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Middle East

Israel and the Suez Canal

In the view of American experts Israel has a unique opportunity, a chance which once missed may never recur, to reach a de facto settlement with its enemies. The re-opening of the Suez Canal is of the utmost urgency to the USSR: It must have the Canal in operation to open its naval power the way into the Indian Ocean. Even more important is that the Trans-Siberian railway, which carries the supplies to their huge army at the Chinese border, is highly vulnerable and an alternative supply route is indispensable to the Russians. The way by sea through the Canal offers the only solution.

Their agent Victor Louis however met with a plain rebuttal, as did William P. Rogers and other US diplomats who urged a compromise. Although prominent Israelis, Dayan and Eban amongst them, appreciate the propitious political situation, all attempts have so far failed because of Golda Meir's stubbornness, her Masada complex, which is shared by many of her countrymen. It was on the Masada height that in the first century A.D. the Jews laid down their lives rather than be enslaved by the Romans.

Admirable though this attitude may be, it is not imbued with the spirit of compromise which alone can point a way out of the present deadlock. No UAR President can put his signature to a de jure agreement formally surrendering Egyptian territory and hope to survive. A de facto settlement allowing for the Canal to be re-opened and a more or less symbolic presence of Egyptian troops on its eastern bank would be a different matter. For once this waterway were available to the Russians, they would have no interest in a revival of fighting which would perforce close the Canal again. While there is no agreement, war may break out again at any time. The Israelis would be well advised to show readiness for a compromise, for no US Government can risk a war with the Russians because of their obstinacy. Or is there to be another Masada? hg.

China

Mao Knocks on the Door of the EEC

The announcement of the US President's projected journey to Peking has given rise to a great deal of speculation. While some people see it as a splendidly staged show, others believe that the Mao-Nixon summit meeting may contribute to peace in the Far East and end China's isolation in the political world arena.

The Chinese have hitherto left no doubt that they wish for a "normalisation" of their relations with the rest of the world. It is not surprising therefore that Peking is beginning to make contact also with the EEC. The Chinese look on a strong Europe as a counterweight to the superpowers and, besides, a potential foreign trade partner. Before the break with Moscow 70 p.c. of China's foreign trade was done with eastern bloc countries; today non-communist states are already accounting for 80 p.c. In view of the rapid development of trade between the EEC and China Peking would like to set up a permanent mission with the EEC Commission in Brussels.

It is of interest in this context that in the past the German-Chinese trade has shown a very positive trend even though there exist no official or semi-official arrangements between the two states. That there has been no normalisation of trade yet is due to Bonn rather than Peking. The Chinese have hinted on many occasions that in ignoring 800 million people the Federal Government does not show much perception for the reality of political facts. As German business circles also seem to exhibit increasing interest in the conclusion of a commercial treaty, Bonn would be well advised to intensify its efforts for the establishment of official contacts with China, and that not only within the framework of the EEC. crm.

Pakistan/India

Before an Explosion

The Terre des Hommes relief organisation has taken out large newspaper advertisements to protest against the murder of over a million Pakistani and the expulsion of at least six million people from East Bengal. For the first time it has also spoken up against a development which has hitherto been passed over in silence in Europe – the obstruction of relief measures by India. The meagre flow of relief funds is being diverted and curtailed by political intrigues, to say nothing of the wide-spread corruption which is by now accepted almost as an Act of God.

It may be argued that India is not among the richest countries in the world and its financial resources are in no way adequate to cope with the refugee problem. But is this an excuse for the special support with arms, ammunition and mines which is now being extended by India to the Awami League? Must not even the unbiased

observer suspect India of not wanting peace with bisected Pakistan but availing itself of an opportunity to ruin its hated arch-enemy?

It is tragic to see two states whose main task should be the speedy economic development of their countries endanger what little there has been achieved by now for the furtherance of the political ideas of a radical minority – at the expense of the population and to the detriment of peace in the world! The detachments of the Awami League are in part already operating by the methods of Vietcong guerillas. The world is watching India's mounting commitment with anxiety. It is common knowledge that Bengal is a powder keg. And yet, nobody does anything to avert the threatening explosion. In a few months' time it may be too late. Will the United Nations then have another debate? ke.

Africa

Back to the Middle Ages

Condign punishment is being meted out in Africa these days. That at any rate is the official version of what is happening in some states of Black Africa and the Middle East where political opponents who have incurred the displeasure of the men in power are, for questionable reasons of state, being sentenced to death without a proper trial. First in Morocco, next in the Sudan and then in Guinea it seems to have become a manifestation of national sovereignty to discard the "decadent" juridical methods of the unpopular colonial masters since they have departed.

In Europe, as also in the international organisations, these occurrences are causing dismay and, at best, timid protests. To do more would be against the principle of non-interference. But can, against a background of growing economic world cooperation, this principle be claimed to have as much validity today as in the times when each national state went its own way? The principle of non-interference is not invoked when African and Arab states urge increased economic and capital aid by foreign countries. Considering the shocking disproportion between development aid rendered and economic results achieved in these states every one of these military power demonstrations recalls the fights for reasons of prestige between the German princes in the Middle Ages.

Although development aid is nowadays given almost entirely in the form of tied resources, the time seems opportune for examining the opportunities open to the states of Africa and the Middle East themselves for raising their national economies to an appropriate level of development. The military ballast carried by these states is costly and largely unproductive. It justifies the conclusion that existing opportunities have not been fully utilised. hgs.

Latin America

Andean Investment Policy Ratified

The Andean Group's "Common Policy on the Treatment of Foreign Investment" has been adopted in the capitals of the five states Bolivia, Chile, Colombia, Ecuador and Peru, making it obligatory for foreign enterprises in these countries to transform themselves within certain time limits into mixed or national firms. Foreign direct investment will no longer be allowed at all in banking, insurance, transport, public utilities like electricity, water and telephone, and partly also in the heavy industrial sector, while in other sectors foreign interests may hold up to 49 p.c. of the total capital. If foreign capital holdings at present exceed this figure, it is stipulated that at least 51 p.c. of the stock capital of the enterprises in question must be disposed of to nationals of these countries. It has also been laid down that after approval by the competent authorities up to 14 p.c. annually may be transferred abroad out of profits.

These regulations must be put into force gradually in the next 15 years as far as Colombia, Peru and Chile are concerned and in 20 years in the less advanced Bolivia and Ecuador. That such long time limits are conceded may be regarded as an advance on the nationalisation practices which have hitherto become known in other developing countries because they give the enterprises affected sufficient time to adjust to this measure. Ownership rights, for instance, could be dispersed so as to give management control to the foreign investor with a 49 p.c. share in the capital even though the majority of the capital was held by native owners. Observers fear nonetheless that the ratification of this Andean Group treaty will very soon lead to negative results for the foreign commitments of North American and European firms. The psychological effect of the agreement on foreign investors is evidently being underrated in the countries of the Andean Group.

A decline in the influx of foreign capital and foreign technology may, in certain circumstances, retard the process of development in these countries and cause them to lag even farther behind the developed economies. The fact that the opportunities for the transfer of technology unconnected with capital investment are still extremely limited appears to have been overlooked. hh.