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## Middle East: Israel's policy of "self-defence"

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mobilising a stand-by credit of \$ 100 million, and it is probable that the International Monetary Fund may grant a similar credit of \$ 75 million in the future.

In order to overcome the budgetary crisis and to enable Peru to shoulder the burden of gradually redeeming its debts, a period of austerity, which will probably be of extended duration, cannot be avoided. The new government has announced ruthless cuts in expenditure, which are to be combined with increased public revenues, but it remains to be seen whether the new forms of taxation will meet the high hopes they are supposed to fulfil. Already now, many exemptions from the proposed austerity measures have been granted to various branches of the economy, which are supposed to serve the "essential" interests of the nation. But it is clear that such exemptions also reduce the estimated income of the state. Most of the foreign investors show marked reserve. New investments which create additional employment will probably enter the country only hesitantly, in view of the junta's nationalist inclinations. sch.

#### *Middle East*

### **Israel's Policy of "Self-Defence"**

On December 26, 1968, two Arabs from Palestine caused heavy damage to an air liner of El Al, the Israeli air transport company, which had just landed at Athens airport. Two days later, Israeli military planes attacked Beirut airport, destroying Lebanese airplanes and equipment valued at over DM 250 million. The United Nations' Security Council was hurriedly convened, and after several days' discussion unanimously condemned the actions of Israel. The proposed economic sanctions against Israel, however, did not attract the required majority of votes in the Security Council. It is true that the Lebanon's claims for compensation were recognised but nothing was said about how and where such claims could be enforced and collected.

The Suez Canal has been blocked for world shipping from the summer of 1967. Egypt has thus lost one of its most important sources of foreign currency income. During the same eighteen or so months, Jordan has been compelled to do without the farm produce of its fertile tracts west of the Jordan river, without which it cannot feed its population. The lack of stability in Syria's economic and political life is demonstrated most conspicuously by the frequency with which its governments are overthrown. All this does not contribute to gradually reducing Arab hate against Israel. That is why world public opinion must find a much stronger form of expressing its uneasiness over the Eshkol government's policy of so-called self-defence. The initial efforts of the four big

powers to exert joint pressure for dealing with the conflict in the Middle East must be increased in order to force the hostile states to meet round the conference table. It is true that the sluggishness with which the negotiations about setting an end to the war in Vietnam advance may have undermined badly the belief in the effectiveness of any negotiation. And yet, the endeavour to arrive at a compromise must not falter. Most countries in the crisis area of the Middle East are smitten by economic misery, and in order to overcome their poverty, a new kind of Marshall Plan for helping them ought to be designed by joint Eastern and Western efforts crm.

#### *Australia*

### **Japan on the March?**

Australia is one of Japan's main suppliers of coking fines. Recent developments in Australian coal mining are the cause of difficulties for the steelmakers of Japan, whose coal requirements for 1969 are leaving all forecasts and extrapolations far behind. During the current fiscal year (March 1968 to the end of February, 1969), Australian deliveries of coking fines to Japan will fall at least two million tons short of the contracted quantities, even though the delivery promises had already been cut down considerably early in the year, because unexpected geological and mechanical difficulties had been encountered in the collieries. These obstacles to higher output are being encountered in the entire Australian coal industry, which is located in Queensland and New South Wales, as in the two states opencast mining is on the way out and must be replaced by deep mining, which causes unforeseen problems.

No early improvement of this situation can be predicted, as development work on large mining projects in Queensland will require at least another two years. But the Japanese are growing impatient, and they allege that the unsatisfactory state of affairs is due to faulty Australian management and defective planning. Japanese steelworks have used in 1967 about 32 million tons of coking fines, of which more than 22 million tons had to be imported, which makes it easy to understand that the Japanese are dead keen on contributing financially to the Australian mining projects and on taking up an active interest in colliery management and planning. The Japanese Ministry of International Trade and Industry intends to send to Australia a coal industry delegation in January, which may be expected to table proposals of this kind. But it is a completely open question what the Australian coal interests will answer to such suggestions, for who likes to be placed under foreign tutelage or, at least, to lose a major part of his freedom to make his own decisions? hg.