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Israel: 25 years of independence

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COMMENTS

Germany

Restrictive Stabilisation Programme

Under public pressure the Government of the Federal Republic of Germany has finally decided to pass a sizeable package of measures against inflation, the latest rate was 7.5 p.c. A so-called stabilisation levy for the higher income groups was introduced for the purpose of draining off liquidity and purchasing power in the sphere of private demand. The investment demand is to be dampened by means of an investment tax of 11 p.c. and the abolition of degressive depreciation possibilities. The Government did not even exclude itself from the measures; in the case of all expenditure provisions not bound by legal or international obligations, 5 p.c. are to be cancelled, the net sum of credits taken up curtailed and additional tax receipts immobilised. The Governments of the lands are to pursue similar lines. Additionally, the highly restrictive money and credit policy of the Bundesbank shall be maintained.

Restrictive and hard as this programme appears to be, some questions still remain open; for instance whether the various measures are being well-balanced: private consumption is being curtailed much less than the investment demand. An even more serious problem might result from the development of the demand from abroad because of German industry already now witnessing a boom of incoming foreign orders such as has not been observed since the Korea crisis. Measures in the direction of somewhat lower prices are likely to accelerate the demand from abroad and soon bring to the fore the question of protecting the foreign trade flank by means of monetary or other steps.

But apart from these material questions and aspects, every policy of stabilisation also has its psychological component. And here, indeed, is the root of the programme's real chance: that the impression of an energetic and persistent stabilisation policy might lead to a reversal of the expectations. ogm.

EC

Environment Programme

Following the last Summit Meeting in Paris where the subject of environment protection played more than a minor role, in April of this year the EC Commission submitted to the Council of Ministers an action programme for environment protection. In it the aims and principles of environment policy within the European Community are laid down together with actions to be taken on Community

level within the next two years. The chief aim is the prevention, and as far as possible the elimination, of environment ravages.

The programme sets out three categories of action: such action that reduces the endangering of the environment; such action that improves the living conditions; finally, action to be taken in cooperation with international organisations. There is good reason for this catalogue of measures having been worked out in such non-committal manner: already today it can be found at each international meeting on environment protection that all countries quickly arrive at agreement about aims and principles but that, when it comes to the drafting of measures to be taken, each nation brings forward different priorities and different conceptions. Everybody conversant with EC practices can already today risk the diagnosis that the harmonisation of environment policy will probably take as long as the harmonisation of other policies. It will certainly be no easy matter to bring measuring methods and appliances onto one unified norm, to lay down unified health norms, to pursue certain sectional agreements for environment-endangering industries, etc. At this stage, the question which stands more and more in the fore of public discussions about the EC creeps up again: how serious are the member-states when it comes to the economic, social and political union? Only if the answer is to the effect of "much more serious than up to now", the hope that also the environment problem will one day be solved on a European level would appear justified. crm.

Israel

25 Years of Independence

In the history of countries 25 years do not amount to much, but for Israel the last 25 years mean everything. After nearly two milleniums of being scattered all over the globe, on May 14, 1948, the Israelis once again found a homeland. They defended their new home country in three successful wars and even enlarged it — at the expense of the Palestinians. World public opinion not only admires the skill in warfare, the spirit of resistance and the diligence of the Israelis, but sometimes holds stubbornness, arrogance and even chauvinism against them.

The unparalleled economic upswing of Israel has changed the fundaments of the State and at the same time influenced negatively its social structure. First of all, the economic and social problems have become more complex. The cost of living goes up by nearly 13 p.c. annually, and the

social gradients have become infinitely more pronounced. There are not only 2,000 millionaires but also 80,000 families with an income below the poverty-line. There is also the discrimination against the Arabic Israelis who are denied the same chances of advancement their Jewish fellow-citizens enjoy. Among the Jews, thereagainst, the orthodox and the Kibbuzniks, each amounting to 4 p.c. of the population, have an unproportionally great influence in politics and administration, but the influence of the Oriental Jews, who account for 48 p.c. of the population, is almost negligent; among the total of 120 members of Parliament they are represented by a mere 17.

So far there were three wars and victories, but they have not brought Israel nearer to peace with its Arab neighbours. The danger of a new war will exist as long as Israelis and Arabs fail to establish and secure coexistence on the basis of concessions by both sides. Apart from this, the country's internal peace remains in jeopardy until the State is able to reduce social tension and differentials in Israel in a more successful effort than in past.

kw.

India

State Trade in Cereals

Since the beginning of the new crop season in April of this year the Indian peasants and consumers have no longer been dealing with private wholesalers. Instead, they now have to bother with civil servants. Following the non-appearance of the Monsoon in several states and the dispensing by the Indian Government with the formerly regular grain imports from the USA, Indira Gandhi's Government believes that the population's supply with food, scarce as food is, could be secured only on the strength of centralised distribution. The Government therefore nationalised the private wholesale of rice and wheat, thus expressing the belief that private traders were responsible for the supply difficulties of recent months in spite of the fact that India's population has grown by 13 mn people in 1972 and this year's crops will be smaller by 4 mn tons than last year's.

It may well be true that the profit-seeking private trade has contributed quite considerably to the supply shortcomings. But on the other hand it did guarantee at least the functioning of trade. So far, in India the most important banks, steel mills, coal mines, the shipbuilding industry as well as large sections of the textile and oil industries and of the import trade have been nationalised. The Indian experiences show that the Government's new step of nationalising the trade in cereals is no more than eyewash, because the new difficulties will hardly be mastered by bureaucracy. In

order to distribute 25 mn tons of grain there should be a functioning public distribution system. But the building up of it is yet to begin, and according to official estimates this process will cost the enormous sum of DM 8 bn. Therefore the latest step of nationalisation means not more socialism for India but merely more bureaucracy. One is forced to put the question as to whether this will be beneficial for the farmers and the consumers.

bw.

Third World

Brazil's Africa Policy

To a growing extent Brazil tries to build political and economic bridges across to the African Continent. The efforts are concentrated on the Portuguese colonies of Angola and Mozambique and also on Kenya, the Cameroons and Zaire. The primarily economic activities also seem to have given rise to fresh political hopes on the African Continent. Only recently the Kenyan Foreign Minister, Mungai, said on the occasion of the visit to Kenya by his Brazilian opposite number that only Brazil as the richest country in Latin-America could induce Portugal to set its African colonies free.

Looking at the whole problem, Brazil pursues its Africa policy rather cautiously. This shows itself especially in the fact that Brazil has not brought itself to realise its idea of a South Atlantic Pact with envisaged participation of the Republic of South Africa, Argentina, Brazil and Portugal. Apparently Brazil's activities in Africa are meant in the first place to serve the establishing of Brazil's leading position among the nations of the Third World. In its relations with Africa, Brazil is in a position to harpen on the fact that, within its borders, there is the largest population group of black people outside Africa.

It must also not be overlooked that there is the attraction of the African Continent as a market for the products of the fast expanding Brazilian consumer goods industry. There is already a marked competition between the two industrially developed countries, Brazil and South Africa, in Angola, and it is to be expected that Brazil will become a serious competitor also in other African states. It must be welcomed that a more advanced developing country intensifies its activities in countries of the Third World. At the same time, the question remains whether, in the end, it will in the majority of cases turn out to be the Brazilian subsidiaries of multinational companies that will benefit from Brazil's economic activities in Africa. Such a development would once more foremostly benefit the interests of such international concerns.

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