

nesian islands and President Sukarno's "new deal," rather than coming to terms with the rebels. And the credits, while possibly aiding some economic rehabilitation, might also merely encourage Indonesia to persist in policies that keep from it the economic help it needs most—namely, foreign private investments and managerial know-how.

Such help will certainly not be encouraged by the wholesale seizure of foreign enterprises, starting with the Dutch in 1957 and now being extended to British and other foreign interests. The Indonesian Government holds out the prospect of compensation, but at least in respect to the seized Dutch enterprises it proposes to pay compensation only after settlement with the Netherlands of all outstanding problems, which means only after the Netherlands surrenders West New Guinea.

This is tantamount to holding private investments for ransom for political and, in this case, imperialistic aims, thereby setting a precedent which could easily be applied to other nations. The Netherlands, a faithful North Atlantic ally, has reason to feel aggrieved, and it must be hoped that the United States will use its influence to persuade Indonesia to end practices that are both contrary to international law and suicidal.

Indonesia and Foreign Aid

In what is described as a reassessment of Indonesian neutralism the United States has sold arms and extended substantial credits to Indonesia in the hope of strengthening its resistance to communism. There are, indeed, indications that such resistance is growing under the leadership of the army despite its backing of a return to rule by Presidential decree to end party quarrels over President Sukarno's Communist-inspired concept of a "guided democracy."

But it would seem that caution must remain the order of the day. The Government will undoubtedly use the arms to suppress the remnants of a revolt that started in opposition to both Javanese hegemony over all other Indo-