 million
• Number of overweight adults	1.6 billion
• Number of obese adults	400 million
• Number of people dying of starvation	24,000 every day
• Number of people lacking clean drinking water	884 million
• Number of people lacking adequate sanitation	2.6 billion
• Number of recorded executions in 2008	2,390
• Number of people worldwide exposed to indoor air pollution that exceeds WHO guidelines	1 billion
• Annual carbon dioxide emissions	7.7 billion tonnes of carbon equivalent

*For more fact sheets see [www.statesmansyearbook.com](http://www.statesmansyearbook.com)*

## WORLD POPULATION DEVELOPMENTS

1950		2005	
1. China	554,760,000	1. China	1,312,979,000
2. India	371,857,000	2. India	1,134,403,000
3. USSR	180,980,000	3. USA	299,846,000
4. USA	157,813,000	4. Indonesia	226,063,000
5. Japan	83,625,000	5. Brazil	186,831,000
6. Indonesia	79,538,000	6. Pakistan	158,081,000
7. Brazil	53,975,000	7. Bangladesh	153,281,000
8. UK	50,616,000	8. Russia	143,953,000
9. West Germany	49,986,000	9. Nigeria	141,356,000
10. Italy	47,104,000	10. Japan	127,897,000

2050	
1. India	1,658,270,000
2. China	1,408,846,000
3. USA	402,415,000
4. Indonesia	296,885,000
5. Pakistan	292,205,000
6. Nigeria	288,696,000
7. Brazil	254,085,000
8. Bangladesh	254,084,000
9. Congo (Democratic Republic of)	186,837,000
10. Ethiopia	183,404,000

Source: United Nations World Population Prospects (2006 Revision)

## LARGEST URBAN AGGLOMERATIONS

1950		2005	
1. New York-Newark, USA	12,338,000	1. Tokyo, Japan	35,327,000
2. Tokyo, Japan	11,275,000	2. Mexico City, Mexico	19,013,000
3. London, United Kingdom	8,361,000	3. New York-Newark, USA	18,498,000
4. Paris, France	5,424,000	4. Mumbai (Bombay), India	18,336,000
5. Moscow, USSR	5,356,000	5. São Paulo, Brazil	18,333,000
6. Shanghai, China	5,333,000	6. Delhi, India	15,334,000
7. Rhein-Ruhr North, West Germany	5,295,000	7. Calcutta, India	14,299,000
8. Buenos Aires, Argentina	5,041,000	8. Buenos Aires, Argentina	13,349,000
9. Chicago, USA	4,999,000	9. Jakarta, Indonesia	13,194,000
10. Calcutta, India	4,446,000	10. Shanghai, China	12,665,000

2015	
1. Tokyo, Japan	35,494,000
2. Mumbai (Bombay), India	21,869,000
3. Mexico City, Mexico	21,568,000
4. São Paulo, Brazil	20,535,000
5. New York-Newark, USA	19,876,000
6. Delhi, India	18,604,000
7. Shanghai, China	17,225,000
8. Calcutta, India	16,980,000
9. Dhaka, Bangladesh	16,842,000
10. Jakarta, Indonesia	16,822,000

Source: United Nations Department of Economic and Social Affairs/Population Division, World Urbanization Prospects (2005 Revision)

# **CHRONOLOGIES**

**Week-by-Week: April 2008–March 2009**

**Credit Crunch: April 2007–March 2009**

# WEEK-BY-WEEK CHRONOLOGY

April 2008–March 2009

## *Week beginning 6 April 2008*

Incumbent Filip Vujanović was re-elected in Montenegro's presidential elections with 51.9% of the vote, defeating Andrija Mandić (19.5%) and Nebojša Medojević (16.6%).

Serzh Sargsyan was sworn in as president of Armenia, having previously served as prime minister. He named a cabinet headed by new prime minister Tigran Sargsyan, with Edvard Nalbandyan as foreign minister and Seyran Ohanyan as defence minister.

In Bhutan, Jigme Thinley was installed as prime minister. In his new cabinet he appointed Ugyen Tshering as foreign minister and Wangdi Norbu as finance minister.

Javier Ponce became Ecuador's defence minister following the resignation of Wellington Sandoval.

In elections to Nepal's newly established Constituent Assembly the Communist Party of Nepal (Maoist) won 220 of 575 available seats, ahead of the Nepali Congress Party, which gained 110 seats, and the Communist Party (Unified Marxist-Leninist) with 103. The Madhesi People's Rights Forum gained 52 seats.

José Luis Rodríguez Zapatero was re-elected prime minister of Spain at the second attempt, having failed to gain an absolute majority in the first round of voting in the Congress of Deputies. A relative majority, of 169 votes to 158 with 23 abstentions, was sufficient in the second round to confirm his appointment.

## *Week beginning 13 April 2008*

A cabinet reshuffle was announced in Bulgaria ten days after the resignation of interior minister Rumén Petkov. He was replaced by Mikhail Mikov, while Nikolai Tsonev became defence minister.

Raila Odinga was sworn in as the new prime minister of Kenya, a post created as part of a power-sharing agreement with incumbent president Mwai Kibaki following the disputed elections held in Dec. 2007.

Silvio Berlusconi's People of Freedom alliance emerged victorious in Italy's parliamentary elections, gaining 46.8% of the vote and 344 of the 630 seats in the Chamber of Deputies. The Democratic Party alliance gained 246 seats (37.5% of the vote) and the Centre Union 36 (5.6%). The People of Freedom alliance also gained control of the Senate after taking 174 of 315 seats with 47.3% of the vote, ahead of the Democratic Party alliance (132 seats with 38.0% of the vote) and the Centre Union (3 seats; 5.7% of the vote).

Following the resignation of Adrian Cioroianu, Lazar Comanescu was sworn in as Romania's foreign minister.

President Idriss Déby of Chad dismissed prime minister Nourradine Delwa Kassiré Koumakoye and replaced him with Youssouf Saleh Abbas. A new cabinet was announced, with Moussa Faki as foreign minister and Abacar Mallah as finance minister.

Annamuhammet Gochiyev was named finance minister of Turkmenistan.

## *Week beginning 20 April 2008*

In Paraguay, presidential elections were won by Fernando Lugo of the Patriotic Alliance for Change who was elected with 42.3%

of the vote, followed by Bianca Ovelar of the National Republican Association-Colorado Party (ANR) with 31.8% and Lino Oviedo of the National Union of Ethical Citizens (UNACE) with 22.8%. In the concurrent parliamentary elections the ANR won 30 of the 80 seats in the Chamber of Deputies, ahead of the Authentic Radical Liberal Party (PLRA) with 27 and UNACE with 15.

Pro-democracy candidates won six of the nine available seats in Tonga's parliamentary elections.

Carlos Fernández was appointed economy minister of Argentina.

## *Week beginning 27 April 2008*

Haitian president René Préval designated Ericq Pierre to be the new prime minister following the Senate's vote of no-confidence against Jacques-Édouard Alexis.

## *Week beginning 4 May 2008*

In an election boycotted by most opposition parties the ruling Democratic Party of Equatorial Guinea and the allied Democratic Opposition won 99 of the 100 available seats. The remaining seat was won by the Convergence for Social Democracy.

Eka Tkeshelashvili was appointed foreign minister of the former Soviet republic of Georgia.

Bertie Ahern resigned as prime minister of Ireland. The following day the Dáil confirmed Brian Cowen as his successor by a majority of 88 votes to 76. The new incumbent named Mary Coughlan deputy prime minister, Micheál Martin foreign minister and Brian Lenihan finance minister.

Mauritania's prime minister, Zein Ould Zeidane, resigned and was replaced by Yahya Ould Ahmed El Waghef. A new cabinet included Cheikh El Avia Ould Mohamed Khouna as foreign minister and Mohamed Yehdih Ould Moctar El Hacem as interior minister.

Dmitry Medvedev was sworn in as president of Russia. He nominated his predecessor Vladimir Putin as prime minister, confirmed by the Duma by 392 votes to 56.

Silvio Berlusconi began his third spell as prime minister of Italy by announcing a cabinet including Roberto Maroni as interior minister and Franco Frattini as minister of foreign affairs. The government was approved by both the Chamber of Deputies (335 votes to 275) and the Senate (173 to 137).

## *Week beginning 11 May 2008*

The members of the Pakistan Muslim League-Nawaz resigned from the government. Their resignations were not accepted by prime minister Yousaf Raza Gilani.

In the Dominican Republic's presidential elections, incumbent Leonel Antonio Fernández of the Dominican Liberation Party secured a third term as president, his second in succession. He won 53.8% of the vote against 40.6% for Miguel Vargas of the Dominican Revolutionary Party and 4.6% for Amable Arísty Castro of the Social Christian Reformist Party.

Kuwait's parliamentary elections saw Sunni Islamists gain 21 of the 50 seats, Shia and Popular Action Bloc nine, Liberals seven and independents the remaining 13. Prime minister



Sheikh Nasser Muhammad Al-Ahmad Al-Sabah formed a new government, with no change in the significant posts.

**Week beginning 18 May 2008**

In Yemen, Rashad Al-Masri was appointed interior minister following a cabinet reshuffle.

Ma Ying-jeou took office as president of Taiwan. Vincent Siew took up the post of vice president and Liu Chao-shiuan became prime minister.

Parliamentary elections in Georgia were dominated by Mikheil Saakashvili's United National Movement which claimed 59.2% of the vote and 119 of the 150 available seats. The Joint Opposition, an alliance of rightist parties, gained 17.7% of the votes and 17 seats.

The price of crude oil reached US\$135.14 a barrel, having more than doubled in value over the previous twelve months.

Canadian foreign minister Maxime Bernier resigned. He was replaced by David Emerson, whose role as minister for international trade was assumed by Michael Fortier.

**Week beginning 25 May 2008**

Gen. Michel Suleiman was sworn in as president of Lebanon. He endorsed the proposal of the incumbent Fouad Siniora as prime minister by parliament. The new cabinet contained no changes in the key portfolios.

Haitian president René Préval nominated Robert Manuel as prime minister following the Senate's rejection of Ericq Pierre as Jacques-Édouard Alexis' successor.

By 560 votes to four, Nepal's Constituent Assembly declared a republic, thus ending the reign of King Gyanendra.

**Week beginning 1 June 2008**

Macedonia's parliamentary elections were won by incumbent prime minister Nikola Gruevski's For A Better Macedonia coalition with 48.8% of the vote and 63 seats, ahead of the Sun-Coalition for Europe with 23.7% of the vote (27 seats).

Senator Barack Obama was confirmed as the Democratic nominee for November's US presidential election.

Steven Preston was unanimously elected secretary of housing and urban development by the US Senate.

The Northern Ireland Assembly elected Peter Robinson first minister following the retirement of Ian Paisley.

**Week beginning 8 June 2008**

Kwame Addo-Kufour was sworn in as interior minister of Ghana.

Irish voters rejected the amended Lisbon Treaty by 53.4% to 46.6% in a nationwide referendum. Ireland was the only EU country to put the treaty to a popular vote.

**Week beginning 15 June 2008**

Guinea's prime minister Ahmed Tidiane Souaré named Amadou Lamarana Bah foreign minister and Almamy Kabèlè Camara defence minister.

Alí Rodríguez Araque took office as finance minister of Venezuela.

**Week beginning 22 June 2008**

Rafael Barão took office as prime minister of São Tomé e Príncipe following a vote of no confidence against his predecessor Patrice Trovoada.

Ahmed Ouyahia was appointed prime minister of Algeria for a third time.

Nepalese prime minister Girija Prasad Koirala resigned.

A cabinet reshuffle in Cape Verde saw the appointment of José Brito as foreign minister.

Guatemalan minister of the interior Vinicio Gómez was killed in a helicopter crash. Vice interior minister Édgar Hernández Umaña was also among the victims. Francisco Jiménez was appointed Gómez's successor.

Robert Mugabe won Zimbabwe's presidential runoff. The ballot was uncontested following the withdrawal of opposition leader Morgan Tsvangirai in the face of the nationwide violence and intimidation against his supporters.

Crude oil traded at a new high of US\$142.99 a barrel.

**Week beginning 29 June 2008**

Mongolia's parliamentary elections saw the ruling Mongolian People's Revolutionary Party returned to power with 47 of the 76 available seats, followed by the Motherland Democracy coalition with 26 seats.

Amos Kimunya, Kenya's finance minister, resigned following allegations of corruption, which he denied.

The prime minister of Mauritania, Yahya Ould Ahmed El Waghef, named a new cabinet with Abdallahi Ould Ben Hmeida as foreign minister, Sidi Ould Tah as finance minister and Mohamed Ould R'Zeizim as interior minister.

The price of crude oil reached US\$146.69 a barrel.

**Week beginning 6 July 2008**

Mirko Cvetković was sworn in as prime minister of Serbia. New appointments in his cabinet included Diana Dragutinović as minister of finance and Ivica Dačić as minister of the interior.

In Equatorial Guinea, Ignacio Milam Tang was appointed prime minister. He named Estanislao Don Malavo minister of finance and Salvador Ondo Nkumu minister of justice.

Tillman Thomas took office as prime minister of Grenada. He appointed Peter David as minister of foreign affairs and Nazim Burke as minister of finance.

After 18 months without an administration, Lebanon announced the formation of a national unity government. Prime minister Fouad Siniora retained his position under president Michel Suleiman. Of the 30 ministers, 16 were from Western-leaning parties, with 11 representing the opposition coalition, which includes Hizbollah.

**Week beginning 13 July 2008**

King Albert II of Belgium declined to accept the resignation of prime minister Yves Leterme.

Ram Baran Yadav of the Nepali Congress was elected president of Nepal after a second round run-off against Ram Raja Prasad Singh of the Communist Party of Nepal (Maoist). Paramanand Jha of the Madhesi People's Rights Forum was elected vice president.

**Week beginning 20 July 2008**

In India, prime minister Manmohan Singh's government survived a confidence vote in the House of the People (Lok Sabha) by the margin of 275 votes to 256. The crisis was precipitated by the withdrawal of support for the government by the Left Front in protest at the Indo-US nuclear deal.

In Macedonia, a new government was approved by 78 votes to none following a vote in parliament. The ballot was boycotted by the opposition. The only change to the key positions was the appointment of Zoran Konjanovski as minister of defence.

**Week beginning 27 July 2008**

In Cambodia's parliamentary elections the Cambodian People's Party (KPK) won 90 seats with 58.1% of the vote and the party of government critic Sam Rainsy won 26 seats with 21.9%.

Japanese prime minister Yasuo Fukuda reshuffled his cabinet, promoting Taro Aso to the post of secretary general of the Liberal Democratic Party. Former secretary general Bunmei Ibuki became minister of finance. Yoshimasa Hayashi was appointed minister of defence.

The prime minister of Thailand, Samak Sundaravej, announced eleven changes to his cabinet, including the appointment of Kowit Wattana as minister of the interior and Chaiya Sasomsup as minister of commerce.

**Week beginning 3 August 2008**

As a result of the second round of elections in the Republic of the Congo the ruling Congolese Labour Party and its allies held 124 of the 137 contested seats.

In East Timor, president José Ramos-Horta appointed Xanana Gusmão prime minister. Gusmão also took the defence portfolio, with Zacarias da Costa as foreign minister and Emília Pires as finance minister.

The Polish interior minister Janusz Kaczmarek was dismissed. He was replaced by Władysław Stasiak.

Hamid Ansari was elected vice president of India.

Parliamentary elections were held in Sierra Leone, resulting in the All People's Congress winning 59 seats, followed by the Sierra Leone People's Party with 43 and the People's Movement for Democratic Change with 10.

**Week beginning 10 August 2008**

President Evo Morales of Bolivia survived a recall referendum, winning 67.4% of the vote.

Pushpka Kamal Dahal, chairman of the Communist Party of Nepal, was elected prime minister. His new cabinet comprised Bamdev Gautam as deputy prime minister, Baburam Bhattarai as finance minister, Upendra Yadav as foreign minister and Ram Bahadur Thapa as defence minister.

In Paraguay, Fernando Lugo was sworn in as president. Appointments to his cabinet included Alejandro Hamed as minister of foreign affairs, Luis Bareiro Spaini as minister of defence and Dionisio Borda as minister of finance.

Pedro Rafael Peña was appointed armed forces minister in the Dominican Republic.

**Week beginning 17 August 2008**

Facing impeachment on charges of violation of the constitution and gross misconduct, Pervez Musharraf resigned as president of Pakistan. He was automatically replaced by the speaker of the Pakistani senate, Muhammed Mian Sumroo.

President Levy Mwanawasa of Zambia died following a stroke in June. Vice president Rupiah Banda, who had been acting president since June, succeeded him.

**Week beginning 24 August 2008**

In Haiti, a new six-party coalition cabinet was announced to replace the interim government that came to power in 2004.

Michèle Pierre-Louis was named prime minister and Alrich Nicolas became minister of foreign affairs while Paul Antoine Bien-Aimé remained interior minister.

The foreign minister of New Zealand and leader of the political party, New Zealand First, Winston Peters, was forced to stand down after the Serious Fraud Office began to investigate charges of corruption and misuse of party funds. Prime minister Helen Clark became acting foreign minister.

**Week beginning 31 August 2008**

In Japan, prime minister Yasuo Fukuda announced his resignation.

In Vanuatu, parliamentary elections resulted in no clear majority though the Party of Our Land (Vanua'aku Pati) took the largest number of seats, winning 11 of 52.

Thailand's foreign minister Tej Bunnag resigned citing personal reasons. He was replaced by Saroj Chavanaviraj. Meanwhile, anti-government protests forced prime minister Samak Sundaravej to declare a state of emergency in Bangkok.

A cabinet reshuffle in Burkina Faso saw former health minister Alain Bédouma Yoda become minister of foreign affairs and regional co-operation while Lucien Marie Noël Bembamba was appointed minister of economy and finance.

In Togo, Komlan Mally resigned as prime minister. He was succeeded by Gilbert Houngbo whose new cabinet included Mally as minister of health and Koffi Esaw as foreign minister.

Parliamentary elections in Angola were dominated by the Popular Movement for the Liberation of Angola (MPLA), which won 81.6% of the vote and 191 of the 220 seats.

Asif Ali Zardari, husband of the late prime minister Benazir Bhutto and co-chair of the Pakistani People's Party, was elected president of Pakistan.

**Week beginning 7 September 2008**

Following severe losses in the US housing market, Fannie Mae (the Federal National Mortgage Association) and Freddie Mac (the Federal Home Loan Mortgage Corporation) were placed under the protection of the Federal Housing Finance Agency (FHFA) by the US federal government.

Venezuela's interior minister, Ramón Rodríguez Chacín, resigned and Tarek El Aissami became interior minister.

Thai prime minister, Samak Sundaravej, was forced to resign. He was succeeded by Somchai Wongsawat who also became defence minister in the new cabinet. Other appointments included Sompong Amornwiwat as foreign minister and Suchart Thadathamrongvech as finance minister while Kowit Wattana remained interior minister.

The Large Hadron Collider, the world's highest-energy particle accelerator built by the European Organization for Nuclear Research (CERN) and situated near Geneva, was switched on for the first time.

Arvin Boolell was named foreign minister of Mauritius.

**Week beginning 14 September 2008**

The coalition led by the Rwandan Patriotic Front won the majority of the vote in Rwanda's parliamentary elections with 78.8% (42 of 53 directly elected seats).

The US investment bank, Lehman Brothers Holdings, Inc., filed for bankruptcy. Barclays Plc acquired the bank's core US assets while Nomura Holdings, Inc. took over its interests in the Asia Pacific region, Europe and the Middle East.

In Swaziland, the cabinet was dissolved and Bheki Dlamini became acting prime minister prior to elections in which all 55 of the parliamentary seats were won by independents.

Uruguay's economy and finance minister, Danilo Astori, resigned and was replaced by Álvaro García.

Sir Anerood Jugnauth was re-elected president of Mauritius for a second 5-year term.

A new government was appointed in Mongolia led by prime minister Sanj Bayar. Sukhbaataryn Batbold was named foreign minister and Luvsanvandan Bold defence minister.

*Week beginning 21 September 2008*

Israeli prime minister Ehud Olmert resigned following allegations of corruption. Foreign affairs minister Tzipi Livni was given a remit to form a new coalition government within 42 days.

In Slovenia's parliamentary elections, the opposition party, the Social Democrats, beat the ruling Slovenian Democratic Party, winning 29 of 90 seats to the Slovenian Democratic Party's 28.

In South Africa, President Thabo Mbeki resigned along with several cabinet colleagues. Ivy Matsepe-Casaburri became acting president until Kgalema Motlanthe of the ANC was elected president a few days later. He won 269 of 360 votes, against 50 for his opponent, Joe Seremane.

Following a cabinet reshuffle in the Fiji Islands, prime minister Frank Bainimarama took over as acting foreign minister.

Antoine Gizenga tendered his resignation as prime minister of the Democratic Republic of the Congo. Former minister of the budget Adolphe Muzito was named his successor.

*Week beginning 28 September 2008*

The Social Democratic Party narrowly defeated the Austrian People's Party in Austria's parliamentary elections, winning 57 of 183 seats to 51 respectively.

In elections in Belarus, all 110 parliamentary seats were won by pro-government candidates sparking anti-governmental protests against electoral fraud in Minsk and claims from the OSCE that the elections were undemocratic.

Assunção dos Anjos was named foreign minister in Angola's new cabinet, while Kundy Paihama remained defence minister.

Ernesto Benedettini and Assunta Meloni took office as captains regent of San Marino.

In a cabinet reshuffle in the UK, John Hutton was appointed defence secretary.

*Week beginning 5 October 2008*

In Croatia, interior minister Berislav Rončević and justice minister Ana Lovrin were dismissed. They were replaced by Tomislav Karamarko and Ivan Šimonović respectively.

In a cabinet reshuffle in Gabon, Paul Toungai became foreign minister and Blaise Louembé was appointed minister of finance.

Following poor results in the Malaysian parliamentary elections in March, prime minister Abdullah Ahmad Badawi announced his intention to stand down in March 2009.

Mohamed Nasheed was named Maumoon Abdul Gayoom's successor after winning the second round of presidential elections in the Maldives with 54.2% of the vote.

The prime minister of Peru, Jorge del Castillo, resigned along with his cabinet after public protests over illegal government

involvement with private oil companies. President Alan García Pérez appointed Yehude Simon Munaro to be the new prime minister, while Luis Valdivieso Montano was named finance minister and Remigio Hernani Meloni interior minister.

Adolphe Muzito was appointed prime minister of the Democratic Republic of the Congo. His new cabinet included Alexis Thambwe Mwamba as foreign minister, Charles Mwando Nsimba as defence minister and Célestin Mbuyu Kabanga as interior minister.

*Week beginning 12 October 2008*

In Lithuania, the opposition Homeland Union-Lithuanian Christian Democrats took 44 of the 141 seats winning 19.7% of votes cast and the Social Democratic Party of Lithuania 26 with 11.7%.

In Canada's parliamentary elections, the ruling Conservative Party won most votes taking 143 seats, followed by the Liberal Party with 76 and the Bloc Québécois with 50.

Ilham Aliyev was re-elected president of Azerbaijan, winning 88.7% of the vote. He reappointed Artur Rasizade prime minister.

In Swaziland, Barnabus Sibusiso Dlamini was appointed prime minister. He named Lutfo Dlamini foreign minister and Mgwagwa Gamedze interior minister. Majozi Sithole remained finance minister.

*Week beginning 19 October 2008*

Jean-Marie Ehouzou was appointed foreign minister of Benin in a cabinet reshuffle while Armand Zinzindohoué was made interior minister.

In the Czech Republic, prime minister Mirek Topolánek's government narrowly survived a no-confidence vote.

*Week beginning 26 October 2008*

The Georgian president, Mikheil Saakashvili, dismissed prime minister Lado Gurgenidze and appointed Grigol Mgaloblishvili his successor.

Lawrence Cannon was named foreign minister of Canada in a cabinet reshuffle.

Former Ethiopian minister for federal affairs Siraj Fegeta was appointed defence minister.

In Zambia's presidential elections, acting president Rupiah Banda won the majority of the vote with 40.1%, defeating his opponent Michael Sata who gained 38.1%. Banda's new cabinet included justice minister George Kunda as vice president, Kalombo Mwansa as interior minister and Situmbeko Musokotwane as finance minister.

*Week beginning 2 November 2008*

Following September's parliamentary elections, Borut Pahor was appointed prime minister of Slovenia. His cabinet included Samuel Žbogar as foreign minister, Ljubica Jelušič as defence minister, Franc Krizanič as finance minister and Katarina Kresal as interior minister.

Iran's interior minister Ali Kordan was forced out of office on a parliamentary vote of 188 votes to 45. He was succeeded by Sadeq Mahsuli.

Following the death of the interior minister of Mexico Juan Camilo Mouriño Terrazo in a plane crash, Fernando Francisco Gómez-Mont Urueta was appointed his successor.

Johnson Toribiong narrowly defeated vice president Elias Camsek Chin in Palau's presidential election, winning 51.1% of the vote to Camsek's 48.9%.

In the US presidential elections Barack Obama (Democrat) won 365 electoral college votes, on 52.9% of votes cast. John McCain (Republican) won 173 electoral college votes, on 45.7% of votes cast. Initial results showed that the Democrats had also won control of both the House of Representatives and the Senate, in the former increasing their representation to 256 of 435 members (final figure 257) and in the latter to 56 of 100 members.

Nebojša Radmanović took over Bosnia and Herzegovina's rotating presidency.

The National Party won 45.5% of the vote and 59 of 122 seats in New Zealand's parliamentary elections, leaving the Labour Party with 33.8% and 43 seats. John Key was named prime minister and appointed Bill English deputy prime minister and finance minister, Murray McCully foreign minister and Wayne Mapp defence minister.

#### *Week beginning 9 November 2008*

A new cabinet headed by president Mohamed Nasheed was formed in the Maldives. Ahmed Shaheed was appointed foreign minister, Ameen Faisal defence minister, Qasim Ibrahim home affairs minister and Ali Hashim finance minister.

In San Marino's parliamentary elections the Pact for San Marino coalition won 54.2% of the vote and 35 of 60 seats while the Reforms and Freedom coalition won 45.8% of the vote and 25 seats. The new cabinet included Antonella Mularoni as foreign minister, Gabriele Gatti as finance minister and Valeria Ciavatta as interior minister.

The Swiss defence minister, Samuel Schmid, resigned.

#### *Week beginning 16 November 2008*

The African Party for the Independence of Guinea and Cape Verde won Guinea-Bissau's parliamentary election taking 49.8% of the vote (67 of 100 seats). The Party for Social Renewal won 25.3% and 28 seats.

In Dominica, Vince Henderson was appointed foreign minister in a cabinet reshuffle.

A cabinet reshuffle in Barbados included the appointment of Maxine McClean as foreign minister.

#### *Week beginning 23 November 2008*

In Kuwait, prime minister Sheikh Nasser Muhammad Al-Ahmad Al-Sabah and his cabinet resigned in protest at charges of corruption levelled against them by parliament.

Andrius Kubilius was appointed prime minister of Lithuania.

Vanuatu's prime minister Edward Natapei defeated a no-confidence motion in parliament by 26 votes to 24.

Carlyle Glean was sworn in as governor-general of Grenada.

#### *Week beginning 30 November 2008*

Following terrorist attacks in Mumbai India's home affairs minister Shivraj Patil resigned. Finance minister Palaniappan Chidambaram was appointed home affairs minister and prime minister Manmohan Singh took over the finance portfolio.

In Romania's parliamentary elections the Social Democratic Party-Conservative Party alliance won 33.1% of the vote for the lower house (114 of 334 seats) followed by the Democratic Liberal Party with 32.4% (115) and the National Liberal Party with 18.6% (65).

Werner Faymann took office as chancellor of Austria. He appointed Michael Spindelegger foreign minister and Josef Pröll

finance minister, while Norbert Darabos remained defence minister and Maria Fekter interior minister.

In the wake of public protests and demonstrations, the Constitutional Court of Thailand ordered the dissolution of prime minister Somchai Wongsawat's People's Power Party and banned him from politics for five years. The first deputy prime minister, Chaovarat Chanweerakul, became acting prime minister.

In Lithuania, a new government was formed that included Vygaudas Ušackas as foreign minister, Rasa Juknevičienė as defence minister, Raimundas Palaitis as interior minister and Algirdas Šemeta as finance minister.

The Georgian prime minister Grigol Mgaloblishvili dismissed the foreign minister Eka Tkeshelashvili and the defence minister Davit Kezerashvili. They were succeeded by Grigol Vashadze as foreign minister and Batu Kutelia as acting defence minister.

#### *Week beginning 7 December 2008*

In Ghana's parliamentary election, the National Democratic Congress won 114 of 230 seats and the New Patriotic Party 107. In presidential elections, Nana Addo Dankwa Akufo-Addo (NPP) took 49.1% of the vote and John Atta Mills (NDC) 47.9%. In a second round Atta Mills took 50.2% of the vote to beat Akufo-Addo.

Romania's prime minister designate Theodor Stolojan gave way to Emil Boc. Boc appointed Cristian Diaconescu foreign minister, Mihai Stănișoară defence minister, Gheorghe Pogea finance minister and Gabriel Oprea interior minister.

Hans-Rudolf Merz was elected president of Switzerland for 2009 and Doris Leuthard vice president. Ueli Maurer was appointed to the Federal Council as defence minister.

Fander Falconi became foreign minister of Ecuador after María Isabel Salvador resigned from the post.

#### *Week beginning 14 December 2008*

Somalia's parliament passed a vote of confidence in the government after president Abdullahi Yusuf Ahmed dismissed prime minister Nur Hassan Hussein. His successor Muhammad Mahmud Guled stood down only a week after taking office, stating that his appointment was destabilizing the peace process. When the president resigned a few days later, the speaker of parliament, Sheikh Aden Madobe, became acting president.

The Democratic Party of Turkmenistan won the majority of parliamentary seats in the country's elections. Outside observers disputed claims by CIS officials that the elections were free and challenged the high turnout figures.

Shettima Mustapha was appointed defence minister of Nigeria in a cabinet reshuffle.

In Belgium, prime minister Yves Leterme's government resigned after accusations of attempts to influence a court case related to the breakup of the country's largest bank, Fortis. Herman Van Rompuy replaced Leterme and appointed Guido De Padt interior minister, Pieter De Crem defence minister and Didier Reynders finance minister.

#### *Week beginning 21 December 2008*

Following the death of Guinea's president Lansana Conté a military-led group, calling itself the National Council for Democracy and Development (CNDD), seized power. The head of the junta, Capt. Moussa Dadis Camara, was declared president and established a new government headed by Kabiné Komara as prime minister.

Mansur Muhtar was appointed finance minister of Nigeria.

In Guinea-Bissau, president João Bernardo Vieira appointed Carlos Gomes Júnior prime minister.

Israeli forces launched a wave of military attacks across Gaza in an effort to destroy Hamas targets.

**Week beginning 28 December 2008**

The Awami League dominated Bangladesh's parliamentary elections taking 230 of 299 seats.

Slovakia adopted the euro as its currency.

The Belgian government led by prime minister Herman Van Rompuy won a parliamentary vote of confidence.

In Zimbabwe, Patrick Chinamasa was appointed acting finance minister after Samuel Mumbengegwi was dismissed by president Robert Mugabe.

**Week beginning 4 January 2009**

In a cabinet reshuffle in Madagascar, Gervais Rakotonirina was appointed interior minister.

Sheikh Hasina Wajed was sworn in as prime minister and defence minister of Bangladesh. The new cabinet also included Abul Maal Abdul Muhit as finance minister, Dipu Moni as foreign minister and Sahara Khatun as interior minister.

In Ghana, John Atta Mills took office as president and named Alhaji Muhammed Mumuni foreign minister, J. H. Smith defence minister, Cletus Avoka interior minister and Kwabena Dufuor finance minister.

Ioannis Papathanasiou took over the finance portfolio in a cabinet reshuffle in Greece.

**Week beginning 11 January 2009**

The prime minister of Kuwait, Sheikh Nasser Muhammad Al-Ahmad Al-Sabah, and his cabinet returned to government having resigned in November over corruption allegations. Key portfolios remained unchanged.

The governor-general of Jamaica Sir Kenneth Hall announced his resignation. Patrick Allen was named his successor.

In Kyrgyzstan, Marat Sultanov was appointed finance minister in a cabinet reshuffle. Ednan Karabayev was replaced by Kadyrbek Sarbaev as foreign minister.

Johnson Toribong was sworn in as Palau's president.

**Week beginning 18 January 2009**

President François Bozizé of the Central African Republic dissolved the government but reinstated prime minister Faustin-Archange Touadéra the next day. A new cabinet was formed including Gen. Antoine Gambi as foreign minister, Gen. Jules Bernard Ouandé as national security minister and Albert Bessé as finance minister.

The Farabundo Martí National Liberation Front won 42.6% of the vote in El Salvador's parliamentary elections, followed by the Nationalist Republican Alliance with 38.6% and the National Conciliation Party with 8.8%.

Yoon Jeung-hyun succeeded Kang Man-soo as finance minister of South Korea.

In Peru, Luis Carranza became finance minister for the second time in three years following the resignation of Luis Valdivieso.

Barack Obama took office as the 44th president of the USA with Joe Biden as his vice-president. His cabinet included Hillary

Clinton as secretary of state, Timothy Geithner as secretary of the treasury and Robert Gates who remained defense secretary.

The deputy prime minister of Kenya, Uhuru Kenyatta, was given additionally the finance portfolio.

**Week beginning 25 January 2009**

In Slovakia, Miroslav Lajčák became foreign minister.

Iceland's government, headed by prime minister Geir H. Haarde, resigned.

Susan Rice succeeded Zalmay Khalilzad as the USA's ambassador to the United Nations.

In a cabinet reshuffle in Burundi, Augustin Nsanze took over as foreign minister and Edouard Nduwimana as interior minister.

Abdurahim Qahorov was appointed interior minister of Tajikistan.

In Georgia, first vice prime minister and finance minister Nika Gilauri took over as prime minister following the resignation of Grigol Mgaloblishvili.

Sheikh Sharif Sheikh Ahmed was elected Somalia's president by parliament. He defeated Maslah Mohamed Siad in a run-off by 293 votes to 126.

Aristides Mejía became vice president of Honduras. He was succeeded as minister of defence by Ángel Edmundo Orellana Mercado who was in turn replaced as foreign minister by Patricia Isabel Rodas Baca.

**Week beginning 1 February 2009**

Jóhanna Sigurðardóttir was sworn in as prime minister of Iceland. Óssur Skarphéðinsson became foreign minister and Steingrímur J. Sigfússon finance minister.

In Ukraine, prime minister Yuliya Tymoshenko's government narrowly defeated a parliamentary no-confidence motion.

Kakha Baindurashvili became finance minister of Georgia.

**Week beginning 8 February 2009**

In Liechtenstein's parliamentary elections the Patriotic Union won 47.6% of the vote, the Progressive Citizens' Party 43.5% and the Free List 8.9%. Otmar Hasler resigned as head of government and Klaus Tschütscher was named his successor.

Cabinet changes in Madagascar included Cécile Manoroahanta stepping down as defence minister to be replaced by Mamy Ranaivoniarivo and Rabenja Sehenarisoa taking over from Gervais Rakotonirina as interior minister.

Likud's leader Binyamin Netanyahu was asked to form a new government in Israel following parliamentary elections in which the Kadima party won 28 of 120 seats, Likud 27, Yisrael Beytenu 15, Labour 13, Shas 11 and United Torah Judaism 5.

Kim Yong-chun became armed forces minister of North Korea.

In Zimbabwe, Morgan Tsvangirai took office as prime minister. The new coalition cabinet included Emmerson Mnangagwa as defence minister, Tendai Biti as finance minister, and Kembo Mohadi and Giles Mutsekwa as joint home affairs ministers. Simbarashe Mumbengegwi remained foreign minister.

Zillur Rahman became president of Bangladesh having run uncontested for the post.

Ukraine's finance minister, Viktor Pynzenyk, resigned following a disagreement with prime minister Yuliya Tymoshenko.

In Somalia, Omar Abdirashid Ali Sharmarke became prime minister. His cabinet included Mohamed Abdullahi Omaar as foreign minister, Mohamed Abdi Gandhi as defence minister, Sharif Hassan Sheikh Adan as finance minister and Sheikh Abdulkadir Ali Omar as interior minister.

***Week beginning 15 February 2009***

In a cabinet reshuffle in Uganda, Syda Bbumba became finance minister and Kirunda Kivejinja interior minister.

Japan's finance minister Shoichi Nakagawa resigned following widespread condemnation of his conduct at a G7 meeting in Rome. The state minister in charge of economic and fiscal policy, Kaoru Yosano, was named his successor.

Remigio Hernani Meloni resigned as interior minister of Peru citing personal reasons. He was replaced by Mercedes Cabanillas.

Despite winning a no-confidence motion earlier in the month, Latvian prime minister Ivars Godmanis resigned over protests at the government's handling of the economic crisis. Valdis Dombrovskis was named his successor.

***Week beginning 22 February 2009***

In Jordan, a cabinet reshuffle resulted in the appointment of Nasser Judeh as foreign minister and Nayef Qadi as interior minister.

Tony deBrum was sacked as foreign minister of the Marshall Islands after criticizing the president, Litokwa Tomeing.

***Week beginning 1 March 2009***

In a cabinet reshuffle in Cuba, Bruno Rodríguez Parrilla was appointed foreign minister and Lina Pedraza Rodríguez finance minister.

Guinea Bissau's president João Bernardo Vieira was assassinated by members of the army after its chief of staff was killed in a bomb attack the day before. The president of the National People's Assembly, Raimundo Pereira, was sworn in as interim president.

The Ukrainian foreign minister Volodymyr Ohryzko lost a vote of no confidence in parliament. Volodymyr Khandohiy became acting foreign minister.

Vice president Ramón Carrizález Rengifo was appointed acting defence minister in a cabinet reshuffle in Venezuela.

In Libya, Mussa Kussa was named foreign minister and Abdulhafid Mahmoud Zlitni finance minister in a government reshuffle. Mubarak Abdallah al-Shamikh became secretary of the General People's Congress.

***Week beginning 8 March 2009***

In parliamentary elections in North Korea 687 candidates were elected unopposed.

Syria opened a stock exchange in Damascus after 40 years without one.

Mamy Ranaivoniarivo resigned as defence minister of Madagascar following a confrontation with the army.

In parliamentary elections in Antigua and Barbuda, the ruling United Progressive Party won 9 of 17 seats, the Antigua Labour Party 7 and the Barbuda People's Movement 1. The new cabinet included Harold Lovell as finance minister and Errol Cort as national security minister. Prime minister Baldwin Spencer retained the foreign affairs portfolio.

Mariano Fernández was appointed foreign minister of Chile and Francisco Vidal Salinas defence minister in a cabinet reshuffle.

In Latvia the new government led by prime minister Valdis Dombrovskis took office following the resignation of Ivars Godmanis. The cabinet included Imants Viesturs Lieģis as defence minister, Linda Mūrniece as interior minister and Einars Repše as finance minister. Māris Riekstiņš remained foreign minister.

***Week beginning 15 March 2009***

Mauricio Funes won El Salvador's presidential election with 51.3% of the vote against 48.7% for Rodrigo Ávila.

Ongoing tensions between the government and parliament of Kuwait resulted in the resignation of prime minister Sheikh Nasser Muhammad Al-Ahmad Al-Sabah and his cabinet.

The French government led by prime minister François Fillon won a vote of confidence in the National Assembly.

After months of political dispute, Madagascar's president Marc Ravalomanana resigned and the army handed over executive power to opposition leader and self-proclaimed president of the newly-formed High Authority of Transition Andry Rajoelina. Both he and prime minister Monja Roindefo were sworn in later in the month. The cabinet included Benja Razafimahaleo as finance minister, Masimana Manantsoa as interior minister and Ny Hasina Andriamanjato as foreign minister.

In Sierra Leone, Samura Kamara was appointed finance minister.

Hungary's prime minister Ferenc Gyurcsány unexpectedly announced his resignation, describing himself as an obstacle to progress in the country.

In the first round of presidential elections in Slovakia, incumbent Ivan Gašparovič won 46.7% of the vote and Iveta Radičová 38.1%. Gašparovič was declared the winner following a runoff held on 4 April.

***Week beginning 22 March 2009***

Gjorgje Ivanov (VMRO-DPMNE) won in the first round of Macedonia's presidential elections with 35.1% of the vote compared to 20.5% for Ljubomir Frčkoski (Social Democratic Union of Macedonia/SDSM). He went on to secure victory in the second round winning 63.1% against Frčkoski's 36.9%.

Czech prime minister Mirek Topolánek's government was defeated in a no-confidence vote prompting his resignation and that of his cabinet. A new government headed by Jan Fischer was scheduled to replace them on 9 May.

Klaus Tschütscher was sworn in as head of Liechtenstein's government. He also took the finance portfolio, while Aurelia Frick became foreign minister and Hugo Quaderer interior minister.

In Monaco, Sophie Thénoux was appointed finance minister.

***Week beginning 29 March 2009***

Montenegro's parliamentary elections were dominated by prime minister Milo Đukanović's Coalition for European Montenegro which won 48 of 81 seats. The Socialist People's Party won 16, the New Serb Democracy 8, the Movement for Change 5 and the four ethnic Albanian parties 1 each.

The new Israeli coalition government took office with prime minister Binyamin Netanyahu at its head. Avigdor Lieberman was appointed foreign minister, Elyahu Yishai interior minister

and Yuval Steinitz finance minister. Ehud Barak remained defence minister.

Albania and Croatia joined NATO.

In San Marino, Massimo Cenci and Oscar Mina took office as captains regent.

The Group of Twenty Finance Ministers and Central Bank Governors (G-20) Leaders' Summit on Financial Markets and

the World Economy was held in London to draw up a global plan for recovery and reform.

Malaysia's prime minister Dato' Seri Abdullah bin Haji Ahmad Badawi resigned. He was succeeded by finance minister Dato' Sri Haji Mohd Najib bin Tun Haji Abdul Razak.

George Abela was sworn in as president of Malta.

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# CREDIT CRUNCH CHRONOLOGY

April 2007–March 2009

## *April 2007*

*2nd* – New Century Financial, based in California and second only to HSBC in the US sub-prime mortgage market, filed for Chapter 11 bankruptcy protection, making over 3,200 employees redundant.

## *May 2007*

*3rd* – Dillon Read Capital Management, a hedge fund, was forced to shut down following a \$Fr150m. (US\$123m.) first-quarter loss on US sub-prime mortgage investments.

## *June 2007*

*25th* – Queen's Walk Investment announced a loss of €67.7m. (US\$91m.) in the year ending 31 March, reflecting a decline in the value of its UK and US mortgage-linked securities holdings.

*28th* – Caliber Global Investment, a London-listed fund, announced it would wind down over twelve months following a £4.4m. (US\$8.8m.) loss from sub-prime investments.

*29th* – US investment bank Bear Stearns replaced the chairman and chief executive of its asset management business in an effort to restore investor confidence following the collapse of two of its hedge funds invested in the sub-prime mortgage market.

## *July 2007*

*3rd* – United Capital Asset Management, a Florida-based hedge fund, suspended investor redemptions following heavy losses in sub-prime bonds and derivatives.

*11th* – Braddock Financial, based in Denver, Colorado closed its US\$300m. Galena fund owing to sub-prime losses.

*19th* – Ben Bernanke, chairman of the Federal Reserve, warned that the sub-prime crisis in the USA could cost up to US\$100bn.

*27th* – Absolute Capital, an Australian hedge fund, temporarily suspended redemptions for two of its funds.

*31st* – After losing over 50% of its capital, Boston-based hedge fund, Sowood Capital Management, was bought by larger rival, Citadel.

## *August 2007*

*1st* – Shares in Australia's Macquarie Bank fell by more than 10% after a warning to investors that its two Fortress funds could lose more than \$A300m. (US\$256m.).

*1st* – Bear Stearns halted redemptions in a third hedge fund, Asset-Backed Securities, following a rush of withdrawals.

*1st* – German bank IKB was bailed out by rival banks for €8bn. after it was exposed to losses in the US sub-prime sector.

*6th* – American Home Mortgage Investment (AHM), the tenth biggest home loan lender in the USA, filed for Chapter 11 bankruptcy protection.

*9th* – France's largest bank, BNP Paribas, suspended three of its funds exposed to the US sub-prime mortgage market.

*9th* – The European Central Bank (ECB) injected €94.8bn. into the eurozone banking market to stabilize overnight interest rates. The Fed quickly followed the ECB by announcing that it would provide US\$12bn. of temporary reserves to the American banking system.

*10th* – Continuing turmoil in the markets forced action from the world's central banks. In total US\$120bn. of extra liquidity was pumped into financial markets.

*10th* – The FTSE 100 Index fell by 3.7%, its largest drop in four years.

*13th* – Investment bank Goldman Sachs injected US\$3bn. into its Global Equity Opportunities hedge fund.

*16th* – The USA's largest mortgage lender, Countrywide Financial, received an US\$11.5bn. lifeline from 40 of the world's largest banks.

*17th* – The US Federal Reserve cut its primary discount rate, the rate at which it lends money to banks, by half a point from 6.25% to 5.75%.

*22nd* – Countrywide Financial received a US\$2bn. capital injection from the Bank of America.

*23rd* – US and European banks, including the Bank of America, Citigroup, JP Morgan Chase and Germany's Deutsche Bank, borrowed US\$2bn. from the US Federal Reserve to improve credit access.

*23rd* – Lehman Brothers closed its sub-prime mortgage unit, BNC Mortgage, releasing 1,200 workers.

*31st* – President George W. Bush announced plans to help struggling sub-prime mortgage borrowers. Federal Reserve chairman Ben Bernanke pledged to take action to protect the wider economy from market turmoil.

## *September 2007*

*6th* – The US Federal Reserve added US\$31.25bn. to the US money markets and the ECB lent an extra €42.2bn. to banks.

*10th* – Victoria Mortgages, owned by US private equity group Venturion Capital, was forced into administration, becoming the first UK casualty of the sub-prime crisis.

*13th* – The Bank of England provided emergency financial support to Northern Rock, the UK's fifth largest mortgage lender.

*17th* – UK Chancellor Alistair Darling guaranteed Northern Rock's savings accounts, following several days of a run on the bank's deposits.

*18th* – The US Federal Reserve cut interest rates by half a point from 5.25% to 4.75%.

*20th* – Goldman Sachs announced record profits after hedging that the value of mortgage bonds would fall, despite losing US\$1.5bn. from the sub-prime crisis.

*26th* – UK banks shunned the Bank of England's auction of £10bn. worth of three-month loans, an emergency funding facility introduced by Governor Mervyn King.

## *October 2007*

*1st* – Swiss bank UBS revealed a writedown of SFr4bn. (US\$3.4bn.) on hedge fund losses and exposure to the sub-prime mortgage market. The group announced plans to shed 1,500 jobs.

*5th* – Investment bank Merrill Lynch revealed a third-quarter writedown of US\$5.5bn.

*15th* – Citigroup announced a total of US\$6.5bn. in writedowns.

*24th* – Merrill Lynch announced US\$8.4bn. of losses and writedowns. A quarterly loss of US\$2.24bn. was the largest in its history. Stan O'Neal, chief executive, resigned six days later.

*31st* – The US Federal Reserve reduced interest rates from 4.75% to 4.5%.

## *November 2007*

*1st* – Swiss bank Credit Suisse revealed a US\$1bn. writedown.



*4th* – Citigroup announced further writedowns of US\$8–11bn. Charles Prince resigned as chairman and chief executive.

*7th* – US investment bank Morgan Stanley forecast a loss of US\$3.7bn. against fourth-quarter revenues.

*9th* – Wachovia, the USA's fourth largest lender, unveiled losses of US\$1.1bn. for Oct. owing to the continued decline in value of its mortgage debt.

*13th* – The Bank of America revealed it would write off US\$3bn. of bad debts linked to the US sub-prime crisis during the last quarter of 2007 and would inject a further US\$600m. into a structured investment vehicle with high exposure to sub-prime mortgages.

*14th* – HSBC, the world's second largest bank, claimed it was writing off US\$38m. of loans a day to struggling Americans and raising its sub-prime bad debt provision to US\$3.4bn.

*14th* – The Bank of England forecast a sharp slowdown in UK domestic growth in 2008 together with higher inflation.

*15th* – Barclays, the UK's third largest bank, announced a writedown of US\$2.6bn. on securities related to the US sub-prime mortgage market, having lost US\$1.64bn. in Oct. alone.

*16th* – Northern Rock's Adam Applegarth resigned as chief executive.

*20th* – Shares in Paragon, the UK's third largest buy-to-let mortgage lender, were suspended after falling in value by 50%. It warned shareholders it could face collapse if it could not raise an extra £250m.

*20th* – Freddie Mac, the USA's second largest provider of mortgage financing, announced its largest quarterly loss so far after unveiling US\$4.8bn. of bad debts and writedowns.

*27th* – Citigroup agreed to sell shares in its company worth US\$7.5bn. to the Abu Dhabi Investment Authority, making it the largest shareholder with a stake of 4.9%.

#### **December 2007**

*4th* – The Bank of Canada cut interest rates by a quarter of a percentage point from 4.5% to 4.25%.

*6th* – The Bank of England lowered interest rates, from 5.75% to 5.5%.

*6th* – The Royal Bank of Scotland warned investors it expected to write off £1.25bn. as a result of exposure to the US sub-prime mortgage market.

*6th* – President Bush unveiled plans to freeze rates on sub-prime mortgages for the next five years.

*10th* – UBS revealed it had written off a further SFr11.2bn. (US\$10bn.) against its US sub-prime mortgage exposure.

*10th* – France's second largest bank, Société Générale, moved to bailout its structured investment vehicle with a credit line of up to US\$4.3bn.

*11th* – The US Federal Reserve cut interest rates for the third time in four months, reducing them from 4.5% to 4.25%.

*12th* – Five central banks from the UK, Europe and USA launched a US\$110bn. joint cash injection targeting international interbank borrowing markets.

*14th* – Citigroup brought US\$49bn. worth of sub-prime debts to keep afloat seven high-risk structured investment vehicles.

*17th* – The US Federal Reserve made US\$20bn. available to major banks to ease interbank lending rates as the first part of a plan agreed by five central banks.

*18th* – The Bank of England released £10bn. of funds to UK banks and financial institutions.

*18th* – The ECB injected €348.7bn. (US\$502bn.) into banks to help ease credit fears over the Christmas period.

*19th* – US investment bank Morgan Stanley wrote down US\$9.4bn. in sub-prime losses. A cash injection of US\$5bn. (equating to 9.9% of the bank) was provided by China Investment Corporation (CIC).

#### **January 2008**

*9th* – The World Bank forecast a 0.3% slowdown in global economic growth to 3.3% in 2008 but claimed growth in China and India would soften the impact.

*9th* – James Cayne, chief executive of US investment bank Bear Stearns, stepped down.

*11th* – Countrywide Financial, the USA's largest mortgage lender, was bought by the Bank of America for US\$4bn.

*15th* – Citigroup reported a US\$9.8bn. loss for the fourth quarter, the largest in its history. The bank also announced a capital injection of US\$6.9bn. from the Government of Singapore Investment Corporation (GIC). In total Citigroup and Merrill Lynch had received over US\$21bn. from foreign investors including Saudi Arabia and Kuwait.

*21st* – Stock markets across the world suffered their biggest losses since 11 Sept. 2001, triggered by fears of a looming recession in the USA.

*22nd* – The US Federal Reserve slashed interest rates by 0.75% to 3.5%, its largest cut in over 25 years.

*28th* – European bank Fortis warned that its losses connected to US sub-prime mortgage debt could be as much as €1bn. (US\$1.5bn.).

*30th* – The US Federal Reserve cut interest rates by a further 50 basis points from 3.5% to 3.0%.

*31st* – MBIA, the world's largest bond insurer, revealed a US\$2.3bn. loss in the fourth quarter.

#### **February 2008**

*6th* – Wall Street had its worst share losses in over a year, while the UK's FTSE 100 fell by 2.6%.

*7th* – The Bank of England reduced interest rates from 5.5% to 5.25%.

*10th* – Finance ministers from the G7 group of industrialized nations warned of worldwide losses from the US mortgage crisis of up to US\$400bn.

*13th* – The Financial Services Agency, Japan's financial watchdog, said Japanese banks had lost a total of 600bn. yen (US\$5.6bn.) from the US sub-prime mortgage crisis in the previous 12 months.

*14th* – UBS confirmed it had made a loss of SFr4.4bn. (US\$4bn.) in 2007, following US\$18.4bn. of writedowns.

*14th* – Commerzbank, Germany's second largest bank, announced writedowns of €774m. (US\$1.1bn.), despite record-year profits.

*17th* – UK Chancellor Alistair Darling confirmed mortgage lender Northern Rock would be brought into temporary public ownership.

#### **March 2008**

*3rd* – HSBC, the UK's largest bank, unveiled total writedowns of US\$17.2bn., despite an annual profit increase of 10%.

*5th* – Credit Agricole, France's largest retail bank, announced a loss of €857m. (US\$1.3bn.) in the fourth quarter, following a €3.3bn. charge at its Calyon investment banking arm on losses related to the credit crisis.

*6th* – Peloton Partners, a London-based hedge fund, was forced to liquidate its £1bn. ABS Master Fund after failing to meet interest payments on loans taken out to buy assets.

*7th* – Carlyle Capital Corporation, a US\$22bn. credit fund owned by US private equity firm Carlyle Group, collapsed.

*7th* – The former chief executives of Merrill Lynch, Citigroup and Countrywide Financial were questioned before a Congressional committee over their large salary and pay-off packages while their firms experienced heavy losses.

*7th* – The US Federal Reserve made available up to US\$200bn. of emergency financing in response to ‘rapid deterioration’ in the credit markets.

*14th* – US investment bank Bear Stearns received emergency funding from JP Morgan Chase with the US Federal Reserve’s backing, following a collapse in confidence from its hedge fund clients.

*16th* – Bear Stearns was bought out by JP Morgan Chase for US\$236m or US\$2 per share, a fraction of its previous value, backed by US\$30bn. in loans from the US Federal Reserve.

*16th* – The US Federal Reserve lowered its lending rate to financial institutions by a quarter of a point to 3.25% and created a new lending facility for large investment banks to secure short-term loans.

*18th* – Wall Street investment banks Goldman Sachs and Lehman Brothers reported a halving of profits in the first quarter of 2008. The results were better than expected, boosting shares in both firms.

*31st* – Henry Paulson, the US Treasury Secretary, announced a package of reforms designed to help the Federal Reserve tackle financial market turmoil and improve regulation of the financial system.

#### **April 2008**

*1st* – UBS revealed a further US\$19bn. of asset writedowns on top of the US\$18.4bn. already lost in 2007. Chief executive Marcel Ospel resigned.

*7th* – UK mortgage lender Abbey withdrew 100% mortgage deals available to UK borrowers.

*8th* – The IMF warned potential losses from the global credit crunch could reach US\$945bn.

*10th* – The Bank of England cut interest rates by a quarter point to 5%.

*14th* – Wachovia, the fourth largest US bank, revealed a US\$4.4bn. writedown for the first quarter following a jump in foreclosures in California and Florida.

*16th* – JP Morgan Chase reported a US\$5.1bn. writedown for the first quarter against investments in mortgage-backed securities and its portfolio of homeloans.

*17th* – Merrill Lynch unveiled a loss of US\$1.96bn. in the first quarter.

*18th* – Citigroup posted its second consecutive quarterly loss, of US\$5.1bn., and announced it would cut 9,000 jobs after writing off US\$15.1bn. in toxic assets.

*21st* – The Bank of England unveiled a £50bn. plan to aid the UK banks by allowing lenders to exchange potentially risky mortgage debts for government-backed bonds.

*22nd* – Royal Bank of Scotland (RBS), the UK’s second largest bank, revealed pre-tax writedowns of £5.9bn. and requested £12bn. from shareholders to rebuild its capital base.

*24th* – Credit Suisse reported a quarterly loss of SFr2.5bn. (US\$2.1bn.), its first loss in nearly five years, following asset writedowns of US\$5.2bn.

*30th* – Nationwide Building Society recorded the first annual fall in UK house prices for ten years, with prices 1% lower in April than the previous year.

#### **May 2008**

*2nd* – The US Federal Reserve, European Central Bank and Swiss National Bank expanded liquidity by injecting an extra US\$82bn. into the banking system.

*12th* – HSBC announced it had written off US\$3.2bn. in the first quarter as a result of the sub-prime crisis.

*13th* – UK bank Alliance & Leicester disclosed a £391m. writedown in the first quarter.

*14th* – UK mortgage lender Bradford & Bingley launched an emergency £300m. rights issue.

*15th* – Barclays revealed a further £1.7bn. in writedowns.

*22nd* – Swiss bank UBS launched a SFr16bn. (US\$15.5bn.) rights issue to cover its US\$37bn. writedowns.

#### **June 2008**

*19th* – Chicago-based firm Hedge Fund Research showed 170 funds had been forced into liquidation during the first quarter, while fewer funds were launched than at any time since 2000.

*19th* – Two former managers of US investment bank Bear Stearns were charged with fraud. It was alleged they had misled investors about the health of their hedge funds.

*25th* – Major new investors in Barclays, including the Qatar Investment Authority, invested £1.7bn. (US\$3.3bn.) for a 7.7% share in the business.

#### **July 2008**

*8th* – A quarterly survey of businesses by the British Chambers of Commerce (BCC) found that the UK faced a serious risk of recession.

*10th* – Share prices in the USA’s two largest mortgage finance companies, Fannie Mae and Freddie Mac, plummeted by nearly 50% as investor anxiety grew over government intervention that would leave their stock worthless.

*11th* – The FTSE 100 fell deep into a bear market (a 20% fall from its market peak in June 2007) as blue-chip stocks reached their lowest level since 31 Oct. 2005.

*13th* – US mortgage lender IndyMac Bank, based in California, collapsed, becoming the second largest financial institution to fall in US history.

*14th* – The US government announced emergency measures to expand credit access to mortgage finance companies Fannie Mae and Freddie Mac, and allow the Treasury to buy shares in the companies.

*30th* – UK bank Lloyds TSB revealed £585m. of writedowns as pre-tax profits fell by 70% in the first half of the year.

*31st* – Nationwide recorded an 8.1% fall in the value of houses, the biggest annual fall in UK house prices since their surveys began in 1991.

*31st* – Halifax Bank of Scotland (HBOS) announced that its first-half profits fell by 72% to £848m. while bad debts rose by 36% to £1.31bn.

#### **August 2008**

*1st* – UK mortgage lender Alliance & Leicester revealed a £209m. hit on risky assets and higher funding costs as pre-tax profits for the first half of the year fell by 99% on the previous year.

*1st* – US mortgage lender IndyMac Bank filed for Chapter 7 bankruptcy protection.

*4th* – HSBC announced a 28% decline in half-year profits to £5.1bn.

*5th* – French bank Société Générale reported a 63% fall in second-quarter profits, after its investment banking division lost €1.2bn. (US\$1.9bn.) from sub-prime related investments.

6th – US mortgage lender Freddie Mac announced a second quarter loss of US\$822m., its fourth successive loss, with credit-related expenses doubling to US\$2.8bn. and US\$1bn. lost on company writedowns on the value of sub-prime mortgages.

7th – Barclays revealed a 33% decline in first-half year profits together with further writedowns of £2.4bn. from bad loans and other credit impairment charges.

8th – RBS announced the second largest loss in UK banking history, with a pre-tax loss of £692m. for the first half of the year, resulting from £5.9bn. of writedowns.

29th – UK mortgage lender Bradford & Bingley reported a loss of £26.7m for the first six months of the year.

30th – Chancellor Alistair Darling warned that the UK economy faced its worst economic crisis in 60 years and claimed that the downturn would be more ‘profound and long-lasting’ than most people had imagined.

#### September 2008

5th – Fears over a global economic slowdown, combined with news that the US economy had shed 84,000 jobs the previous month, led to losses in global stock markets. London’s FTSE 100 experienced its biggest weekly decline since July 2002, while markets in Paris, Frankfurt, Japan, Hong Kong, China, Australia and India all fell between 2–3%.

7th – US mortgage lenders Fannie Mae and Freddie Mac, who together accounted for nearly half of all outstanding mortgages in the USA, were taken into public ownership in one of the largest bail-outs in US history.

7th – In the UK, Nationwide Building Society took ownership of smaller rivals Derbyshire and Cheshire Building Societies.

10th – The European Commission predicted that the UK, Spain and Germany would fall into recession and eurozone growth would fall to 1.3% in 2008, 0.4% less than previous projections.

15th – US investment bank Lehman Brothers filed for Chapter 11 bankruptcy protection after it was unable to find a buyer. It became the first major bank to collapse since the beginning of the credit crisis.

15th – The Bank of America bought out US bank Merrill Lynch for US\$50bn.

15th – Fears over the strength of the global financial system following the collapse of Lehman Brothers caused stock markets across the globe to tumble. The FTSE 100 Index fell by 212.5 points, wiping £50bn. off the top 100 British companies, while the Dow Jones Industrial Average shed 504 points, its biggest fall since the 9/11 attacks.

16th – The US Federal Reserve launched an US\$85bn. rescue package for AIG, America’s largest insurance company, to protect it from bankruptcy in return for an 80% public stake in the business.

17th – Lloyds TSB agreed to take over HBOS, Britain’s largest mortgage lender, in a deal worth £12bn. following a run on HBOS shares.

17th – UK bank Barclays bought Lehman Brothers’ North American investment banking and trading unit for US\$250m., along with the company’s New York HQ and two data centres for a further US\$1.5bn.

18th – The US Federal Reserve, together with the European Central Bank, the Bank of England, the Bank of Japan, the Bank of Canada and the Swiss National Bank, pumped US\$180bn. of extra liquidity into global money markets.

22nd – Japan’s largest brokerage house Nomura Holdings Ltd acquired the Asian operations of Lehman Brothers, worth around US\$230m.

22nd – Wall Street banks Morgan Stanley and Goldman Sachs give up their status as investment banks to become lower risk, tightly regulated commercial banks.

23rd – Nomura Holdings acquired the European and Middle Eastern equities and investment banking operations of Lehman Brothers.

25th – US mortgage lender Washington Mutual collapsed. Its assets were sold to JP Morgan Chase for US\$1.9bn.

25th – Ireland became the first eurozone economy to fall into recession.

29th – European bank Fortis was partially nationalized following talks between the European Central Bank and the Netherlands, Belgium and Luxembourg. Each country agreed to put €11.2bn. (US\$16.1bn.) into the bank.

29th – UK mortgage lender Bradford & Bingley was taken into public ownership, with the government taking control of the company’s £50bn. mortgages and loans, while its savings unit and branches were to be sold to Spain’s Santander.

29th – US bank Wachovia agreed to a rescue takeover by Citigroup, absorbing US\$42bn. of the company’s losses.

29th – The Icelandic government took a 75% stake in Glitner, Iceland’s third largest bank, for €600m. (US\$860m.).

29th – The German government injected €35bn. (US\$50.2bn.) into Hypo Real Estate, the country’s second largest commercial property lender.

29th – A US\$700bn. rescue package was rejected by the US House of Representatives. Wall Street stocks plummeted, with the Dow Jones Index shedding 778 points, its biggest ever one-day fall. The FTSE 100 lost 269 points in one of its worst-ever trading days.

30th – European bank Dexia was bailed out, with the Belgian, French and Luxembourg governments injecting €6.4bn. (US\$9bn.).

30th – The Irish government stepped in with €400bn. (US\$562.5bn.) to guarantee all deposits, debts and bonds in six banks until September 2010.

30th – Japan’s Nikkei 225 stock fell by 4.1% to register its lowest closing point since June 2005, while in Hong Kong the Hang Seng index ended the day down 2.4%.

#### October 2008

3rd – The US House of Representatives passed a US\$700bn. rescue package. The plan aimed to buy up bad debts of failing banks while guaranteeing deposit accounts up to US\$250,000.

3rd – US bank Wells Fargo announced a buy-out of Wachovia for US\$15.1bn.

3rd – The UK government increased guarantees for bank deposits to £50,000, effective from 7 October 2008.

6th – Germany’s finance ministry, together with private banks, agreed a €50bn. (US\$68bn.) deal to save Hypo Real Estate.

6th – French bank BNP Paribas announced it had agreed to take control of Fortis’ operations in Belgium and Luxembourg, together with its international banking franchises, for €14.5bn. (US\$19.7bn.).

6th – The Iceland Stock Exchange temporarily suspended trading in six of the economy’s largest financial firms. Banks agreed to sell off their foreign assets to help bolster the domestic banking sector.

7th – The Icelandic government took control of Landsbanki, the nation’s second largest bank. Internet bank Icesave, owned by Landsbanki, suspended all deposits and withdrawals.

8th – The UK government announced a £400bn. (US\$692bn.) package of reforms, including £50bn. to the top eight financial institutions, an extra £100bn. available in short-term loans from

the Bank of England and £250bn. in loan guarantees to encourage banks to lend to each other.

*8th* – Six central banks—the US Federal Reserve, the Bank of England, the European Central Bank, the Bank of Canada, the Swiss National Bank and Sveriges Riksbank—co-ordinated an emergency interest rate cut of half a percentage point.

*8th* – The UK government announced that it planned to sue Iceland to recover deposits in Icesave, the failed Internet bank that had earlier stopped customers from withdrawing money.

*9th* – The IMF drew up emergency plans to make funds available to governments affected by the financial crisis.

*10th* – Japan's Nikkei stock average shed 881 points, or 9.62%, to fall to its lowest level since May 2003. Yamato Life Insurance became Japan's first major victim of the global financial crisis.

*10th* – Singapore officially fell into recession after the export-dependent economy experienced a fall in demand from US and European markets.

*10th* – The FTSE 100 closed down 8.85%, having lost 381.7 points, its worst fall since the crash of 1987, knocking £89.5bn. off the value of the UK's largest companies.

*11th* – The G7 nations agreed a five-point plan to unfreeze credit markets, including adoption of Britain's proposal to part-nationalize banks.

*13th* – The UK government announced an injection of £37bn. into Royal Bank of Scotland (RBS), Lloyds TSB and HBOS in return for a controlling share of each company.

*13th* – Germany and France led a co-ordinated plan to restore liquidity into their banking sectors in a move costing up to €2trn. for the EU's 27 states.

*13th* – The Dow Jones Industrial Average gained 936 points or 11%, its highest one-day gain and its largest percentage jump since 1933, following news of plans to increase bank liquidity.

*14th* – The US government revealed a US\$250bn. plan to part-nationalize several banks.

*15th* – Retail sales in the US in Sept. recorded their biggest decline in over three years as the Dow Jones index fell by 7.87%, its largest decline since 26 Oct. 1987.

*15th* – JP Morgan Chase announced a quarterly profit fall of 84%, while Wells Fargo suffered a 25% drop in earnings.

*16th* – The Swiss government injected US\$60bn. into UBS in return for a 9.3% stake and a boost in capital, while Credit Suisse turned down the offer of state aid but raised capital from private investors and a sovereign wealth fund.

*16th* – Citigroup posted its fourth consecutive quarterly loss with a shortfall of US\$2.81bn. for the third quarter, following over US\$13bn. of writedowns.

*17th* – French bank Caisse d'Épargne admitted a €600m. (US\$807m.) derivatives trading loss triggered by 'extreme market volatility' during the week of 6 October.

*19th* – Dutch savings bank ING received a €10bn. (US\$13.4bn.) capital injection from the Netherlands authorities in return for preference shares in the company. The Dutch government established a €20bn. fund to support domestic banks as required.

*19th* – South Korea announced a rescue package worth US\$130bn. offering a state guarantee on banks' foreign debts and promising liquidity to firms.

*20th* – Sweden's government offered credit guarantees up to 1.5trn. kroner (US\$205bn.), with 15bn. kroner set aside in a bank stabilization fund.

*22nd* – US bank Wachovia reported a US\$24bn. loss for the third quarter, the biggest quarterly loss of any bank since the beginning of the credit crunch.

*24th* – Official data showed that the UK economy contracted for the first time in 16 years, with a fall in economic growth of 0.5% for the third quarter.

*24th* – The Danish central bank raised interest rates by a half-point to 5.5%.

*29th* – The US Federal Reserve slashed interest rates by a half-point to 1%, its lowest level since June 2004.

*29th* – The IMF, European Union and World Bank announced a rescue package for Hungary, pledging US\$25.1bn. to promote confidence in the country's financial markets and its currency.

*30th* – Deutsche Bank reported a large fall in profits following writedowns of €1.3bn. in the third quarter.

*30th* – Japan unveiled a 27trn. yen (US\$270.6bn.) stimulus package for small businesses and to provide emergency cash to families exposed to the credit crunch.

*31st* – The Bank of Japan cut interest rates, from 0.5% to 0.3%, for the first time in seven years in response to the global financial crisis.

#### **November 2008**

*4th* – HBOS revealed writedowns for the nine months up to Sept. at £5.2bn., up from £2.7bn. for the first half of the year.

*5th* – The Italian government offered up to €30bn. (US\$39bn.) to recapitalize banks.

*5th* – Australia's central bank slashed interest rates by a higher-than-expected 75 basis points to 5.25%, the lowest level since March 2005.

*6th* – The IMF approved a US\$16.4bn. loan to Ukraine.

*6th* – The Bank of England reduced interest rates by 1.5% to 3%, the lowest level since 1955.

*6th* – The European Central Bank lowered interest rates by a half point to 3.25%.

*9th* – The Chinese government announced a US\$586bn. stimulus package. The plan to relax credit conditions, cut taxes and invest in infrastructure and social projects over a two-year period equated to 7% of the country's GDP.

*11th* – US electronics retailer Circuit City filed for Chapter 11 bankruptcy protection. It became the largest US retailer to fall victim to the credit crisis.

*11th* – Swedish investment bank Carnegie was taken over by the Swedish government after its licence was revoked for failures in internal controls.

*14th* – The eurozone officially slipped into recession after figures showed the area shrunk by 0.2% for the second consecutive quarter.

*20th* – The IMF approved a US\$2.1bn. loan for Iceland in an attempt to 'restore confidence and stabilize the economy'.

*23rd* – The US government agreed a bailout of Citigroup, injecting US\$20bn. of capital in return for preference shares. The move included a guarantee of up to US\$306bn. of Citigroup's risky loans and securities.

*24th* – In his pre-Budget report, Chancellor Alistair Darling unveiled a fiscal stimulus plan. VAT was reduced to 15% from 17.5% and an extra £20bn. was to be pumped into the economy, with government borrowing set to increase to record levels.

*25th* – The IMF approved a US\$7.6bn. loan to Pakistan.

*25th* – The US Federal Reserve pumped a further US\$800bn. into the economy, with US\$600bn. to buy up mortgage-backed securities and US\$200bn. to unfreeze the consumer credit market.

26th – The European Commission unveiled a €200bn. (US\$256bn.) economic recovery plan.

#### **December 2008**

4th – French President Nicolas Sarkozy announced a €26bn. (US\$33bn.) stimulus plan, including a €1bn. loan to carmakers and €5bn. of new public sector investments. The French government would offer companies €11.5bn. worth of credits and tax breaks on investments for 2009.

4th – The Bank of England cut interest rates by 1% to 2% with business surveys suggesting that the downturn had gathered pace.

4th – The Reserve Bank of New Zealand reduced interest rates by a record 150 basis points to 5%.

4th – The European Central Bank reduced its main interest rate by 75 basis points to 2.5%, its largest ever cut.

4th – Sweden's central bank cut interest rates by a record 1.75% to 2%, while Denmark's central bank Nationalbank followed with a 75 basis point reduction to 4.25%.

9th – The Bank of Canada lowered its benchmark interest rate by 75 basis points to 1.5%, its lowest rate since 1958.

11th – The Bank of Korea reduced interest rates by a record 1% to 3%.

16th – The US Federal Reserve slashed interest rates from 1% to a range between zero and 0.25%, its lowest recorded level.

19th – Japan's central bank cut interest rates from 0.3% to 0.1%, having projected that the economy would shrink by 0.8% in the current fiscal year and experience zero growth for the year ending March 2010.

19th – The US government pledged US\$17.4bn. of its US\$700bn. originally allocated for the financial sector to help ailing carmakers General Motors, Chrysler and Ford.

22nd – China cut interest rates by 27 basis points to 5.31%, its fifth reduction in four months.

30th – The US Treasury unveiled a US\$6bn. rescue package for GMAC, the car-loan arm of General Motors, aimed at encouraging GMAC to offer funding to potential vehicle buyers.

#### **January 2009**

8th – The Bank of England reduced interest rates by a half-point to 1.5%, the lowest level since the bank was founded in 1694.

8th – Commerzbank received €10bn. (US\$13.7bn.) of capital from the German government in return for a 25% stake following liquidity problems arising from its decision to purchase Dresdner Bank from insurance company Allianz.

8th – South Korea's central bank cut interest rates from 3% to a record low of 2.5%.

9th – Official figures showed that more jobs were lost in the USA in 2008 than in any year since the Second World War, with 2.6m. axed. The jobless rate increased to 7.2% in Dec. 2008, its highest level in 16 years.

13th – China's exports fell by 2.8% in Dec. compared to the previous year, the largest decline in ten years.

13th – German chancellor Angela Merkel unveiled an economic stimulus package worth €50bn. (US\$67bn.), including public investments and tax relief.

14th – The UK government guaranteed up to £20bn. of loans to small and medium-sized businesses.

14th – Shares in Europe and the USA fell sharply following the release of official figures showing a 2.7% fall in US retail sales in Dec. London's FTSE 100 closed down by over 5%, the main markets in France and Germany lost nearly 4.5% and the US Dow Jones index fell by 3%.

15th – The European Central Bank slashed interest rates by a half-point to 2%, its lowest level since Dec. 2005.

16th – The Irish government moved to nationalize Anglo Irish Bank.

16th – Reporting a fourth quarter loss of US\$8.29bn., Citigroup announced plans to split into two new firms, Citicorp and Citi Holdings.

16th – Bank of America received US\$20bn. of fresh US government aid and US\$118bn. worth of guarantees following losses incurred in its takeover of Merrill Lynch. Merrill Lynch posted a fourth-quarter loss of US\$15.3bn. while Bank of America lost US\$1.7bn. in the same period.

19th – Spain became the first triple-A rated nation to have its credit rating downgraded since Japan in 2001.

19th – Denmark offered up to 100bn. kroner (US\$17.6bn.) in loans to help recapitalize its banks.

20th – The French government offered its ailing car industry up to €6bn. (US\$7.7bn.) in aid.

23rd – The UK economy officially entered recession after figures showed a fourth-quarter fall in GDP of 1.5% following a 0.6% drop the previous quarter.

25th – The French government provided €5bn. (US\$6.5bn.) in credit guarantees to help Airbus.

26th – Dutch banking and insurance group ING estimated fourth-quarter losses of €3.3bn. (US\$4.3bn.), prompting it to seek state guarantees, replace its chief executive and shed 7,000 jobs.

28th – The IMF warned that world economic growth would fall to 0.5% in 2009, its lowest level since the Second World War, and projected the UK economy would shrink by 2.8%, the worst contraction among developed nations.

28th – The International Labour Organization claimed 51m. jobs could be lost in 2009, pushing the world unemployment rate to 7.1% compared with 6.0% at the end of 2008.

28th – Canada's Conservative government unveiled a \$40bn. CDN (US\$32bn.) stimulus plan including tax cuts and infrastructure spending.

29th – New Zealand's central bank reduced interest rates by 1.5% to 3.5%.

#### **February 2009**

3rd – The Australian government announced a second stimulus package of \$A42bn. (US\$26.5bn.) to boost long-term growth, including one-off cash payments to low-income families and investment in infrastructure. The Reserve Bank of Australia reduced interest rates by one percentage point to 3.25%, its lowest level in 45 years.

5th – The Bank of England slashed interest rates by a half-point to a record low of 1%.

5th – Deutsche Bank unveiled a fourth-quarter loss of €4.8bn. (US\$6.1bn.) and a net loss for 2008 of €3.9bn. (US\$5bn.)—its first yearly loss since being restructured after the Second World War—citing 'unprecedented' operating conditions and 'weaknesses in our business model'.

9th – Barclays announced a pre-tax profit of £6.1bn. (US\$9bn.) for 2008, down 14% on profits for the previous year.

9th – The French government agreed to provide Renault and Peugeot-Citroën with €3bn. (US\$3.9bn.) each in preferential loans in return for maintaining jobs and sites in France. Renault Trucks, owned by Volvo, was offered a loan of €500m. (US\$650m.), suppliers €600m. (US\$780m.) and the financing arms of the two carmakers loan guarantees of up to €2bn. (US\$2.6bn.).

*10th* – Former bosses of RBS and HBOS, two of the UK's largest financial casualties, apologized 'profoundly and unreservedly' for their banks' failure during the UK Treasury Committee's inquiry into the banking crisis.

*10th* – UBS declared a Swiss corporate history record loss of SFr19.7bn. (US\$17bn.) for 2008 after suffering a net loss of SFr8.1bn. (US\$7bn.) in the fourth quarter, including SFr3.7bn. (US\$3.2bn.) in exposure to toxic assets. The bank announced it would axe a further 2,000 jobs at its investment banking arm.

*12th* – The Bank of Korea reduced interest rates by 50 basis points to a record low 2%.

*12th* – The Irish government revised its rescue plans for Allied Irish Bank and the Bank of Ireland. Each bank was to receive €3.5bn. (US\$4.5bn.) and would be expected to increase lending and reduce senior executives' pay while remaining in the private sector.

*12th* – The Spanish economy fell into recession for the first time in 15 years, having shrunk by 1% in the fourth quarter of 2008.

*17th* – US President Barack Obama signed his US\$787bn. economic stimulus plan after Congress approved the package.

*18th* – Taiwan fell into recession after its economy slumped by 8.4% in the fourth quarter. Taiwan's central bank reduced interest rates by a quarter-point to 1.25%.

*19th* – The Bank of Japan bought 1trn. yen (US\$10.7bn.) in corporate bonds and maintained a near-zero interest rate.

*26th* – Royal Bank of Scotland unveiled a loss of £24.1bn. (US\$34.2bn.), the largest annual loss in UK corporate history, stemming from a £16.2bn. (US\$23bn.) writedown of assets mainly linked to its purchase of ABN Amro. The bank also announced it would put £32.5bn. of toxic assets into a new government insurance scheme, while the government would inject a further £13bn. to strengthen its balance sheet.

*27th* – The European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the World Bank announced a €24.5bn. (US\$31bn.) joint rescue package for banking sectors in Central and Eastern Europe. The two-year initiative would include equity and debt financing and policies to encourage lending, particularly to small and medium-sized firms.

#### **March 2009**

*2nd* – US insurance company AIG unveiled a US\$61.7bn. loss in the fourth quarter of 2008, the largest in US corporate history, and received an additional US\$30bn. as part of a revamped rescue package from the US government.

*2nd* – HSBC, Europe's largest bank, confirmed it was looking to raise £12.5bn. (US\$17.7bn.) from shareholders through a rights issue after it revealed pre-tax profits for 2008 of US\$9.3bn., down 62% on the previous year.

*3rd* – Nationalized UK bank Northern Rock confirmed it made a loss of £1.4bn. (US\$2.0bn.) in 2008.

*3rd* – Toyota Motors, the world's largest carmaker by sales, asked for up to US\$2bn. in Japanese government-backed aid.

*4th* – The Australian economy shrank by 0.5% in the fourth quarter of 2008.

*4th* – The World Bank signed a US\$2bn. contingency facility to Indonesia, the largest ever loan granted to an economy not classified as in crisis. Indonesia's central bank reduced its interest rate by 50 basis points to 7.75%.

*5th* – The Bank of England cut interest rates from 1% to 0.5%. The Bank also announced it was to create £75bn. of new money, called quantitative easing.

*9th* – Iceland nationalized Straumur-Burðaras, the last of the big four banks to be taken into public ownership.

*10th* – Malaysia revealed a 60bn. ringgit (US\$16.3bn.) stimulus package over a two year-period, amounting to 9% of GDP. The plan contained increased spending on infrastructure, guaranteed funds for businesses, equity investments to boost the stock market and tax breaks.

*14th* – The G20 group of rich and emerging nations pledged a 'sustained effort' to restore global growth with low interest rates and increase funds to the IMF.

*16th* – Serbia opened talks with the IMF over an emergency loan worth up to €2bn. (US\$2.6bn.).

*18th* – The Bank of Japan provided up to 1,000bn. yen (US\$10bn.) in subordinated loans to its commercial banks.

*18th* – The US Federal Reserve pledged US\$1.2trn. to buy long-term government debt and mortgage-related debt.

*18th* – UniCredito, one of Italy's largest banks, sought €4bn. in aid from Italian and Austrian sources.

*19th* – The US Treasury promised up to US\$5bn. to auto parts suppliers, guaranteeing payment for products shipped.

*20th* – The IMF revised its global forecast for 2009, with the world economy set to shrink by between 0.5% and 1%. The world's most developed economies were expected to experience the largest contractions in GDP.

*23rd* – The US announced a 'Public-Private Investment Programme' to buy up to US\$1trn. worth of toxic assets. The US Treasury committed between US\$75bn. and US\$100bn. to the programme, in addition to contributions from the private sector.

*25th* – The IMF, along with the World Bank, European Commission and other multilateral organizations, unveiled a €20bn. (US\$27.1bn.) financial rescue package for Romania. The agreement stipulated Romania reduce its budget deficit to less than 3% of GDP by 2011.

*25th* – Italian bank Banca Popolare di Milano became the fourth bank in the country to seek funding from the government's €12bn. bank aid scheme. The bank requested €500m.

*26th* – Official statistics revealed that Ireland's economy shrank by 7.5% in the fourth quarter of 2008 compared to the same period the previous year, its largest contraction in decades. For the whole of 2008, the economy contracted by 2.3%, its first fall since 1983.

*26th* – The US economy contracted at an annualized rate of 6.3% in the fourth quarter of 2008, its fastest rate since 1982.

*27th* – The UK economy shrank by 1.6% in the last three months of 2008, its largest fall in GDP since 1980 and higher than the earlier 1.5% estimate.

*29th* – The German government pumped €60m. (US\$80m.) into Hypo Real Estate in return for an 8.7% stake.

*30th* – The Spanish government, with the Bank of Spain, launched a €9bn. (US\$12bn.) bailout of savings bank Caja Castilla La Mancha, the country's first bank rescue in the financial crisis.

*31st* – The World Bank predicted the global economy would contract by 1.7% in 2009, the first decline since the Second World War. The forecast claimed that the most developed economies would shrink by 3%, while world trade would fall by 6.8%.

# ADDENDA

All dates are 2009

ANGUILLA. Alistair Harrison was sworn in as *Governor* on 21 April.

CANADA. In Nova Scotia, *Premier* Rodney MacDonald lost a vote of confidence in the Legislative Assembly on 4 May prompting elections to be set for 9 June.

CYPRUS. In the 'Turkish Republic of Northern Cyprus' parliamentary elections were held on 19 April. The National Unity Party won 44.1% of the vote (26 of 50 seats), the ruling Republican Turkish Party-United Forces 29.2% (15), the Democrat Party 10.7% (5), the Communal Democracy Party 6.9% (2) and the Freedom and Reform Party 6.2% (2). Turnout was 81.4%. Prime Minister-delegate Derviş Eroğlu nominated Hüseyin Özgürgün *Foreign Minister*, Ersin Tatar *Finance Minister* and İlkay Kamil *Interior Minister*.

INDIA. The *Lieut.-Governor* of Puducherry Govind Singh Gurjar died on 6 April. On April 8 the *Governor* of Tamil Nadu Surjit Singh Barnala was given additional charge as administrator of Puducherry.

INDONESIA. In legislative elections held on 9 April the Democratic Party won 20.9% of the vote (148 of 560 seats), the Golkar Party 14.5% (108), the Indonesian Democratic Party-Struggle 14.0% (93), the Prosperous Justice Party 7.9% (59), the National Mandate Party 6.0% (42), the United Development Party 5.3% (39), the National Awakening Party 4.9% (26), the Great Indonesia Movement Party 4.5% (30) and the People's Conscience Party 3.8% (15).

MALI. In a cabinet reshuffle on 9 April, Sanoussi Touré was appointed *Finance Minister*.

MOLDOVA. *Prime Minister* Zinaida Greceanii's government was obliged to resign on 4 May before the first meeting of the new parliament on 5 May.

NEPAL. A row over the integration of former Maoist fighters to the Nepalese army led *Prime Minister* Pushpa Kamal Dahal to sack the chief of the army on 3 May. The Communist Party of Nepal (Unified Marxist-Leninist) subsequently withdrew from the coalition government. *President* Ram Baran Yadav reinstated the army chief resulting in the resignation of Dahal's government the following day.

FRANCE—NEW CALEDONIA. In parliamentary elections on 10 May, the right retained the majority in congress gaining 31 of 54 seats to 23 for the independent parties. The Rassemblement UMP was most successful, claiming 13 seats.

FRANCE—ST MARTIN. On 9 April the State Council annulled the Aug. 2008 election of Frantz Gumbs as *President of the Territorial Council* owing to irregularities with ballot papers. *Vice-President* Daniel Gibbs took office as acting *President* on 14 April.

SENEGAL. On 30 April *Prime Minister* Cheikh Hadjibou Soumaré resigned citing personal reasons for the decision. Souleymane Ndéné Ndiaye was appointed his successor. Key cabinet positions remained unchanged.

SOLOMON ISLANDS. Peter Tom was named new *Home Minister* and Laurie Chan *Justice Minister* in a cabinet reshuffle of 5 May.

SOUTH AFRICA. Following the provincial elections of 22 April the new premiers were elected and sworn in as follows: Noxolo Kiviet (Eastern Cape), Ace Magashule (Free State), Nomvula Mokonyane (Gauteng), Zweli Mkhize (KwaZulu-Natal), Cassel Mathale (Limpopo), David Mabuza (Mpumalanga), Maureen Modiselle (North West), Hazel Jenkins (Northern Cape) and Helen Zille (Western Cape).

SYRIA. Saeed Sammur was named *Interior Minister* and Ahmad Younis *Justice Minister* in a cabinet reshuffle on 23 April.

TONGA. *Prime Minister* Fred Sevele added foreign affairs and defence to his portfolio following a cabinet reshuffle on 30 April.

TURKEY. Mehmet Şimşek was named *Finance Minister*, Ali Babacan *Economy Minister* and Ahmet Davutoğlu *Foreign Minister* in a major cabinet reshuffle on 1 May.

## INTERNATIONAL RELATIONS

FIJI ISLANDS. The Fiji Islands were suspended from the Pacific Islands Forum after the government failed to call fresh elections.

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## THE WAY IT WAS, AND IS

The old, old question is back on the agenda. Can history teach us anything? Do the experiences of the past provide lessons for the present and the future?

There are those who argue that history can be used, or abused, to support any action or inaction. There is always a justifying precedent or a lesson to be learned if you search hard enough in the archives. At best, history is a false friend. 'There has never been a time,' argues Tony Blair, 'when, except in the most general sense, a study of history provides so little instruction for our present day.' There speaks the true radical. Until Blair came along, his Labour party had been weighed down and made virtually impotent by a slavish regard for its Marxist-Socialist tradition. For Blair, history was a brake on fresh thinking, the knee-jerk antidote to change.

The counter view holds that to ignore history is to deny something that is fundamental to our understanding of ourselves and our place in the wider scheme of things. Recently, the debate has been hotting up.

The revival of interest has a lot to do with the invasion of Iraq and the overthrow of Saddam. In defending his action, the former US President was wont to call history to his aid by invoking Munich and the fatal consequences of trying to appease an evil dictator—Saddam portrayed as Hitler. This begs several questions. For a start, was stopping Hitler before he became a world menace really a practical proposition?

Received wisdom has it that World War Two could have been averted if the democracies had taken an early initiative instead of allowing Hitler to dictate the international agenda. Germany was certainly vulnerable in 1936 when, sending his troops into the demilitarized Rhineland, Hitler delivered the first heavyweight shock to the European security system. Propaganda magnified German military power. If Britain and France had acted decisively, the Nazi reign of terror might now be the stuff of horror fiction.

Instead we had appeasement, with the democracies all the while backing off as Hitler absorbed Austria and began the carve-up of Czechoslovakia. The culmination of this unedifying and, in the end, fruitless attempt at pacification was the false promise at Munich of 'peace in our time' and the indelibly humiliating spectacle of Neville Chamberlain, an elderly prime minister, a politician from another age, alighting from his aircraft waving a scrap of paper to demonstrate the Führer's good faith.

When it all ended in *blitzkrieg* and a long bloody war, appeasement and Munich became the hate words of the political lexicon, to be deployed against anyone suspected of weakness in the face of a real or imagined enemy.

But this is to ignore the fact that in the mid-1930s there was virtually no public appetite in the western democracies for action against Germany, least of all among those who would have to do the fighting. Then again, suppose Anglo-French forces had confronted the Wehrmacht as it marched into the disputed territory of the Rhineland? Knowing what we know now, it is unlikely that Hitler would have been long deterred from his territorial ambitions. Unless, of course, the Allies had overthrown the Nazi dictatorship. But what then? There was no evidence of a friendly government in waiting and it is almost beyond credulity that France and Britain could have imposed direct rule.

Even if this had been achieved, opposition could have been expected from what we now call the international community. Had Britain and France stood up to Germany in the Rhineland, it is likely that they would have been seen as the aggressors, not least in the US where Roosevelt had been elected on an isolationist ticket. Joseph Kennedy, US ambassador to Britain,

came out publicly in favour of Munich. There was a mark Hitler had to overstep before the democracies could achieve a unity of purpose. He did so with his invasion of Poland.

In vowing not to repeat the calamitous errors of the appeasers of Nazi Germany, President Bush was presumably relying on his audience knowing little of modern history. If they had been better informed they would surely have recognized, as Bush himself should have recognized, that Saddam, whatever his pretensions, was no Hitler. More than that, the odium heaped on Munich is largely wisdom after the event. Finally, there is nothing inherently wrong in politicians trying all ways to negotiate themselves out of trouble.

An undeserved knee-jerk condemnation has landed Munich with its sour reputation. But it is arguable that the years after Munich have provided more than enough evidence of the damage so called anti-appeasers can cause when they are too quick on the draw. Korea, Vietnam, Suez, and now Iraq spring to mind. As Winston Churchill reminded President Eisenhower, 'To jaw-jaw is always better than to war-war.'

In other words, the debate on Iraq could have done with more history, not less. As Johan Tosh points out (*Why History Matters*), to know more about the past is to illuminate the contours of the present, equipping us to make intelligent decisions. To take examples at random, a study of the antecedents of modern terrorism would suggest that for governments to imitate the methods of terrorists is no way to defeat the evil itself. Attacking poverty, ignorance and the other sources of violent dissent might produce more positive results.

Closer to home, every generation discovers youth crime while bemoaning the loss of the good old days when young people respected their elders and spoke only when spoken to. An illusion, of course, as even a brief reading of social history quickly reveals. The fears engendered by tumultuous youth have been replicated since the days of ancient Greece.

To connect with yet another current concern, dramatic ups and downs of the international economy seem always to come as a surprise to the latest generation of financial high flyers. They choose to believe, maybe for sanity's sake they have to believe, that they have the means to break the business cycle. Eventually, experience teaches them otherwise. The market turmoil of the past year has unquestionably been acerbated by the arrogance of those financial analysts who are so preoccupied with the neat rows of figures that show up on their computer screens that they ignore the social, economic and historical context in which we all have to operate. Belatedly, the central banks have realised that the risk models used by the commercial banks take a short term view of the past, often as little as ten years. Yet, in the UK alone, a further look back into history would have shown fluctuations in gross domestic product four times greater than that of the past decade, that of unemployment five times greater, that of inflation seven times greater and that of earnings 12 times greater.

Ground-breaking economists from Adam Smith to Maynard Keynes may have lacked computer power but they did have an understanding of history that enabled them to give due weight to the human element in monetary and fiscal affairs. A positive side effect of the current recession could be second thoughts on the academic tendency to think of economics exclusively as a branch of mathematics.

But there is no virtue in rushing to the other extreme. History, by itself, is always fallible. That much is clear when historians take sides, falling out on the validity of the evidence, let alone on the interpretation of the evidence.



A totally objective history, the aspiration of Leopold von Ranke and his school, 'only to say how it really was', is a chimera. There is always room for argument. Historians who take to prediction are especially suspect. Leading the pack are the Marxists who must now be wondering how it all went so horribly wrong for them. The literary market can always find a place for the historian who is keen to tell us how it will be. Often they are right in theory but misguided in practice. One of the historical bestsellers of all time, Norman Angell's *The Great Illusion*, published in the build-up to World War One, argued convincingly that in the modern industrial state there can be no victors in war, everyone stands to lose. But then he went on to conclude that major conflicts were a thing of the past, an overestimate of political intelligence if ever there was one.

In our own era we have had most famously, the 'End of History' thesis attached to the collapse of the Soviet empire and the apparently conclusive, all embracing triumph of social democracy. For many obvious reasons, there is less confidence now that the western democracies are likely to have it all their own way. It is an unflinching rule that prophecies based on history are invariably negated by events beyond the range of reasonable expectation.

If the futurologist can give history a bad name, so too can certain types of popularizers who draw on the past to reinforce national prejudices and myths. The heritage industry with

its emphasis on sanitized versions of life in wildly different circumstances to our own can mislead but is not necessarily harmful. More contentious is the deployment of selective evidence to support dubious claims of past injustices and to justify lasting antagonisms. Think of Northern Ireland, in itself a case study of historical misinformation.

At its best, history helps us to explore options by opening up questions. It is part of the search for truth, or at least the semblance of truth, for the real thing is almost certainly for ever elusive. The Greeks knew this since their word that became 'history' originally meant 'to inquire' and to choose wisely between conflicting accounts. As Ludmilla Jordanova shows (*History in Practice*), 'The study of the past is indeed inspiring and instructive but it is not a fount of clear unambiguous lessons or recipes. Rather it is an arena for contemplation and thought'. And, it may be added, a source of endless fascination for amateur and professional alike.

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The purpose of *Statesman's Yearbook* is to say how it is, not how it might be. But our devotion to the facts does not altogether preclude the occasional wary glimpse into the future. Last year, our opening editorial (*In Defence of Scepticism*) warned against self-proclaimed experts, those who, knowing little or nothing, speak loudly to persuade the rest of us that they possess the knowledge that defies contradiction. High up on the list were 'the guardians of financial institutions who, in a crisis, are forever telling us not to panic, at least not until they have secured a safety net for their own investments'. Admittedly, we did not anticipate the massive frauds currently under investigation. But listening to financial analysts with no more than a computer program and a facility for mental arithmetic to support their confident assurances of everlasting prosperity, it did not take transcendental powers to conclude that when the tempest struck many of them would go down, taking their faithful followers with them.

If a massive dose of reality has cured us of economic naivety, at least for the time being, this is no reason to let up on other categories of spurious experts dedicated to self importance at public expense. Leading the pack are the security services, public and private. We have yet to wake up to the contradiction at the core of the strategy to counter the threat of terrorism or, rather, the supposed threat, for whatever the horrors of terrorist attacks starting with 9/11, fewer lives have been lost by sponsored violence than by road accidents or smoking-related illnesses. The scaremongers claim it is their vigilance that we must thank. But this is a circular argument without observable backup. It is certainly not sufficient to justify what appears to be the official line, that to protect our freedom we must lose a large part of it. Every intrusion into private lives erodes our civil liberties. The state knows more about each one of us than at any time in history. *Big Brother* meets *Brave New World*. It is a chilling thought.

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