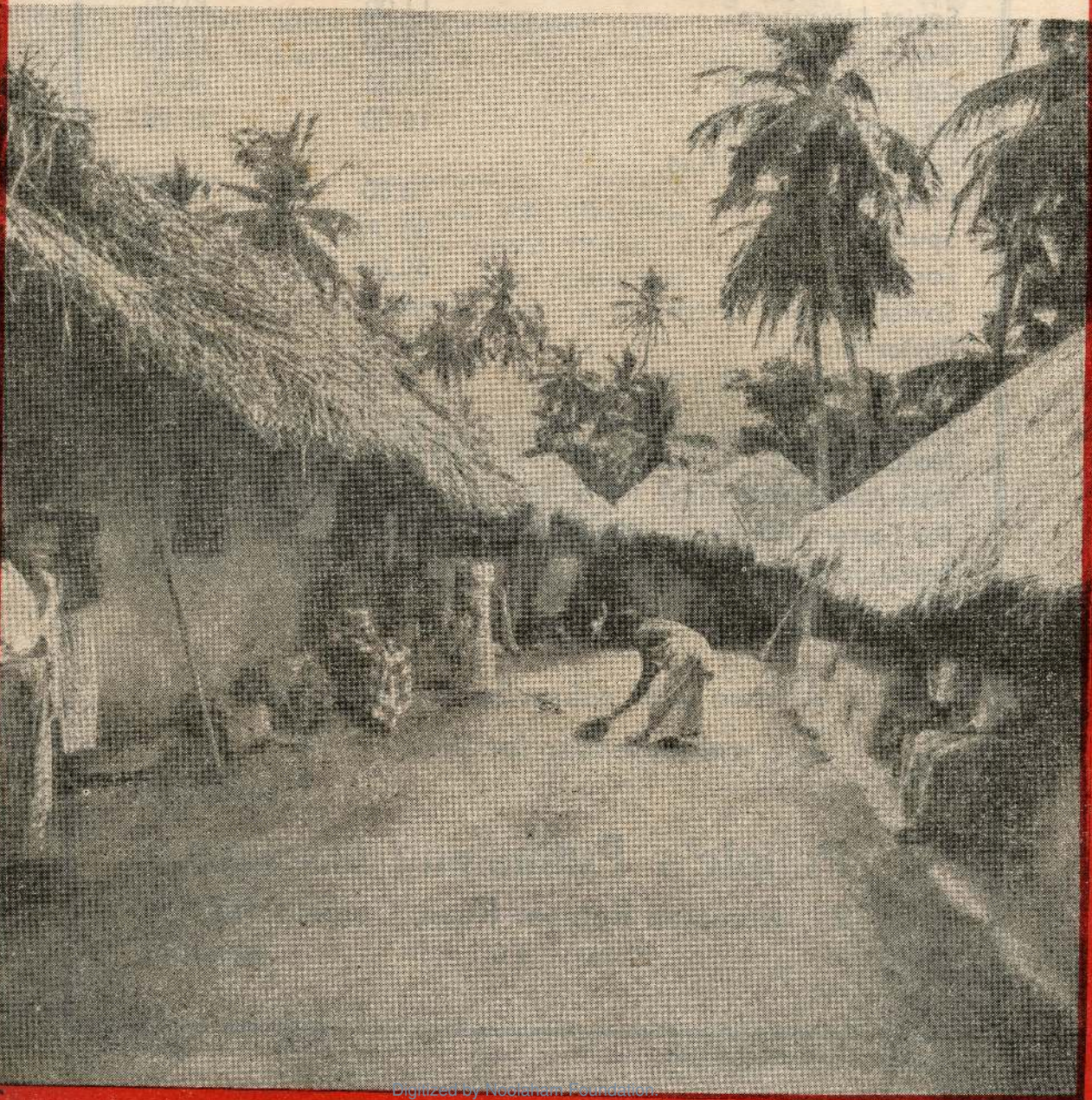


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People's Publishing House.
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Letter From The Editor

ON THE COVER we have a scene from the housing complex of a rural family. Originally, it was the home of a *pater familias* of the kind of joint family system that had prevailed in Ceylon right up to a few decades back. Vestiges and hangovers of this Sri Lankan kind of early tribal society still persist. (It is wrong to use the nomenclature of "feudal" to describe this system though western-educated scholars and politicians have done so in their anxiety to reduce everything in Ceylon to over-generalised European terminology). What was probably one joint family household, now harbours a number of closely knit families—Independent in some ways but tied in many others. Members of the "family", employed in towns or in government schemes, still regard this place as their *gama* (village) and *ge* (home). What is important in the current political context is that these households constitute the bedrock and bulwark of the voting population in the Sinhalese rural areas. The million dollar question of the day is how the people in these households have reacted to the new Budget. A preliminary survey in a few rural areas by *Tribune* investigators show that the higher intricacies of the Budget do not interest these people. They are not concerned whether the rupee floats or whether it is convertible or not. Foreign travel does not interest them. Our investigations reveal that the main thing that interests them in the budget is whether they will buy their rice at a reasonable price. The overwhelming majority of them come in the under Rs. 300 a month class. But they always buy additional rice if the price is reasonable. Moreover those among them who grow paddy are happy that the guaranteed price is now Rs. 40 a bushel. It has also dawned on them that the Budget is good for the farming community. Kerosene, water pumps, fertilisers, insecticides and other agricultural inputs will become cheaper and they know that agricultural produce will fetch reasonable guaranteed prices. The Rs. 50 "dole" to the unemployed (18 to 40) would add to the family kitty. Mahaweli and other projects will provide jobs for many people who are now idle. They are happy that some Dasa-like mudajalis have been cut down to size. THE REACTIONS among the urban dwellers, however, are different. They were the pampered lot under the Left-oriented budgets which had mistaken our urban lumpen elements for the "proletarian working class". The subsidised ration book meant additional income for this group. For many of the non-income tax paying "middle class" subsidised rice was a necessity, but not for the privileged "workers" in the CTB, CGR, Corporations etc. etc. The under Rs. 300/- class will still get their free rice but the cheap (-/72 cts. a lb.) sugar will be only for their children under 12. Their main worry at the moment is whether the Rs. 300 ceiling is on the basic salary or the gross. If it is on the basic, then a large number will continue to draw free rations, but if it is on the gross it will be the other way round. The Rs. 300 to Rs. 600 income (or salary) class are the most concerned together with a large number from the Rs. 600 to Rs. 1000 category. A sampling of opinion among them shows that most of them, as of now, are willing to forego the free rice as long as they can get open market rice at fair prices, say around Rs. 2/50 a measure. What they fear is that the profiteer will take over the rice market. It is also a fact that a large percentage of the free ration holders in town are bread-eaters and many, if not most of them, sell the free and subsidised rice they get on the ration to the blackmarketeer together with the bulk of the -/72 cents sugar they draw at the non-ration price of Rs. 5/- per lb. It is also well known that many free-rice ration book holders "sell" or "pawn" their books to black marketeers. It is this section of the lumpen "proletariat" which has now started to howl about the denial of free rice to those who earn more than Rs. 300 a month. It will be recalled that it is this group which had paraded the streets sometime ago shouting "...we don't want free rice..." But they sing a different tune now. If the government can keep the price of rice in the free market down to around Rs. 2/50 to Rs. 3/- a measure (i.e. Rs. 1/25 to 1/50 a lb.) this agitation will die a natural death. If the government can stop the long-standing racket of millers showing only 52% out-turn of rice from paddy and bring the whole of milled 70% into the government stocks (without it being siphoned into the black market) the free market price of rice can be brought down to Rs. 2/- or less for a measure. We do not need technicians from China to teach our millers how to mill paddy—some of our boys can teach the Chinese how to get 80%. In any case, the government has time until January 1, 1978 to make further adjustments in this scheme. Within a short time of this note being written the government has announced that co-operatives will sell any quantity of off-ration rice at Rs. 1.45 a lb, i.e. Rs. 2.90 a measure.

TRIBUNE

Founded in 1954

A Journal of Ceylon and
World Affairs

Editor S. P. Amarasingam
Every Saturday

November 26, 1977

Vol. 22 No 23

TRIBUNE

43, DAWSON STREET,

COLOMBO - 2.

Telephone: 33172

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EDITOR'S NOTEBOOK

Budget Speech—1

Colombo, November 21,

The Finance Minister took very nearly five hours to deliver his Budget speech in the NSA on November 15. He spoke in Sinhala and the speech was broadcast "live". The Minister did not stick to his prepared text—he had clarifications mainly about SLFP Ministers, SLFP Mudalalis and certain scandalous doings. (These can be read in Hansard). He frequently offered explanations in English. Altogether, it was an excellent performance. His voice did not show any tiredness even towards the end, but the signs of fatigue were visible at the Press Conference for local and foreign journalists at the end of the day.

The Press Conference and the "live" broadcast of the speech were new and welcome features. Unlike in past years, there were no complaints about the distribution of the text to the newspapers and correspondents. The Department of Information has consistently done an excellent job in the matter of information, publicity and public relations since the new government has come to power. The newsreels of the Film Unit of the Information Department too have shown remarkable improvement. Some of the latest news reels are of high calibre and excellent quality. In the past, the news reels of the Film Unit only portrayed the activities of Ministers and other big guns and cinema audiences had begun to shout and jeer everytime the newsreels came on the screen.

There is a major change in the making of government newsreels. Ministers, even the Prime Minister, have so far been incidental to the "news". It is to be hoped that there is no reversion to the old tradition of using the Film Unit to glorify Ministers, MPs and the like.

To come back to the Finance Minister, many of those who listened to the proceedings began to get a little tired of his all-too-frequent interruptions of his own speech to launch polemical onslaughts on the SLFP socialism, Sirimavo and the Dasa-UK-Piya-

dasa Mudalali Combine. There is an old adage about flogging dead horses; but what is worse is flogging horses that are dead and buried—and, though it may be argued that these mudalalis are still alive and kicking, the man-in-the-street knows who in the UNP Establishment are for these Mudalalis.

There was also disappointment among all listeners that neither the SLFP Opposition nor the TULF MPs enlivened the proceedings by means of appropriately-timed heckling, humorous interjections or caustic remarks from time to time. Apart from everything else, such participation would have helped the parties concerned to build a parliamentary image for themselves. It is a pity that the Opposition did not use the opportunity of a "live" broadcast to make their presence felt.

The Minister of Finance meandered through with the first part of his speech until 4 p.m.—interrupted only by his own clarifications and the applause from his own back-benchers enjoying outbursts against Sirimavo and the mudalalis. In the welter of his own fiery onslaughts against the SLFP, it was difficult to concentrate on the points he made about the state of the nation. It was only after the printed text was available that it was possible to examine his speech with the care it deserved.

But there was nothing new in the analysis he offered. It was the same as the theme during the election campaign and thereafter. What he said in the prepared English text was condensed and streamlined in elegant terminology—only a little different from vitriolic argumentation of the hustings.

The chorus was the same. "Mr. Speaker, the establishment of a free and just economy after more than 20 years of controls and restrictive practices which hampered and hamstrung economic growth and development is not an easy task. It is, in fact, a massive operation of the highest magnitude. This operation must be performed successfully and without killing the patient. The costs of freeing our economy, both in money terms and in the hardships which our people will be called upon to bear for some time cannot be under-estimated. We feel, however, that the sacrifice is worth the price

and that this is the only way which can lead our country forward from the gadarene slope of destruction to which the last Government had brought it. The period of transition from a completely restricted economy hemmed in by all sorts of controls which added to the burdens of the ordinary people to a free economy will be a difficult one. There will be big tasks and great challenges before us. Under the inspiring Leadership of the Hon. J. R. Jayawardene and with the support of the people, however, we are prepared to meet these tasks and these challenges and to lead the country forward. We cannot remain in the murky cess pool of economic stagnation for ever. We cannot go round the world begging for aid like international beggars for ever. We must get out of this vicious circle of no growth, stagnation and mounting internal and external debts."

The second part of the chorus spotlighted the legacy: "What was the legacy bequeathed to us by the Sirimavo Bandaranaike Government? I regret to state that we have been left with a country and an economy which has been completely run down over the last seven years. In the first place, our economy has been run down almost to breaking-point. Production declined drastically in the main spheres of economic activity in this land. The cost of living of the ordinary people went up by leaps and bounds, while real wages declined. The queues lengthened and hunger stalked the land. While the people searched for food in dust bins, the relations, friends and favourites of the Sirimavo Bandaranaike regime wallowed in the lap of luxury."

Then a few statistics were cited to illustrate the point. The third point was "Corruption and waste.. "Corruption and waste in all spheres of economic and political life became endemic in the last seven years. Under the rule of the Hon. Sirimavo Bandaranaike, the State Corporations and the Co-operative Societies became virtually dens of rogues. The rule of one family by one family to the detriment of all the people became the order of the day."

The fourth chorus: "Even more unpardonable is the way the Sirimavo Bandaranaike Government

The Debt Burden

destroyed the administrative system and the administrative structure of this country which was one of the best in Asia, if not in the entire so called Third World. Party favourites and stooges with no knowledge of administrative procedure and any pretence to administrative experience were suddenly brought in 1970 and replaced well-trained and well-experienced administrators who had been the steel frame of the administration almost since Independence. It took these new Secretaries of Ministries and Heads of Departments several years even to grasp the a, b, c of administration. In the meantime, the entire Sri Lanka administrative system which was a pride by any standards went to rack and ruin. It was no wonder then, that the last Government could not get any of their schemes going because they had destroyed the very foundations of the administrative system which had to implement and execute these schemes."

Mr. de Mel then went on to say how the plantation economy (tea, rubber, coconut), paddy agriculture, industry, fisheries, the transport system (including Air Ceylon), the sea ports and cargo handling had deteriorated beyond description. He then detailed how Education, Health Services, the Irrigation system and the system of Justice had begun to collapse. He concluded the introductory part with a touch of polemical fury: "Mr. Speaker, it could surely be said of the Sirimavo Bandaranaike Government that there was nothing that it touched which it did not destroy or ruin. Family misrule and feudal tyranny reminiscent of the last days of the Kandyan Kingdom reigned supreme. In the field of Culture, Sri Lanka which was once famous as a Dharma Dweepa became an Adharmista Dweepa and the only development that occurred in this field in the last seven years was the mushrooming of liquor shops—326 in all! We are already taking action to remedy this state of affairs. Directions have been already given to cancel 135 of these liquor licences."

After this preliminary opening to create the necessary atmosphere, he went to retail "facts" on the economic situation—facts which are not new and which are

well-known. But, for the sake of the record we will refer to some of the more significant facts which he highlighted. "During the last seven years, the Sirimavo Bandaranaike Government increased the Debt Burden of the country in a manner unprecedented in our history since Independence. Our total Domestic debt rose from Rs. 6,295 million in 1970 to Rs. 12,691 million in 1976. Our Foreign Debt rose from Rs. 1,578 million in 1970 to Rs. 4,968 million in 1976. Our total Debt rose from Rs. 7,873 million in 1970 to Rs. 17,659 million in 1976. A proportion of the Foreign Debt has been incurred at high rates of interest, and even

our future tea crops have been mortgaged to foreign countries!

The burden of debt repayment and debt servicing will be a heavy one and will be a permanent drain on the Exchequer. On the one hand, our debts have been increased, on the other there is no production or investment to show for it."

Mr. de Mel could not resist the temptation to have a swipe at the former PM. "Honourable Members will, therefore, see how the Sirimavo Bandaranaike Government mortgaged the future of this country and generations still unborn for the ephemeral glory of holding International Conferences and cutting a figure on the Inter-

BRICKBAT

*PAVEMENT HAWKERS. The *Sunday Times*, November 20, published an interesting letter. It read: "Whilst the traffic police are erecting 'Silence Zone' signs all over the city and are making a valiant effort to enforce the no-horn rule, another menace has raised its hideous voice. Pavement hawkers; itinerant medics; maniacal circus performers and others out to earn a quick and dishonest buck have, it would appear, come to the conclusion that the more noise you make and the louder you shout the faster the turnover. But worse than all is that these tricksters have also realised that the more filthy and vulgar the jokes they crack are, the quicker they can hawk their wares. It is indeed a pity that the streets of this once clean city of Colombo Fort—clean I mean in more ways than one—are now the pitch for the scum that descend on this city and pollute it with their ear splitting shouts and vulgar jokes. It is clearly time that the powers that be realised that Colombo Fort is primarily a business centre. It is the think-tank of our economy and if the government hopes to make any worthwhile progress the businessmen must be given a modicum of peace and quiet to work in. By all means let a poor pavement hawker sell his wares but when he does it in such a manner that he disturbs the peace and quiet of the business neighbourhood surely it is time to draw the line. By all means let a poor itinerant medic sell his pill on the pavement but when he creates such a disturbance that it effects the output of a bank clerk and top management alike, it certainly seems about time something was done about it. Let the maniacal circus performer and his tribe entertain the crowd and earn a living but when he devastates the silence zone with his savage cries let something be done to stop it. And, above all, when vulgarity and shouted obscenities become the language of the pavements surely it is time that the highest in this land stood up; took notice and cried halt."

The letter speaks for itself. No comment is needed—except to throw brickbats at those responsible for permitting our pavements to become a dangerous hazard to all peaceful citizens. The vulgarity indulged in by these pavement hawkers must be heard to be believed! It is not only in the Fort, but everywhere in Pettah, the hawkers have encroached on the legitimate rights of others. There is no room in the Central Bus Stand area for buses. Pavement hawkers have taken over. And along Norris Road, the hawkers have encroached six inches to a foot into the road. Even if the parking of cars in an area like Norris Road is a "bourgeois" aberration, proletarian pedestrians have to fight their way to keep away from the crown of the road to avoid whizzing buses, lorries, cars, jeeps and scooters. Pavement hawkers—standing a foot away from the edge of the pavement—have become an offending menace far worse than the motor traffic. More Brickbats? At whom? Minister Premadasa must take note! And do something!

national Stage. History repeats itself, and it is not strange that those who betrayed and sold the country in 1815, 1818 and 1848 have also betrayed and sold the country for their personal gains and personal advancement from 1970 to 1977." (This is a case of mixing history to suit an argument, but it is not necessary for us to join issue on this matter).

He kept on the same tempo when he went on: "This, Mr. Speaker, was in brief our legacy. This short analysis gives only a little impression of the mess in which the Sirimavo Bandaranaike Government has left this country. It reminds us of the famous phrase of Metetrnich: *Après moi le déluge*—After us let the whole country be destroyed—seems to have been the basic philosophy of the Sirimavo Bandaranaike Government."

And he drove the point home: "This philosophy is well illustrated by the totally reckless and irresponsible financial and economic policies pursued in the last two years of the Sirimavo Government just before its downfall. I refer, in particular, Mr. Speaker, to the inordinate increase in the money supply by as much as 60 percent in the 18 months ended June this year, an increase unparalleled in any country, and the insane revaluation of the Sri Lanka Rupee by 20 percent in March this year, a revaluation which had no basis either in fact or in theory. The very inflationary pressures which these two measures unleashed led to the downfall of the Sirimavo Bandaranaike Government."

At this point, he switched on to some of the positive steps taken by the new UNP Government, to rectify this situation: "We have already adopted a strong monetary and fiscal policy. We have allowed the rupee to float down slowly and gradually to more realistic levels by a 'crawling peg' type of system and we have increased the minimum Lending Rate of the Central Bank and the interest rates for deposits in the National Savings Bank with a view to mopping up the excess liquidity in the monetary system. These and other measures which will be announced in this Budget will, I trust, alleviate in due course the present inflationary pressures in our economy."

Mr. de Mel does not, of course, mention that "floating" the rupee

by a "crawling peg" system is a well known device of the IMF which has come in for a great deal of criticism in many countries. In fact, Mr. de Mel does not mention the IMF—except towards the very end of his speech in the most cautious and guarded language. We shall deal with this later.

He then proceeds to set out the guide-lines to "revive and resuscitate" the economy which has been run down in the last seven years.

Understandably, he gives the impression that all the measures he details to resuscitate agriculture, industry, fisheries, housing, and employment were devised by a group of UNP think-tanks—without disclosing that the formula applied is a well-worn IMF one; a formula that can produce good results if the IMF and the Western bankers underwrite the "gamble" (for gamble, it is) with adequately large and generous doses of investment capital, cash loans and grants for recurrent (including consumer) expenditure. If the project is under-capitalised or if the manpower (the working people in the country) do not respond adequately to bring production up to the required levels, the gamble will fail—as it has happened in many countries—leaving the country experimented upon in poverty and in a completely bankrupt state. The only consolation is that if the IMF experiment in Sri Lanka—we will unfold the details as we go along—fails, then the people of this country will have no alternative but to cancel all debts, foreign and domestic, and make a fresh start. Only a revolutionary government, with strong revolutionary governments in neighbouring countries in the region, will be able to do this.

The IMF and what is left of world capitalism are lending unprecedented sums of money to Sri Lanka and are offering assistance unheard of before (and permitting limited subsidies, a reasonable measure of welfarism and parliamentary civil liberties) to prevent revolution taking root in this part of the world. The new IMF experiment in Sri Lanka is one in which the capitalist, the third and the socialist world are deeply interested. Next week we shall examine the methodology of a new programme that capitalism has devised to perpetuate

itself in the contemporary era by creating a "free economy."

For a small country like Ceylon, a free capitalist economy can do wonders. It can bring prosperity and a high per capita income as in Singapore. But whether Sri Lanka can become a "rich country" for all time like Switzerland is another question which takes us into the realm of speculation.

For the moment, let us go on the "crawling peg system" with our Finance Minister and see what he has to offer.

(To be Continued)

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BETWEEN THE LINES BY SERENDIB

- ① IMF Kangany
- ② Virtues Of Debt
- ③ CGR's Buying List

*IMF AND SRI LANKA. In a pre-budget briefing the Finance Minister, Ronnie de Mel, had reacted angrily to the LSSP criticism about the IMF stationing a man in Colombo permanently. The LSSP described the IMF official—with full diplomatic status—as a "kangany" to oversee the country's development effort. The LSSP had implied (without saying it) that thus permitting the IMF to post a man here was an infringement of our sovereignty. Though Mr. de Mel indignantly defended the government's action in agreeing to have the IMF man here, there is no doubt the IMF man is some kind of glorified kangany. Ronnie's defence was apologetic, but the simple fact is that a creditor has certain rights. If a farmer or an industrialist borrows from a local bank, he has to allow the Bank's representative to oversee his enterprise—this is no doubt an infringement of his personal freedom. If a private person borrows from an international bank he has to agree to a regular check by a representative of the foreign institution. So also with countries, nations and governments which borrow. And, what is wrong with a kangany anyway. In the days, when kangany ran the tea plan-

tations, everything had gone well. Now there are no kanganyas—there are only "welfare officers"—and everything is in a mess.

The LSSP will argue that the IMF kangany is akin to a foreign pro-consul. In the bad old days of colonialism, we were under a Governor appointed by the King or the Queen of England. On paper, the British monarch's representative disappeared only in 1972, but in reality they had exercised no real power after 1948. In an era of neo-colonialism, poor countries like Sri Lanka, have to put up with international Banker's representatives until it frees itself from foreign debt beyond customary allowable limits. Even countries like Great Britain which recently had to borrow on a massive scale from the IMF permitted a whole team of IMF kangany to be stationed in London.

As long as the IMF kangany in Colombo does not start sending chits, like our MPs in the days of the SLFP and LSSP rule, to our Prime Minister, Finance Minister and other Ministers to do this and do that, his presence will not be obnoxious. It will certainly hurt the pride and "nambuwa" of a certain class of Sri Lankan who

takes his "national independence" too seriously. But the ordinary citizen just doesn't care. As long as the government gives him rice and curry, his sarong and shirt, a house to live in at reasonable cost and job to pay for all this, the ordinary Sri Lankan will not bother about the IMF man. If the government falters and fails to deliver the goods, the IMF man will become one of the first targets of his frustration, disillusionment and anger.

Mr. Ronnie de Mel also pointed out very correctly that the LSSP is in no position to complain about having an IMF man in Colombo. He said that the LSSP Finance Minister, N. M. Perera, worked closely with the IMF. There is no doubt that N.M. had become a darling of the IMF. He chided the IMF from time to time in his Samasamajist jargon, but the IMF chieftains probably never took him seriously—they rightly thought that NM had his electorate to keep happy with such talk. Furthermore, the LSSP had to salvage its credibility vis a vis the people.

Before coming to power, the LSSP (and the SLFP) had regularly scolded and abused the IMF: had threatened to throw the IMF out

of Ceylon by declaring **UNI** (unilateral independence) from the IMF: abolish the neo-colonialist FECCs system and with a self-reliant socialist economy liquidate all connections with the IMF. Memories are not so short as to forget just what the LSSP Finance Minister and the United Front did. It went along with the IMF, except to make symbolic gestures by not agreeing to a straight-forward devaluation or an undisguised removal of food subsidies.

But the LSSP Finance Minister did most things the IMF wanted under cover—underground. There was indirect and invisible de-valuation through several devices. The rice subsidy was not cut, but other measures were taken and levies imposed in lieu of cutting the food subsidies. And, what is worse, instead of having one IMF kangany permanently in Colombo, there were several teams of IMF kangany visiting the island in relays from 1970 to 1975 (with NM as Finance Minister) and also from 1975 to 1977 (with FRDB as the Finance Minister). There is no doubt, today, that IMF officials have descended on the island like a plague, but at the least the Finance Minister and the government can say that they have got enough money to bail out the country from the financial mess that stemmed from chronic economic stagnation. Earlier with all the visitations of the IMF to this island and all the direct and indirect kowtowing our government did to the IMF in Washington, we did not get enough money to do what had to be done. It is a different story today.

Even from before 1956, leftist jargon, clichés and slogans had filled the political atmosphere of the island. The IMF was one of the main targets of anti-imperialist propaganda. Even the pro-west UNP was compelled to take a defensive attitude to these imperialist agencies. The pro-left SLFP (and LSSP Coalition governments) wanted the best of the IMF whilst attacking it on platforms. In fact, the LSSP Finance Minister had become so enamoured of his own prowess over the IMF that he

BOUQUET

*THULHIRIYA. Minister Ronnie de Mel was harping even just before the Budget Speech that THULHIRIYA was on 20% production—owing to the mis-management of the SLFP. It was no doubt that good polemic against the old regime, but *Tribune* sleuths have discovered that a great deal has changed in Thulhiriya in the last four weeks. Readers will recall that Thulhiriya had reached the peak of its production many years ago when a gentleman called Joe Silva was its Managing Director (or Chairman) during Minister Subasinghe's time. But Joe was an administrator who insisted on discipline and work—proper and adequate work for the salary drawn. There were trade unionists who did not want discipline—enforced by anyone except themselves. These Trade Unionists had the ear of some in the Ministry who made the decisions for the Minister. And so it happened that Joe was thrown out unceremoniously although a large number of the work force wanted him because of his managerial skills. After that Thulhiriya went down the hill until zero point was reached at the bottom. Production finally wobbled around 20% after a great deal of effort. Everybody bemoaned the sad state but couldn't do anything. Then the UNP won. The workers wanted Joe back. Minister Wijepala Mendis gave Joe a free hand. And a miracle has taken place. In just four weeks production has begun to hit the 85% mark—from 6000 yards a day to 40,000, so far. Three shifts will soon operate. New recruits are taken from the unemployed in adjoining villages and not on MPs-chits. A new rapport and mutual co-operation has been established between Thulhiriya and the neighbouring villages. With Thulhiriya reaching 90% production, Sri Lanka will soon be self-sufficient in textiles. The story of Thulhiriya must be written about and spoken about in all the media to show how production can be successfully organised. A Big Bouquet to Joe and the workers at Thulhiriya.

had in 1973 or thereabouts boasted that the IMF had accepted Sri Lanka "left" (LSSP) advice as to how to refurbish its policies. At one moment, LSSP propaganda had given the impression that NM had become the saviour of the IMF.

The Dudley Senanayake government (1965-1970) had tried to go along with the IMF but had not been able to do so because it was inhibited by apprehensions of the strength of the United Front Movement and the oncoming 1970 elections. But after the total and complete failure of the so-called "leftist" and "radical" policies of the UF and the SLFP between 1970-1977 and the overwhelming victory of the UNP in July, the JR Government plucked up courage to go the whole hog with the IMF.

It is a sink or swim gamble. And the IMF kangary is the least of the evils and the dangers inherent in the effort. But, if the gamble comes off, Sri Lanka can look forward to a period of prosperity and stability—at least for a time—in the turbulent world of today.

***THE PUBLIC DEBT.** It is, however, necessary to remind ourselves that as a country and as a nation we are deep in debt. Gamini Navaratne summarised the situation very well in a piece in the *Sun*: "Individually many of us are in debt. As a nation, too, we are in deep debt, now to the tune of Rs. 17,735,000,000. This is 35 times what the Public Debt was at Independence. In the early post-Independence years, the Public Debt increased but quite slowly, the rise up to 1966 not exceeding Rs. 100 million in any year except 1951. Therefore as Government spending expanded and budget deficits became the order of the day, the rate of increase stepped up, the total topping the Rs. 5,000 million mark by 1967. In 1970, when the United Front came to power, the total stood at Rs. 6,888 million. By the end of 1976, it had almost trebled to Rs. 17,659 million. The biggest increase Rs. 2184 million and Rs. 3095 million, were in 1975 and 1976 respectively.

"The Public Debt consists of two parts—the external or foreign debt and the internal or domestic debt. Of the present total of Rs. 17,735 million, the domestic debt is Rs. 13,324 million, the balance constitutes the foreign debt. The burdens of the two debts are quali-

tatively and quantitatively different. The external debt is owed to foreign governments and financial institutions. The bigger it is, the bigger the burden and limitation on the economy, because the payment of interest and the repayment of the capital require the export of goods and services. As such, it can cast a heavy burden on future generations. In 1976, repayments and interest on the foreign debt amounted to Rs. 1432 million, or 52 per cent of the gross loan proceeds received that year and 20 per cent of the total export income.

"The domestic debt is owed by Sri Lankans to Sri Lankans. So there is no direct loss of goods and services in the payment of interest and capital. But there is a heavy indirect burden. To pay interest on the huge debt, the government would have to resort to more and more taxation and heavy taxation always serves to distort national effort and production. More, the interest payments involve a further transfer of money from the haves to the have-nots, while the taxes affect everyone. This is because those who receive interest are generally people in the high income brackets who hold government securities directly or through banks, insurance companies or other institutions. The major share of the domestic debt consists of rupee securities, the gross total now exceeding Rs. 9000 million. Other items include Treasury Bills (about Rs. 2750 million), Tax Reserve Certificates (Rs. 50 million) and Central Bank advances to the government (Rs. 600 million). There is however, no transfer of the burden through time, as in the case of the foreign debt, unless less capital and equipment is passed on to posterity.

"On the other hand, the Public Debt has some advantages. Purchase of Government securities provides a means for banks, insurance companies and other financial institutions to invest their surplus funds and earn interest. Otherwise, this money would be idle and these institutions would have to levy higher service charges from customers. To increase national production and reduce unemployment, the Government has to spend. And when it cannot raise sufficient funds by taxation

to balance the budget, borrowing is the only outlet. The Public Debt has become a necessary evil!"

Debtors, like beggars, cannot be choosers. Sri Lanka now can pay its debts and the interest thereon only by further borrowing. What is needed are loans large enough to pay the interest and debt repayments plus have some money for development—to get back into business.

***METHOD IN MADNESS.** One of the greatest dangers facing this government—it was the same evil that brought disrepute and economic disaster to all previous governments—is the attempt on the part of certain bureaucrats and ministers to stampede the government into making heavy (and unnecessary) purchases abroad. The grave-yards for junk in many departments—Irrigation, Railway, PWD, Agriculture, Land Development etc.—bear ample testimony to the billions spent on importing expensive equipment which could neither be looked after properly nor used at all.

And, again we hear the same cry for massive imports of new equipment.

One of the first in the field is the CGR. *Tribune* has cited last week the press interview at which the Minister of Finance listed Minister Mohamed's requirements to bring the standard of the railway to the conditions obtaining in 1970—viz 200 locomotives and 1000 wagons and coaches and so on and so forth.

Most Railwaymen are amazed at the proposals. The 200 locomotives, 1000 wagons and coaches (presumably 1000 of each) required for this purpose may cost at present day prices and exchange rates between 2500 to 3000 million rupees, sufficient money to build another Railway of the length we now operate. We have only 950 miles of Broad Gauge and 30 miles of Narrow Gauge. In 1970 the Railway had about 135 Diesel locomotives in service and this number was expected to replace the Steam locos. In July 1970 except for a few of the latter operating in the North the service was dieselised and the steam locos still operating were due to be withdrawn in a few months. Of this number of 135, 87 were brand new having been put

Commissions And Cuts?

into service in 1969 and 1970. A Diesel locomotive will run more than 25 years.

Since 1970 the Railway has acquired another 14 locomotives of high power for up-country service. The story of this purchase and the difficulties encountered were pointed out in the *Tribune* many times. The locomotives are, however, operating in other areas. The Railway also had 45 power-coaches in 1970. 20 new ones were bought during the last 3 years. But out of the 60 or so now available only about 25 to 30 are in service.

Mr. Mohamed has now requested money for 200 more locomotives. Does he propose to scrap all the existing ones and the second-hand ones from India also? Even then the figures do not add up, allowing 15 for K.V. line a figure well above the requirements for the 18 miles to Homagama. It is true that all the locomotives except about 20 are in a bad state of repair.

The output of the Ratmalana Workshop has dropped to less than one third of the requirements to maintain the service. But all the locos now in service can be put back into normal working condition except for a few of the older shunting type. Mr. Rampala had proposed that instead of buying the 16 locomotives now on tender that the money be utilised to repair 25 locomotives and 40 power coaches. According to Railway circles he had already taken action to put back to normal working 29 locomotives. The Planning Department accepted these proposals, but the very next day he left, the tender was put back.

A quip in the *Week End* of the November 13 appears to indicate the activities behind the scenes.

The Railway Workshops were reorganised by Mr. Mohamed recently. The Chief Mechanical Engineer was removed and there were other proposals to move some officers to safe places. According to his (CME) evidence he had built 8 locomotives locally. This we understand was not assembling but designing and building the complete chassis and only buying the engine and transmission as normally done by locomotive builders.

His reward was to be thrown out of the place.

A team of Technical Experts from the Asian Development Bank examined the working of the Railway only about a year ago and their view was that the Railway would not need any locomotives till 1980, after allowing for the growth in traffic.

The Railway had in service in 1970 about 1100 coaches in all. About 300 of these are stopped for repairs according to various reports. We understand that except for about 100 they would be repaired. Provision has been made in estimates in 1978 to start this work. The 100 Romanian coaches bought to bad specifications will make up for this.

The Railway had about 4500 wagons in 1970 but of which 800 are stopped. As far back as 1935 the Railway built its own wagons and coaches including tank wagons. It may be necessary to buy some special wagons for which provision has been made in 1978 estimates. The purchase of any new locos or coaching stock would take another 15 or 20 months. But before this time a good part of the existing stock could be repaired.

The *Tribune* pointed out recently, that it is not necessary to go to India to find out if the Indian locomotives are suitable. After the Minister and party the GMR and his assistant, the latter having gone with the Minister has gone again. All the information required can be obtained on the phone in 5 minutes.

To conclude it would be appropriate to cite the *Weekend* para under the heading TENDER CUTS: "Tenders which have been cancelled by one adviser for good reason or bad, are being canvassed at a rate by other advisers. Some people don't appear to be able to keep to the rails. Now the canvassing has taken so many turns that they say even the VIPs cannot straighten the thing. All the talk about tenders is that they carry cuts. While one big wig boasts at the bar that he will get the Cut, because he helped a VIP, the other boasts about cutting his throat. So the battle rages on with brothers, sisters and in-laws all getting involved in cutting the cake that

will bring them the tender and all the nice cuts it promises."

The tender cuts refer to "rails" —or the railways. Everybody in the top echelons of the CGR and many others know what it all means. Only the top echelons of the government seem to be ignorant of what is going on. Or is it that paralysis of a kind has begun to affect some people?

* * *

WORLD TRADE WAR

Currency Confrontations

by The Recorder

The daily papers in Colombo published a report datelined November 10 from New York under the headline WAR OR PEACE—NEXT 80 DAYS WILL DECIDE. The report read: "The next 80 days will decide whether there is going to be peace or war in world trade," said Mr. Wilhelm Haferkamp, the vice-president for External Affairs of the EEC and the Common Markets Minister in charge of negotiations. "The central danger relates to the multilateral trade Negotiations in the GATT. After four years of preparations, they are reaching the moment of truth. This is a venture that has great risks and great prizes. What we are trying to do is to settle the world trading system not for one year or two but for the 1980s. This would mean an ambitious program of tariff cutting extending over most of the decade." He warned that the alternative of renewed trade barriers between nations meant economic war. "If these negotiations fail this will be a great and dangerous victory for protectionism. The motor of trade liberalisation over the last 30 years will be seen to have failed. The trade barriers torn down since the war could very quickly be set up again. This would mean a return to the jungle of trade restrictions of the 1930s. It would mean a return to the dole queues and the kitchens. It could mean the return in Europe of banners on the streets and torches in the night. The next 80 days—that is between now and the end of January—will decide whether these negotiations will succeed or fail, whether there is going to be peace or war in world trade."

This trade war has been gaining in momentum and acerbity in recent months and is now threatening to explode. The *Far Eastern Economic Review* (FEER) of November 11, summed up the situation thus: "The sharp rise of the yen and the harsh words between Japan on the one hand and the United States and Western Europe on the other are only the more visible signs of trade skirmishing which threatens to degenerate into war. Pressure for protectionism is growing almost everywhere, with Europe in the lead and the US not far behind, putting at risk the manufactured exports of developing nations even more than trade between the major industrial groups. Meanwhile, the contrast between Japan's successful marketing and the inability of foreigners to make inroads into Japan's consumer market is arousing the wrath of rich and poor nations alike."

The trade war has once again brought to the forefront the question of protectionism. The Business Editor of the FEER in the same issue has summed up highlights of 'the game everyone wants to play.'

"Protectionism is someone else. It is the great international finger-pointing exercise, the universal search for a scapegoat. But whereas in the past nations were about as keen to admit to it as to leprosy, the disease has acquired synonyms designed to make it attractive. Quotas and voluntary restraints were once regarded as sores, now they are viewed as chic beauty-spots renamed 'orderly marketing arrangements' and 'ordered liberalism' and are provided with intellectual rationales. But to attack protectionism is not to solve it: the pressures are strong because the short-term rationale is strong. And no nation has a monopoly or righteousness."

"The three most evident players are Japan, the US and the European Economic Community (EEC). But equally important are the developing nations and the organisations of Petroleum Exporting Countries (OPEC). It is the latter that have created the marginal changes which have had a critical impact on the others. The United States is supposedly in the forefront of the Japanese export onslaught, and certainly the source of most of

Japan's trade surplus. While still the source of the most advanced technology, it lags in the application of new techniques to older products such as steel. Its protectionism has perhaps not been as pronounced as that of Europe, but it has the capacity to do most damage because of the size of its market, and its higher degree of self-sufficiency makes its legislators feel it would be a winner in a trade war.

"The US has never been in the forefront of free trade thinking. However, political considerations should ensure that its protectionism is neither sudden nor sweeping. Most of America's solid allies—particularly in Asia—have been fed and have mostly prospered on a diet of capitalist and free-trading economics which cannot lightly be abandoned. And its banks are anxious that developing country borrowers will be able to service their debt. With the dollar remaining the major reserve currency, trade deficit problems are not treated as seriously in the US as elsewhere, which may be inflationary but by creating additional liquidity eases others' problems. The US also has an important bargaining card—agriculture. Neither Japan nor the EEC attacks on US protectionism can be taken too seriously while they protect their farms so keenly.

"Europe is the original fountain of free trade theory and practice. But the past has caught up with it. Both free-trading principles and former imperial connections have meant that the EEC has provided by far the largest market for the manufactured exports of developing nations. But European technology has lagged. The theory that a single European market would create a vast domestic market and provide economies of scale outstripping the Americans and Japanese has fallen foul of nationalist and socialist tendencies. Europe is now the prime source of protectionist rationalisations. It has the worst employment problems of the three industrial groups, at least relative to its own expectations. Less import-dependent than Japan it sees in a new inward-looking attitude (bolstered by North Sea oil) the best short-term defence of its complacent prosperity. But recollecting its need for raw materials and markets, some

of its members hanker for a division of the developing world into spheres of influence, with Europe 'taking' Africa, leaving Southeast Asia to Japan and South America to the US.

"Japan—in theory as liberal now as anyone on trade and capital flows—is the centre of the current storm, for two very different reasons. The penetration of its imports in certain industries in Europe and the US has reached the limits of tolerance of domestic producers, unions and legislators. And its payments surplus is compounding world problems of payments, inequilibrium created by the oil price rise. The surplus is not so much a function of excessive exporting as of decline in the rate of growth of domestic demand. The payments and market penetration issues are separate but have, not surprisingly, become one in the minds of politicians. The recent sharp rise of the yen may reduce the surplus problem and transfer some unemployment from the West to Japan, but it will do nothing to reduce skirmishing on individual products.

"Japan may not deliberately put obstacles in the way of imports, but is perceived to do so by its trading partners because of the end-result—very low imports of manufacturers, especially consumer items. In political terms, it is the end-result that matters, not the precise cause. Japan is distrusted in Southeast Asia as well as in the West. Its failure to purchase manufactured goods from developing nations in the region has forced countries like South Korea, Taiwan and Hongkong to concentrate their energies on the West. In turn, their market penetration has helped set off the protectionist pressures all around. Unlike Europe, Japan does not appear ever to have had an intellectual commitment to free trade, and its every move is interpreted as opportunistic.

"Among the developing nations, the poorest will have to find their own salvation. But middle-level developing countries, which have benefited most from the relatively free trading environment of the past 30 years, have most to lose. Their economies are export-orientated and specialised, geared to growth and high expectations. Several have borrowed very heavily. A protection-induced world recession might hit primary producers

Rich Nations' Trade War

hardest. But new barriers to individual manufactured items, especially in Europe are the most serious threat to sustained growth and diversification of industrial exports.

"The developing world can take credit for sustaining world demand in 1974 and 1975 by heavy borrowing, but it generally does not display the enthusiasm for free trade which it urges on the rich. Hitherto, rich nations—preoccupied with relations between each other—have barely noticed this protectionism, regarding it as no treat and perhaps justifiable for 'infant' industries. However, now that a high rate of industrialisation and improvement in income distribution has been shown to have a correlation with low tariffs, developing nations might see domestic as well as international advantage in going against the protectionist trend. Once manufacturers get accustomed to protection, it is well nigh impossible to remove—as nations as diverse as Australia, France and the Philippines have discovered.

"OPEC was the catalyst that created the trade imbalances which fuelled inflation which reduced rates of growth which increased unemployment which increased protectionism. So far, financial mechanisms have withstood the strain remarkably well. But the economic and political systems of Western countries have proved unable to respond to the challenge of rapid adjustment of consumption and production patterns. Hence 'solutions' have been short-term, beggar-thy-neighbour policies. OPEC will not go away, but neither will energy prices rise.

"Whatever may—and must—be said about protectionism in Europe it is now clear that developing countries must start looking elsewhere for their industrial markets. The declining rich are realising that the transfers of technology and capital they have made since World War II have caught up with them. South Korea can make steel and ships too, and on wages one-tenth those of West Germany. Meanwhile, the Western nations have lost the drive and spent the savings needed to keep far enough ahead of the newcomers technologically, and are unable to afford to see their markets for less advanced goods swallowed up by competitive produ-

cers. What is now happening is that some countries—like Japan earlier—have actually developed. Contrary to UNCTAD's thinking, the rich do not necessarily get richer and the poor poorer. The once-poor pose a challenge to the old rich, who are responding with protectionism. Even if Europe and the US do overcome their current problems, their import demand will not grow as fast as in the past, if only for demographic reasons. Thus, hopeful developing exporters must look elsewhere for a new market. Most notably they must look to each other and to Japan to sustain the growth of world trade by supporting with deeds the words specialisation and comparative advantage. The middle-income developing nations must battle protectionism not only among the rich but also among themselves."

The whole comment has been reprinted because it brings out every aspect of the problem. Apart from discussions at GATT in Geneva, the trade war manifests itself in declining value of the US dollar and the appreciation of the Japanese yen.

The *Time*, November 7, "If American Treasury Secretary W. Michael Blumenthal changes some money this week to pay for a Pucci tie while in Rome or for a Solingen carving set while in Bonn, he will suffer a shock familiar to other American tourists these days: the dollar is sinking again. Since January the German mark has increased 5.8%, the Swiss franc 11.3% and the Japanese yen, now at an alltime high, 16.2% against the once omnipotent dollar. The latest saga of the skidding dollar has been caused by a combination of huge American trade deficits and nervous international money markets. The US balance of trade loss this year will probably reach close to \$ 30 billion a figure that would have caused a major financial panic only a few years ago. US Treasury officials are predicting another \$ 30 billion deficit next year. Nearly half of American oil supplies now come from OPEC; this year they will cost \$ 45 billion. Policy-makers like Charles Schultze, chairman of the President's Council of Economic Advisers, warn that "unless we do something about our energy imports, trade will turn into a real problem for us."

"Adding to the yawning US trade gap is the sluggishness of the world economy despite healthy American growth. Washington policymakers insist that this global stumble has hindered US exports. Nevertheless, they say that there is no alternative to the present policy, since an American attempt to pay for all US imports with exports would only deepen economic woes in the rest of the world, especially the developing countries. In any case, officials here are still unhappy over the failure of the other two locomotive economies, West Germany and Japan, to help pull world growth along. Impatience is particularly strong with Japan, which promised at the London economic summit in the spring to run a trade deficit of nearly \$ 1 billion this year, now it appears that Japan will actually enjoy a surplus of 8 billion or so. During a visit to Tokyo, Commerce Secretary Juanita Kreps found herself actually shouting at her Japanese colleague while complaining about the surplus. The wobbly dollar has been hurt most by the renewed belief that Treasury Secretary Blumenthal is 'talking down the dollar.' Earlier this month Blumenthal invited half a dozen journalists to his third-floor office at the Treasury Building for an informal chat. Later, two wire services that had not been represented at the meeting reported inaccurately that Blumenthal felt the dollar was overvalued. Soon the message was spreading that the Secretary's 'open-mouth policy' as visiting BMW Chairman Eberhard von Kuenheim called it, was cheapening the dollar. A few days later, Blumenthal said flatly that a decline in the dollar's value would not help that nagging trade deficit and the US would intervene in currency markets to keep its value up. But the damage had already been done. The dollar's stability will not be helped, either by the quarrel between Jimmy Carter's White House and Federal Reserve Chairman Arthur Burns, the dollar's personal bodyguard. After weeks of simmering in private, the feud has now gone public with press releases and counter-speeches. The White House believes that Burn's policy of forcing higher interest rates and tighter money is slowing the economy. Burns replies that Carter is not paying enough attention to infla-

tion or ensuring business profits. Since Burn's term at the Fed runs out next January, this is an argument the President is likely to win. But without the dollar's body-guard around, some money traders will undoubtedly begin worrying again about its value. The one lesson learned from the nervous weeks of the plummeting dollar is that any comments at all from top US officials on the dollar are guaranteed to cause trouble. From now on Blumenthal will be emulating the Sphinx he saw last week in Egypt. As he told a group of US businessmen in Kuwait, 'As soon as the US Secretary clears his throat, the dollar catches a cold'...."

The *Asiaweek*, October 28, 1977 summed up the confrontation in the currency war thus: "The yen last week soared to new heights as Japanese government leaders and industrialists reacted with fear. There was some anger, too, most of which was directed at US Treasury Secretary Michael Blumenthal. He had said publicly that the yen and the West German mark were undervalued. Prime Minister Takeo Fukuda described this statement as careless and said it had helped to spark the run on the yen which reached its highest level against the US dollar since World War 2. The Bank of Japan stepped in to halt both the surge and the government's planned action to step up imports. Also the subject of much criticism, these plans would reduce the country's mammoth trade surplus."

In a lengthy article, entitled **THE YEN UNDER ATTACK**, *Asiaweek* stated: "Japan, it seemed, was under attack. Prime Minister Takeo Fukuda blamed the Americans. A government official spoke of defence 'at any price'. What had struck fear into the hearts of dealers, industrialists and those in government was a heavy run on Japan's most powerful weapon—the yen—which threatened to blunt the country's aggressive export drive. After a whopping \$ 590 m, changed hands on the final day of trading last week, the yen closed at 253 to the US dollar—the highest rate since the Second World War. As the yen skyrocketed to its new peak, Japan's rock-line defence of the currency began to shake, prompting a flurry of proposals which would halt the international assault. Some of them are aimed at reducing the massive trade sur-

plus which other industrial nations, particularly the US have strongly criticised in recent weeks. If Japan's intransigence in this matter was intolerable to all its major trading partners, then there was no doubt in the Japanese mind just who had sparked the rush to drive up the yen's value. Fukuda, following the lead of Bank of Japan Governor Teiichiro Morinaga, publicly chided US Treasury Secretary, Michael Blumenthal during questioning before the Diet's Lower House Budget Committee. Facing pointed questions from opposition party members, the prime minister said the Treasury Secretary's 'imprudent remarks' had helped to launch the latest run on the yen. What led to the premier's outburst was a statement by Blumenthal that both the yen and the West German mark were undervalued."

In the same issue, *Asiaweek* reported that Japan had decided to reduce its trading surplus by importing from other countries: "With the yen under unprecedented pressure, Japan finally took steps to do what the rest of the world has been imploring it to do; reduce its mammoth trade surplus and start buying more from abroad.' A package of 'emergency imports announced this week will draw almost \$ 700m, out of the Tokyo coffers. An official of the Ministry of International Trade and Industry said the list includes uranium ore, crude oil and non-ferrous metals as well as corn. Japan will import an extra 4.8m kilometres of crude oil, boosting the nation's stockpile to a record 65m. Kilos, and take delivery soon of 100,000 tons of corn which is slated to be Japan-bound during the first three months of next year. Of the entire package, an estimated \$ 400m, will be spent on oil, \$ 100m on non-ferrous metals, \$ 120m on increased uranium ore purchases and \$ 23 million for "early" corn. Another plan floated by Prime Minister Takeo Fukuda provides for tariff cuts for unspecified foreign products. The Prime Minister said the cuts would come about even before the current GATT sponsored Tokyo round of multilateral trade negotiations were concluded. The premier received a big push in that direction when visiting EEC Commission president Roy Jenkins offered a thinly-veiled threat that Japan must lower import tariffs

on about 30 items and cut its infamous non-tariff barriers if it does not want to run into a wall of growing protectionism. President Jimmy Carter's Special Trade Representative Robert Strauss is expected to bring up the same subject when he arrives in Tokyo for talks with Japanese leaders early next month."

The extracts from the different periodicals clearly show the seriousness of the situation.

The Japanese Prime Minister Fukuda has warned that if a "war" is mounted against Japan, it would lead to very critical situations.

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FROM THE FOREIGN PRESS

Morarji In Moscow

New Delhi, October 30,

PRIME Minister Morarji Desai's visit to the Soviet Union has dispelled the deliberately created notion that much of the Indo-Soviet relationship was based on the special relations between Indira Gandhi and the Soviet leadership. Morarji Desai has established as much a personal rapport with the Soviet leaders as Indira Gandhi had. Prime Minister Desai has in fact an additional advantage. Unlike his predecessor he is not known for double talking. He means what he says. He stands by what he is committed to.

Understandably, the Soviet leadership has demonstrated utmost maturity and understanding in dealing with the Indian Prime Minister and the Foreign Minister. The talks held in Moscow have shown that the state to state and people to people relations between India and USSR are determined by the abiding mutuality of interests and commitment to fight for freedom, racial equality, world peace and above all, to continuous economic development which alone can ensure a decent living to the people. It is not without significance that the treaty of friendship and co-operation between India and Soviet Union has been recognized by both sides as a legal expression of the multi-sided co-operation in domestic and foreign affairs.

Coming as it did on the eve of President Carter's visit to India and India's initiative to de-freeze relations with China, the Prime Minister's visit to USSR has strengthened the government's hands in dealing with world powers. That the change of government in Delhi does not mean India's isolation from its traditional allies and friends is of major significance when pressures for a tilt in favour of the US is being worked up by interested sections in the guise of making nonalignment 'genuine'. Both India and the Soviet Union adhere to the principle that their mutual friendship does not mean any restriction on either party's freedom to undertake initiatives to deal with any other country. Equally important is the affirmation that friendship with any other country is not cultivated at the expense of friendship with allies.

The lack of understanding of this simple principle provoked Chinese Vice Premier Teng Hsiao-ping to issue a call on the eve of Desai's departure to Moscow to all the nations of the third world, the second world and the first world to form a united front against the Soviet Union. Teng did not and cannot understand that even third rate powers of the third world view their relations with the Soviet Union and other countries from the view point of their own enlightened self-interest rather than the myopic viewpoint of Peking. Since the assumption of power by the Janata, the only objective China seems to have been pursuing in this country is to induce India to abrogate the friendship treaty with the Soviet Union. Teng's last minute call to form an anti-Soviet bloc is presumably meant to suggest that no initiative to normalise relations with Peking is likely to make a headway unless India is prepared to pay the minimum price for it. India has ignored Teng's call. Whether Carter will pay heed to Peking's ultimatum and try to twist India's arm as was done by the US in 1962, is to be seen.

—Ganesh Shukla in New Wave

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New Delhi, November 2,

PRIME Minister Morarji Desai has described the most significant aspect of his Moscow talks as achieving "a proper understanding on both

sides." Those who know Morarji Desai—his utter reluctance to use more words than he thinks absolutely necessary to expound any thought, to the extent of often being mono-syllabic—will undoubtedly get the message. Behind the laudatory words about higher standard of living of the Soviet people, Moscow wearing a more beautiful look than what he had seen seventeen years ago, the health-care available for the entire Soviet people, stand these very meaningful words—"a proper understanding on both sides." The main object of the visit to the Soviet Union was Morarji Desai's keen desire to make known to President Leonid Brezhnev and his colleagues the impact of the political changes in India and, therefore, the change in the style of functioning in New Delhi. On that score it has been a very successful visit; the Soviet leaders not only patiently listened to the Indian side, but re-emphasised their faith in the abiding nature of the friendly relations between the peoples of the two countries.

There can be no doubt that the Soviet Government and leaders were equally keen to know and understand the nuances and implications of New Delhi's changed approach to bilateral and global issues. It must be gratifying for both the countries that almost on all the major international issues—as the Joint Indo-Soviet Declaration has shown—there is a commonness of understanding with practical appreciation of each other's viewpoints. This does not, however, mean that the Indian Prime Minister has succeeded in converting Leonid Brezhnev into a confirmed Gandhian, or that the Soviet President has made a Marxist of Morarji Desai.

One can, of course, attempt (as some are trying) to attach special significance to Morarji Desai being the first-ever statesman plying a charkha and spinning in the Kremlin, or to Soviet Deputy Prime Minister Arkhipov's prolonged exchange of views with the Indian Prime Minister on various subjects, from philosophy to practical politics, during the latter's travels to Sochi and Kiev. What is, however, of real significance is that both sides continue to recognize the historical compulsions of Indo-Soviet friendly relations as a powerful instrument for world peace which can gather

around it ever larger numbers to thwart neocolonial machinations.

Indo-Soviet friendship is not a mere effusion of highly ornate language devoid of substance. It is based on the practical needs of our two countries—a convergence of self-interests developing into many-sided mutually beneficial activities. Notwithstanding the frightened cries of the Swamys and Malanis, Nanis and non-entities, the Indo-Soviet Treaty of Peace, Friendship and Co-operation remains the most practical example of the close co-operation in various fields between our two countries. Again, under the twenty-year Treaty of Economic Co-operation, which completes five years in 1978, new avenues of economic co-operation will be explored for undertaking long-term collaboration in sectors such as ferrous and non-ferrous metallurgy, petroleum, coal, agriculture, irrigation, as well as in assisting the economic development of third countries. In this endeavour, the Indo-Soviet Joint Commission of Economic, Scientific and Technical Co-operation will continue to make its contribution as it has done in the past. There are a number of issues pertaining to removal of tension and promotion of world peace which have been detailed in the Joint Declaration. These are reiteration of agreed positions of the two countries, irrespective of the changes in New Delhi.

There will, of course, be an attempt to compare and contrast the outcome of Morarji Desai's Moscow visit with that of Jimmy Carter's visit to New Delhi this month. Efforts will be made to assess the gains to India from her relations with the Soviet Union and the United States. Apart from all other considerations, the one important fact to be kept in mind in such an assessment is that our friendly relations with the Soviet Union have already withstood the vicissitudes of time and change for a number of years now, while President Carter will be making a start in this direction after the disastrous loss of balance in the Nixon-Kissinger tilt of 1971. As Prime Minister Morarji Desai told the Moscow Television on October 25: "Indo-Soviet relations truly show how nations, be they big or small, different and distinct, can forge a friendship which can

stand the test of change and time. We respect each other and have built a bridge of co-operation for the cause of peace. Ours is a relationship which none need fear and which any two nations can treat as an example."

—Sara Patra in *Mainstream*

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Bangladesh

Calcutta, October 25,

Bangladesh Maoist leader Mohamed Toaha had opposed early elections in view of the re-emergence of the parties constituting the BAKSAL: viz the National Front formed by Sheikh Mujib comprising the Awami League, NAP, Communist Party of Bangladesh, several mass organisations and secular and patriotic individuals as a major national force. It was sometime after this that the Military Government banned the three leading political parties of consequence. The National Front was also banned. Mr. Toaha's party was not proscribed.

Dacca daily *Sangbad* on 14 September reported that speaking to the press on the eve of his departure to China the leader of the Bangladesh Samyazhadi Dal (Marxist-Leninist), Toaha said that the main enemies at the present were the Baksalites and the social-imperialists. Since the Baksalites were still an important political force in the country, there is nothing to be gained in holding the elections. It is necessary, that the political rights of Baksalites be taken away for at least 10 years before an election. Simultaneously, the "patriotic" parties must be given full political freedom to reach their programme to the people. Elections would be fruitful only after a new social order has been established." On relations with neighbouring countries, Toaha said that fraternal relations with Pakistan were possible but it was necessary to carefully consider the question of friendship with India.

Meanwhile, the Bharat Bangladesh Maitri Sanjog has urged the holding of an all-party conference in October, this year to discuss

the issues related to Bangladesh's relation with India. The society has indicated that questions as grant of Asylum to political refugees, terror rule in Bangladesh and abrogation of secularism that have led to a renewed exodus of people belonging to the minority community from there into India, disturbances to the climate of peace and security in the continent and above all the imperialist intrigues that jeopardise non-alignment etc. should be discussed at such an all-party conference. But the Society's efforts are of little avail. All parties wanting friendly relations with India and which believe in non-alignment like the Awami League, NAP and the Communist Party have been banned.

The only political party that has been allowed to exist is Mohamed Toaha's Peking-oriented Marxist-Leninist Party. Its main political activity is to rouse anti-Indian feelings—and this reflects the sentiments of the ruling circles in Bangladesh. The openly pro-Chinese magazine *Holiday* still, as from the time it was started by the Maoists, has only one objective, viz, to denigrate and discredit India.

Significance is also attached to the fact that Mohamed Toaha openly greeted the Chinese leaders during the celebrations of the Chinese Revolution in Peking on October 1. Whilst this Maoist Bangladesh Communist is allowed the "legality" to visit China and parade in public, all other leftists communists and genuine nationalists in the country have been thrown into prison. The immunity enjoyed by Mohamed Toaha, the "Marxist-Leninist" has been subject of comment in political circles in Dacca and in all the prisons of Bangladesh where thousands are held.

—*Samachar*.

Pakistan

New Delhi, October 30,

China successfully offered a "friendship pact" to Pakistan after the 1962 war with India. The offer was made by the then Chinese Prime Minister Chou-En-lai to Pakistan President Ayub Khan on 27th January, 1964, at a time when the latter was "reshaping Pakistan's foreign policy after the 1962 Sino-Indian war and trying to

better relations with Peking." But Mr. Z. A. Bhutto, then Foreign Minister, advised Ayub Khan "to look towards Moscow" instead of Peking.

This disclosure is made in the latest issue of the United States journal, *Problems of Communism* by Mr. G. W. Choudhury, who was the director general of research in the Foreign Office during Ayub Khan's time and later when Gen. Yahya Khan took over, he was included in the Cabinet.

The author claimed that his disclosure was based on his reading of the Pakistan Government's unpublished documents and papers. He wrote that the revival of diplomatic relations between India and China was bound to cause worry to Pakistan. But he was told by reliable sources in Peking in July-August 1976 that Pakistan had been assured of China's continued friendship and help. But it was clear that just as the Indians wanted to widen their diplomatic options, so the Chinese wished to have more than one friend among the countries of South Asia.

This was particularly true because the Chinese realised that the cordial attitude of Pakistan Prime Minister Bhutto might reflect his perception of the exigencies of Pakistan's situation rather than genuine conviction on his part. For example it was Mr. Bhutto who had rejected Chou En-lai's offer of a friendship pact on 27, January 1964, and when President Ayub was reshaping Pakistan's foreign policy after the 1962 Sino-India war and trying to better relations with Peking. Mr. Bhutto's advice to Ayub had been "to look towards Moscow" instead of Peking.

"In keeping with its desire for expanded links in the area, Peking also opened up diplomatic relations with Bangladesh after the military coup there on 15th August 1975. During General Zia-ur Rahman's visit in January 1977 the author wrote, the Chinese offered military supplies to Bangladesh."

Reliable sources have informed the author that China has agreed to send four squadrons of MIG 21s for the Bangladesh air force. Bangladesh pilots have also gone to Peking for training, he wrote.

—*Samachar*.

Nov. 6 — Nov. 10

DIARY OF EVENTS IN SRI LANKA AND THE WORLD
 COMPILED FROM DAILY NEWSPAPERS
 PUBLISHED IN COLOMBO.

CDN—Ceylon Daily News; CDM—Ceylon Daily Mirror; CO—Ceylon Observer; ST—Sunday Times; DM—Dinamina; LD—Lankadipa; VK—Virakesari; ATH—Aththa; SM—Silumina; SLD—Sri Lankadipa; JD—Janadina; DP—Dinapathi; SU—Sun; DW—Dawasa; CM—Chinthamani; WK—Weekend; RR—Rivirasa; EN—Eelanadu; IDPR—Information Department Press Release.

SUNDAY, NOVEMBER 6: The International Finance Corporation, a World Bank affiliate and the German Development Bank are acquiring a 15% interest in the Development Finance Corporation of Ceylon. More students will be admitted to the University of Sri Lanka next year according to the Vice Chancellor. Indian PM Morarji Desai flew back to New Delhi yesterday after a narrow escape when his Air Force plane crash-landed in esems. The leaders of four major Western Democracies—USA, Canada, Britain and France—have indicated their willingness to assist Sri Lanka's economic development in personal letters written to the PM—SO. The LSSP has threatened to disband its student federation, the Lanka Sishya Sammelanaya, for its anti-party line. More than 300 Sri Lanka doctors who have had their passports renewed or validated for various 'offences' will enjoy a reprieve. The IMF has agreed to grant Sri Lanka a stand-by loan of Rs. 5,000 million spread over three years. The Minister of Education has decided to implement the main recommendations of three recent University Commissions. The leader of the JVP said that they had learnt a lesson and would not make the same mistake again—ST. The Defence Ministry last week detailed a high-powered CID team to probe how large quantities of dynamite and detonators issued for legitimate purposes by the authorities were finding their way to unknown quarters in the North and East. The Colombo Race Course has been vested in the Ministry of Local government, Housing and Construction. The Finance Minister said yesterday that no one should expect luxuries from his budget. The advisor to the PM and Cabinet on international economic co-operation is likely to be sent on a special mission to several major capitals for negotiations on foreign aid for the Mahaweli Project—WK. The TULF has definitely decided that they will not accept the posts of District Ministers which the government hopes to appoint from January—VK.

MONDAY, NOVEMBER 7: The government is considering free distribution of state land to peasants as an incentive to set up the government's food drive while also helping in attaining self-sufficiency in rice. The Minister of Food and Co-operatives has called for a detailed report on the investigations made and action taken into frauds in the country's 283 co-operative societies which have now totalled Rs. 300 million. The Independent Medical Practitioner's Association suggests that if the brain drain of private medical practitioners is to be curbed, two basic requirements for private

doctors will have to be met—allocation of cars and award of scholarships. The PM of Vietnam met the Sri Lanka Minister of Trade in Hanoi on Saturday. The Deputy Minister of Defence, who is the Chairman of the Narcotic Bureau has ordered an islandwide campaign to combat the incidence of the use of ganja in the country, especially in schools. One hundred countries will be represented at a Buddhist Peace Summit in New York in May next year—CDN. The PM will appoint a task force to clean up the Port of Colombo by completely re-organising the administration and operations. Cigarettes are being hawked at black market prices on the pavements following the strike at the Tobacco company and the price increase of 3 cents. Students of Vidyalaankara Campus are poised for a strike over the transfer of the only permanent lecturer in archaeology, to the Colombo Unit of the Jaffna campus. Mr. R. Premadasa in his keynote address at the Conference of GA's etc said that a national Housing Authority which would be in charge of constructing 100,000 houses and an Urban Development Authority in charge or restructuring the development of towns and cities and the economic utilisation of land space in urban centres will be set up by January 1978—CDM. A multi-million rupee project utilizing nuclear technology to reclaim large extents of land lost due to sea erosion, will be launched shortly. The government has decided to drastically change the recruitment procedures for jobs in the state sector from next year. The government has decided to set up a pool of English and Sinhala stenographers. Air Ceylon is to charter services to transport all passengers booked on its international flights from the beginning of next month—SU. The Foreign Ministry is now following up the possibility of acquiring a new flagship for the Sri Lanka navy from the USA. The Cabinet has decided to set up Project Development Divisions in each of the important development oriented ministers—CO. The Minister of Local Government said at a conference yesterday that a scheme of recruiting 1000 persons per district for employment will be in effect from January.—VK His Excellency Mr. Bruno Mey, who has been appointed by the government of the German Democratic Republic as Ambassador Extraordinary and Plenipotentiary to Sri Lanka presented his letter of credence to the President today—IDPR no207/77.

TUESDAY, NOVEMBER 8: The district ministers whom the government intends appointing soon will be the present deputy ministers and they will be posted by the PM. The Minister of Education yesterday assured Parliament that the replacement of the NCGE examination next year by the GCE (O) level would not in any way jeopardise the future education of any student. The Chairman of the Janawasama Commission said in Kurunegala yesterday the losses from the Janawasama have amounted to several million due to corrupt practices, mismanagement and wastage. Railway commuters placed sleepers across the rail track at Ragama and squatted on the tracks, disrupting train services on the main line as a protest against trains being late. Customs officers have asked the government to issue them with firearms. Sri Lanka's armed forces have stepped up action to arrest any foreign trawler operating within the territorial waters of this country—CDN. The budget deficit according to estimates of revenue and expenditure tabled in the NSA yesterday will be Rs. 3,625,195,216 in the financial year from January 1 1978 to December 31, 1978. The JVP would sooner or later come to power

in Sri Lanka said Mr. Rohana Wijeweera, the JVP leader who was released five days ago, at a mass rally. The prices of commodities to which the public is 'sensitive' will be reduced with the proposed rationalisation of the imports and distribution of commodities handled by the Sri Lanka State Trading (General) Corporation—CDM. The Central Bank has further amended the Indian rupee, pound sterling and the US dollar in relation to the Sri Lanka rupee. The Sri Lanka Police Force will soon have the most sophisticated equipment necessary for the prevention and detection of crime in the country. Sweden's Minister of International Development and Co-operation Mr. Ola Ulsten will arrive here tomorrow on a five day visit. The Navy has been directed by the Defence Ministry to move into the northern waters and intercept some Taiwanese fishing trawlers which are said to be engaged in illegal fishing in Sri Lanka's territorial waters—SU. Chairman Hua Kuo-feng of China has 'accepted in principle' an invitation to visit Sri Lanka. Lanka Salu Sala owes the Department of Textiles Rs. 40 million; the non-payment of this money has caused a serious liquidity problem, a high official of the department said. The Minister of Fisheries has given instructions to look into the complaints received from the public about corruptions and irregularities prevailing at fish stalls of the Fisheries Corporation without delay—IDPR No. 20.

WEDNESDAY, NOVEMBER 9: Sri Lanka will receive 200,000 metric tons of rice from China at prices far below the world market price and even below the price paid for rice last year; in return Sri Lanka will also supply China with a lesser quantity of rubber, namely 49,000 metric tons. The TULF is now trying to solve the problems confronting the Tamils through negotiations with the government and not by launching any struggle; as such there was nothing wrong in their MP's approaching ministers to discuss the problems relating to the development of their electorates or attending conferences summoned by the ministers said the leader of the TULF. Any land allocations made to unsuitable persons under the Mahaweli Development Scheme will be cancelled forthwith according to a decision made by the Minister of Irrigation. The PM has asked the Tourist Board to examine the problem of the 'hippie menace' as a matter of urgent national importance and put an end to it. The Minister of Health leaves for New Zealand tomorrow to attend the fifth commonwealth medical conference at Washington. After studying the technical and economic feasibility of the large Abattoir Project of the National Livestock Development Board, the Minister of Agriculture and Lands has decided that the Board should not proceed with the venture—CDN. The Chinese PM, Chairman Hua Kuo-feng and the Vietnam PM Pham Van Dong are expected to visit Sri Lanka shortly said the Minister of Trade. The Swedish Minister for International Development Co-operation will arrive today on an official visit. The government has lost nearly Rs. 12 million as a result of the strike at the Ceylon Tobacco Co. Ltd—CDM. Sri Lanka faces absolute bankruptcy, the Minister of Finance declared yesterday. Ten rounds of 303 ammunition is said to have been found concealed in the house of an army sergeant of Panagoda Camp, by the Military Police last week. Sri Lanka will trade with China in convertible currency said the Trade Minister. India and Sri Lanka have become the first tea exporting nations to form an International Tea Promotion Association—SU. The Sri Lanka Ambassador to China was

sacked by cable on October 26 five days before he was due to relinquish his duties; the government was apparently forced to do this as the Ambassador failed to meet the Minister of Trade on the latter's arrival in Peking, and declined to participate in the official talks the Ministerial delegation had with the Chinese authorities. The Canadian High Commissioner and the Sri Lanka Acting Secretary, Ministry of Finance and Planning today signed on behalf of their governments an agreement by which Canada will provide a commodity loan valued at 10.0 million Canadian dollars. Two medical college affiliated to the new campuses of the University of Sri Lanka and another faculty of engineering will be set up shortly. At least one school farm per electorate will be set up within the next six months—CO. The Minister of Food and Co-operatives has said that there is a chance of the Co-operative sector disappearing completely if they are not alert enough to compete with the private sector who will also be allowed to distribute essential food items. The Leader of the Opposition has denied allegations made that he had some secret agreement with the PM and as a result a rift had occurred in the TULF leadership—VK. Cotton production in the island has escalated to unprecedented heights this year—IDPR No. 22.

THURSDAY, NOVEMBER 10: Of 80,000 persons who were remanded for alleged offences in 1975 only 15,000 were convicted; this meant that only 20% of the number of persons were remanded and it amounted to a gross injustice on innocent people said the Commissioner of Prisons. Coconut prices are expected to come down considerably as a result of a scheme envisaged by the Ministry of Trade to sell coconuts in Colombo and suburbs through the government's marketing outlets. Hindus all over the island celebrate Deepavali today. Sri Lanka yesterday signed three agreements for an outright grant, and two loans amounting to Rs. 189 million with Britain, Canada and the US. A subscription agreement was signed yesterday between the International Finance Corporation, an affiliate of the World Bank, and the development Finance Corporation of Ceylon, by which the IFC will subscribe to 15,861 shares of the DFCC at par value—CDN. Beef is price controlled but the butchers continue to call the tune while defenceless consumers pay Rs. 5 per short weight pound. More emphasis will be placed on the teaching of religion in schools from next year. The US and the government of the Republic of Sri Lanka have signed a loan agreement for 5,200 US dollars for the Mahaweli Ganga Irrigation Project. February 4, Independence Day will again be a public, bank and mercantile holiday from next year. The General Hospital Colombo will function as a special unit from January—CDM. The Ministry of Public Administration will recruit 432 young men to the Grama Seva Niadhari Service in January next year. For the first time in many months, the Colombo Port is having vacant berthing facilities with no ships to be accommodated. Under the terms of an agreement signed yesterday Britain is giving Sri Lanka an outright grant of 4.3 million pounds towards the costs of Stage II of the Mahaweli Development Project—SU. The State Pharmaceuticals Corporation has decided to go back to traditional sources for the import of the fast moving antibiotic, tetracyclin. The government is prepared to pay reasonable compensation to rupee company estates that were taken over under the Land Reform Law—CO.

PARTY ROUNDUP

The TULF

by The Scribe

The Action Committee of the TULF decided that the TULF MPs should not participate in the Select Committee of Parliament to revise the Constitution. The resolution read: "Members of the TULF were elected to the National State Assembly on a mandate to work for the liberation of the Tamil Nation by the establishment of Tamil Eelam on the basis of their self-determination. The violence unleashed on the Tamil people after the General Elections have re-inforced their faith that only the objective of Tamil Eelam can ensure their safety and well-being. The Government and the state machinery have been acting in a step-motherly manner in the rehabilitation of the Tamil People who became refugees from recent violence. The Government does not appear to have taken into consideration the verdict of the Tamil people in the elections and the impact of the recent communal violence on the political situation and has not shown any enthusiasm or realisation of the urgency to find a solution to the problems of the Tamil nation. The Government has not made any effort at least to find a solution to the problems of the Tamil people on the basis of all party consensus as promised in the election manifesto of the UNP, before amending the Constitution. A Parliamentary Select Committee appointed under these circumstances does not seem to have either the capacity or the climate to find a solution to the problems between the two nations in this country."

The TULF leader Amirthalingam also criticised the three language policy of the JR Government. A report in the *Madras Hindu* of 6/11/77 stated: "Addressing a public meeting at Maviddapuram (Jaffna district) Mr. A. Amirthalingam, General Secretary of the Tamil United Front and Leader of the Opposition, said that they did not think for a moment that Prime Minister Mr. J. R. Jayawardene's three language policy would solve the problems of Tamil people unless Tamil was recognised along with Sinhalese as the official language

and the Tamil people treated as a ruling class in the same way as their Sinhalese brethren. Mr. Amirthalingam said their problem was linguistic and not educational. The main grievance of the Tamil people was that their language had not been recognized as an official language. They had been agitating against this policy for the past 22 years. He said the Government today was thinking in terms of introducing a three language policy without altering a single letter in its "Sinhala Only" Act of 1956 which placed Sinhalese as the only official language of the island. According to reports reaching Colombo from the Tamil areas, it appeared that following the decision of the TULF Executive not to participate in the Parliamentary Select Committee, a regular campaign was being launched by the Tamil leaders against the Government's three language policy."

It is clear that the TULF is still inclined to demand the Shylockian pound of flesh in regard to language without realising the fact that the use of the three languages would automatically transform the situation that had arisen as a result of the Sinhala Only Act. Nevertheless, the TULF, rightly perhaps, seems anxious to have some concrete and meaningful measures before it extends co-operation to the government which would be a mutually acceptable settlement. However, there are many who feel that the TULF High Command is taking a negative attitude to the whole problem.

The *Madras Hindu* in an editorial under the heading SRI LANKA PM MUST TAKE INITIATIVE on November 8, reviewed the whole position thus: "The Tamil United Liberation Front's decision not to take part in the deliberations of the Parliamentary Select Committee to revise the Republican Constitution of Sri Lanka reflects the prevailing mood of the Tamils in the island. Even four months after coming to power, the United National Party is still to make any meaningful attempt to redeem its election pledge to remove the grievances of the minorities, especially the Tamils. On the other hand, after the elections the Tamil community had to go through a harrowing experience

which is fast undermining its faith in the capacity of the new Government to deliver the goods. The Prime Minister, Mr. J. R. Jayawardene had promised to convene, a conference of Opposition leaders to evolve safeguards to satisfy the legitimate aspirations of the Tamil-speaking minority and incorporate them in the Constitution. He had even declared that the demands of the Tamils were reasonable and during the seven-year period of the previous Government headed by Mrs. Sirimavo Bandaranaike nothing had been done to redress them. Lack of follow up action has naturally driven the TULF to take a tough posture. The position today is by no means desperate: Mr. Amirthalingam, leader of the TULF, is himself not averse to taking part in the deliberations of the Select Committee. In fact, the Parliamentary group had at first decided to participate in its proceedings but later reversed the decision following stiff opposition from the younger members of the party.

"What is now required is a significant enough move on the part of the Prime Minister to show that he still stands by his promise. A closer examination of the tasks entrusted to the Select Committee reveals that its deliberations are going to be of far reaching significance. Among the main issues that will be decided by the Committee are the need to bring in a system of proportional representation for Parliamentary elections, giving members of Parliament power to function on ministerial consultative committees. Parliamentary scrutiny of appointments to public services and State corporations to avoid unsuitable persons being appointed and, most important of all, the problem of minorities. All these matters require careful consideration and decisions taken on them are bound to have a vital bearing on the future politics of the country. And Mr. Jayawardene has told Parliament that he would be guided by the verdict of the Select Committee so far as these reforms are concerned.

"As such it is in the interests of the TULF itself not to boycott the Committee. As the main Opposition in Parliament, it has a tremendous opportunity to have a big say on these matters in the Select Committee which it should not lose. There is

no reason to doubt Mr. Jayawardene's bona fides, but it is important that there should be no drift in solving what is very clearly a serious problem. It is up to him to remove the misgiving entertained by the Tamil community about the 'competency'—as Mr. Amirthalingam calls it—of the Select Committee to find ways and means of arriving at a solution to their problem.

The Prime Minister must also come out with an unequivocal statement regarding the Government's policy on the future of Tamil language in Sri Lanka. Obviously, the Tamils are anxious that it should have the same status as Sinhala and considering the large number of Tamils living in the country this is not a tall order. It is easily seen from experience that an enduring solution to the problems of Tamils in Sri Lanka can be found only when due recognition is accorded to their language. Mr. Rohan Wijeweera, the rebel leader who was released by the Jayawardene Government from prison, where he was undergoing life sentence, has said that it is wrong to make only one language as the State language. This should give an indication of the way the wind is blowing and should also make the task of the Prime Minister much easier in arriving at a just solution to the language issue. The Prime Minister who has already implemented several election pledges including giving amnesty to insurgents must rise to the occasion and give the Tamils the place they deserve.'

Tribune published the views of *The Independent* on the question of the TULF's refusal to participate in the work of the Select Committee (vide *Tribune*, 12.11.77). To counter the growing surge of opinion among Ceylon Tamils (the Indian Tamils are now collaborating with the UNP government without any reservations), Mr. Amirthalingam sought to pull the chestnuts out of the fire in an interview with the *Daily News* correspondent in Jaffna, G. N. Pushparatnam. The story was published in the front page in the *Daily News* of November 9, under the heading TULF NOW FOR NEGOTIATIONS: The TULF is now trying to solve the problems confronting the Tamils through negotiations with the government and not by launching any struggle. As such nothing was wrong in their MPs approaching ministers to discuss the prob-

lems relating to the development of their electorates or attending conferences summoned by the Ministers. This was stated by Mr. A. Amirthalingam, leader of the Opposition and the leader of the Tamil United Liberation Front, when asked for his comments on certain newspaper reports that some of the TULF Members of Parliament had defied an earlier order of the Front's high command and attended conferences summoned by ministers and met them to discuss the various development works that were to be undertaken in their respective electorates. He said the Front was not having any confrontation with the government at the moment. They were all now engaged in the rehabilitation of the persons who were affected during the recent disturbances in the country. As such there was nothing wrong in their MPs meeting the ministers in order to get the maximum benefit from the government to help those affected persons. The UNP had stated in its manifesto that it would take steps to solve the problems of the Tamils once it came to power. Since it had now formed the Government, they of the TULF were now closely watching the Government to see what steps and measures it was taking to solve the problems of the Tamils. At the same time they wanted to give the Government sufficient time to do whatever it proposed to do as regards the solving of the Tamil problems."

But the abrasive Mr. Amirthalingam could not refrain from indulging in the customary threat of resorting to a civil disobedience movement, boycott of ministers and the like. This is what he said: "If the Government failed to take any meaningful steps towards the solving of the problems facing the Tamils within a reasonable period of time, then the TULF would launch a struggle or start a civil disobedience campaign against the Government. They would then ask their Members of Parliament to boycott the visits of the ministers to their areas and not to attend conferences summoned by the Government. Until then, their MPs were free to meet the Ministers and discuss with them the problems relating to their respective constituencies."

In the meantime, the Prime Minister and his colleagues have

appealed to the TULF to participate in the work of the Select Committee. All the honours due to the Leader of the Parliamentary Opposition are being accorded to Mr. Amirthalingam. The Sun of November 5, under the heading FULL SECURITY FOR AMIRTHALINGAM reports: "The government has provided full security, including a bodyguard, for the Leader of the Opposition, Mr. A. Amirthalingam. The Defence Ministry last week ordered the transfer to Colombo of Mr. V. Krishnaswami, OIC (Crimes) of the Jaffna Police, who has now been assigned as Mr. Amirthalingam's security officer. Mr. Amirthalingam has already been provided with an official car. Although the Government has offered Mr. Amirthalingam an official residence in Colombo he has not yet decided whether to accept it or not."

In his interview with G. N. Pushparatnam Mr. Amirthalingam referred to certain press reports about TULF MPs. One of them had appeared in the Sun of November 4 under the heading FOUR TULF MPs DEFY AMIRTHALINGAM: "Four TULF Members of Parliament on Wednesday defied their leader, Mr. A. Amirthalingam's order against meeting the Minister of Justice, Mr. K. W. Devanayagam, to discuss problems of the Eastern Province. The four MPs were Mr. P. Ganeshalingam, MP for Paddirippu, Mr. P. Rajadurai, MP for Batticaloa, Mr. Kanagaratnam MP for Pottuvil and Mr. R. Sambandan MP for Trincomalee. According to Mr. Ganeshalingam, Mr. Devanayagam had invited the Eastern Province MPs for a conference to discuss their problems. He said permission to attend this was refused by Mr. Amirthalingam. If Mr. Amirthalingam can meet the Prime Minister whenever he wants or welcome Ministers in the North why can't we meet a Minister to iron out our own problems," he asked. Mr. Ganeshalingam said it was a great day for the Eastern Province when all MPs had united to find ways and means of solving their problems. He was grateful to Mr. Devanayagam for taking the initiative for this. He said that the north had progressed under the leadership of Sir Ponnambalam Ramanathan and Mr. G. G. Ponnambalam. He was certain that the Minister would do his best to obtain for the East-

Some Concrete TULF Problems

tern Province all facilities for its development."

The *Daily Mirror* of November 8, under the heading FOUR TULF MPs BACK GOVT'S ECON. POLICIES reported: "Four TULF members representing the Eastern Province, have decided to rally round the Government's economic development programme in preference to the division politics of 'Eelam'. The Eastern Province, the second largest rice producing area is represented in the Legislature by eight UNPers and four TULF members. At the last general election, the TULF pitted a second candidate against its own nominee for Batticaloa, Mr. Rajadurai. Easterners feel bitter that the Northerners had always monopolised not only politics but jobs in their Province. Justice Minister, Mr. K. W. Devanayagam, has succeeded in persuading TULF members of the Eastern Province to join hands with the majority UNPers in the district to put an end to this anachronistic situation. Mr. Devanayagam told the *Daily Mirror* yesterday that the entire group of MPs representing the Eastern Province would act united to achieve the economic emancipation of the area speedily, independent of the politics of separatism. The group would meet once a month in a Committee room in the National Assembly to review the progress of economic and social development schemes in the Province. Mr. Devanayagam has already obtained an assurance from the Education Minister, Mr. Nissanka Wijeyeratne to set up a full-fledged university in the Province. Transport Minister, Mr. M. H. Mohamed, will visit the Eastern Province on a three day tour on November 25 for an on-the-spot study of the transport problems, TULF members will welcome him. Political observers believe that the Justice Minister has succeeded in winning the support of TULF members to develop the Province into an autonomous and self-reliant area independent of the TULF."

There is no doubt that Mr. Amirthalingam and the TULF, in spite of the persistent hangover of uttering threats about "civil dis-obedience", are in a mood to negotiate on concrete issues.

For the record we publish this report in the *Daily News* of November 3, under the heading AMIRTHALINGAM WANTS CONFE-

RENCE WITH PM. The report read: "The Leader of the Opposition, Mr. A. Amirthalingam has written to the Prime Minister requesting a conference with him (the PM) the Minister of Transport and the Minister of Public Administration and Home Affairs, on matters affecting displaced persons during the recent disturbances. Mr. Amirthalingam has said that although several conferences had been held the action that followed seemed 'tardy haphazard and without any sympathetic consideration towards the people affected.' "All your goodwill and attempts to do justice to these poor people appear to be set at naught by those responsible for carrying them out and even at this late stage, I would request that speedy action be taken to solve matters", he has told the Premier. The following is the text of the letter:

"(1) The transfer of the doctors, RMPs., AMPs., PHIs and other employees of the Health Department in the badly affected areas like Anuradhapura and Dambulla have still not been satisfactorily solved. These employees, most of whom lost all their belongings and some of whom were injured, have not been posted to suitable stations. They have not been paid their salaries for September and October. No attempts have been made to pay them their salary advance to enable them to re-equip themselves to assume duties in any other station. It appears that the Sinhalese employees who were in Jaffna and Batticaloa, including the SHS Jaffna, have been posted to stations of their choice. This is causing lot of heart burning and a satisfactory scheme has to be worked out. (2) The Minister of Transport and the GMR had a conference with the displaced Tamil employees of the Railway from Anuradhapura and arrived at a settlement. But as some of the Sinhalese employees at Anuradhapura had objected to that scheme being implemented, I understand the whole settlement has been thrown overboard and the Tamil employees are asked to go back to Anuradhapura where quite a number of them were killed by their own minor staff in August. (3) The public servants in all departments who were working in the affected areas and who applied for transfers to safe places had not reported for work pending the

transfer. Because the various departments failed to work out suitable schemes of transfer they could not report for work in time. Now they are threatened with being put on no-pay leave for the period of their absence. In addition to the losses they sustained during the disturbances, they are denied their pay for the period of absence for reasons beyond their control. It will be a cruel blow to them. I would request that more consideration should be shown in their cases and they should be paid their salaries at least for the period ending 31.10.77 (4) There does not seem to be any realisation on the part of the officials in-charge of the urgency of rehabilitating the refugees who are still in the camps. Attempts have been made to make them leave the camps and go back to their former areas even by threats. The GA Jaffna, had directed some of the refugees at Kilinochchi to be put into a bus with army guards and sent back to Tissamaharama. This was stopped by the intervention of the MP for Kopay. I would request you to make an order that these camps should continue and all facilities should be provided for these refugees till they are satisfactorily rehabilitated.

"(5) The Norwegian Save the Children Charitable Organisation has made an offer to build houses, sink wells and to build a model village for about 300 families of refugees. I handed over to you a copy of their application. If it is considered contrary to government policy to allow them to spend the money and do the work themselves, they may at least be permitted to deposit the money with the government and supervise the work being done. Otherwise they should be permitted to make this money available to the Tamil Refugees Rehabilitation Organisation in Colombo headed by Mr. K. C. Nithiyanantha and this Organisation in conjunction with Norwegian group could be permitted to do the work supervised by government officials if necessary and conditions may be laid down that their accounts should be submitted to the Audit Department. I shall be thankful if an early decision is taken on this matter and conveyed to the Norwegian Organisation. (6) As I had occasion to mention to you, there are refugees who have trickled into the Pothuvij

Electorate in the Amparai District who also have to be rehabilitated. There is a local committee with the MP for Pothuvil, Mr. M. Kanagaratnam, who are looking after them. They have asked for an allocation of 100 acres of crown land near Vinayagapuram in the Pothuvil Electorate by the side of a Tamil village for the rehabilitation of these families. I would request early consideration of this request and action on this matter. Though we had several conferences and discussed matters, action seems to have been tardy, haphazard and without any sympathetic consideration towards the people affected. All your good-will and attempts to do justice to these poor people appear to be set at naught by those responsible for carrying them out. Even at this late stage I would request that speedy action be taken to solve the matters mentioned above."

This note on the TULF will not be complete without reference to a front page box in the *Sunday Times* of October 30, 1977 entitled INTERIM SOLUTION POSSIBLE—TULF LEADER. The report read: "An interim solution to the problem of the Tamil community is acceptable to the Tamil United Liberation Front. Mr. A. Amirthalingam, the General Secretary of the TULF and Opposition Leader in the NSA has expressed this view to Mr. Mark Tully, the BBC's India correspondent who recently visited Jaffna. In the course of his interview, Mr. Amirthalingam has said that there was no likelihood whatever of the present Government accepting the TULF demand for a separate state. While the TULF could not abandon this position Mr. Amirthalingam felt that the TULF leadership could convince their own young militants of the desirability of an interim settlement, if the terms were broadly acceptable."

This once again shows that the TULF still has its focus fixed on the media abroad. Amirthalingam was willing to tell Tully, the BBC man in Delhi, what he will not want to say to the local press—in so many words. It was to the foreign press that the blood thirsty statements about armed liberation struggles were made. The climb down to sanity is also confided to the foreign press first.

A REPLY

Statistics And Eelam

Sir,

I too am grateful that the *Tribune* provides a unique weekly Forum for a public dialogue on the questions of race in Sri Lanka.

In recent issues there have been comments by Mr. Sri Kantha and Mr. S. Sivanayagam on my article on the Election results and the Demand for Eelam.

I grant that statistics are not everything and that insight, perspective, empathy, understanding are even more important. However after a General Election it is not wise to neglect the electoral results in terms of votes also. After all, the TULF campaigned intensely for an electoral mandate as its manifesto, speeches and subsequent reactions show. Empathy and insight are important. Let us all try to cultivate these for understanding the Tamil case, as well as those of the other communities specially of the very poor in the villages, plantations and urban areas.

I agree with Mr. Sivanayagam since the August 1977 communal violence. A review of the position since August 77 is also welcome. Here too the reaction of Tamil opinion is not all on one side. They are more hurt, specially in mind. But the only consequence is not that the TULF Eelam demand is further strengthened. Some others are now more convinced that the Eelam demand is more impractical and can cause more harm than good. In evaluating the new situation after August 77 we should not omit the fund of good will that has been generated after these shameful and unfortunate events. In our travels round the country to promote national harmony we have found almost everywhere a desire to settle this issue amicably once and for all. This is quite different from the position in the 1950s, 1960s and early 1970s.

Coming to the analysis of votes, Mr. Sivanayagam asks how I concluded that "Tamil speaking people outside the Northern and Eastern Provinces rejected the pro-

posal for Eelam." My article appeared in two forms in the *Tribune* on 24th Sept and 1st Oct. 1977. The earlier one was taken from an abridged version in the *Sunday Times*. The latter of 1/10/77 gives the full argument as a comment on the Puttalam Elections which is outside the North and East and which the TULF contested. My comment was as follows:

"The TULF toyed with the idea of attracting the people of this electorate to its fold. But the TULF obtained only 3,268 votes out of 31,070 voters in an electorate of 37,177. This is 10.5% of the votes and 8.8% of the electorate. Hence even the 20% Ceylon Tamils here have not voted TULF. This is an indication that the Tamil speaking people outside the Northern and Eastern Provinces reject the proposal for Eelam."

I said this is an indication. I do not think this is an invalid conclusion. I am not positively affirming that the Tamils outside North and East rejected Eelam, but that the Puttalam results point in this direction. Here there was a definite chance to test the issues. Perhaps there are several variables involved here and it may or may not be justifiable to extrapolate the argument. Yet this is worth looking into. I am sure the TULF will think twice before wanting to test its strength in Puttalam again.

I am grateful to Mr. S. Sri Kantha for the detailed information regarding the smaller party groupings in Jaffna. Already the data presented by me indicated a very high percentage vote for the TULF in Jaffna. The addition of all the votes suggested by him would mean about 40,000 more votes to the 278,293 of the TULF in favour of Eelam. There is no doubt that the Northern Province voted pro TULF. However I may also note what a Tamil friend of mine wrote to me: Not all the votes for TULF are necessarily pro-Eelam. Some voted for TULF due to the personal qualities of the candidates. Some others did not want "Eelam" but wanted to strengthen the TULF in an eventual negotiating position in Parliament to redress Tamil grievances. I grant there are imponderables in this situation. I did not question the strong TULF support in the Northern province.

Concerning absentees in the North, I did not say "that 1/5th of the Peninsular population which have not voted, are anti TULF" as Mr. Sri Kantha attributes to me (Tribune 22/10/77). I noted the high percentage of absentees who are "more than 1/5th of the number who voted in the elections." Hence Mr. S. Sri Kantha is opposing something which I did not claim. But I am sure he would not object to my noting the high absenteeism in the North as one Mr. S Sri Kantha (presumably the same person) invoked the low level of voting in Colombo West, Colombo East and Borella to focus attention on the absenteeism there, probably of Tamil Votes! (Tribune 8/10/77)

Eastern Province. Concerning the Eastern Province the arguments are about the vote of Mr. Kasi Ananthan and the electorates of Amparai and Seruvila being Sinhala Electorates. I have already mentioned that I accept the position concerning the 11,221 votes of Mr. Kasi Ananthan. This does not substantially alter my argument. As for Amparai and Seruvilla, even if we exclude these two electorates and add the votes of Mr. Kasi Ananthan to the TULF we would have as Mr. Sri Kantha notes, 103,384 votes for the TULF and 96,789 for the UNP; 54,823 for the SLFP and 5,663 for the LSSP. These three parties are definitely against Eelam and would mean a total of 157,284. This still leaves the case of Eelam in a clear minority in the Tamil speaking areas of the Eastern province.

Mr. S. Sri Kantha says I lack "insight and perspective" because I interpreted the Padiruppu results by taking together the votes of the UNP, SLFP and LSSP. But this is not wrong when discussing the question of Eelam because these three parties are clearly opposed to the setting up of two separate states. It is not the same thing as when he argues about Kalmunai, Kalkudah, Muthur and Batticaloa (2) by lumping together the votes of the TULF, SLFP and LSSP. These three are not of the same view regarding Eelam.

There are further questions concerning "Colonization" and educational questions referred to by both writers. I hope to discuss these eventually, if your columns are open for an analysis of these

two questions. I am not sure that everybody would agree with Mr. Sivanayagam's view that—

"if anyone thinks the Tamils had a bigger dole under the British Masters, well, there was something to be said for it. The dole was at least in accordance with merit, performance and diligence hardwork, and not according to parentage, and political pull."

Prior to the 1960s the Christians also claimed the same virtues rather unmindful of the distinct advantages they had in the educational structure and the severe handicaps of some of the others. I agree with Mr. Sivanayagam that minority races and religions have a problem in adjusting themselves to a life in an independent Sri Lanka. I would not however regard this as "living on the dole" as he says. Those who are worst off are the oppressed poor of all races and religions in the villages, plantations and slums. When we make common cause in their liberation, we will find that we have all a role and a share in trying to build a democratic and socialistic society in our country. While we must work to make the Sinhala majority aware of the rights and good will of the minorities, specially of the oppressed Tamils, we must also try to understand the problems and grievances of the majority of the population. They are also ruled by the same politicians, dominated by the same class structure and the same bureaucracy and police even though differently. My Articles on the Election results about Eelam may help the Sinhala majority to know that not all persons in the East and even the North are for a vivisection of this country. This I believe is a help to the cause of national harmony, even if some may find some of the data somewhat uncomfortable to accept.

My conclusions were: there is clear and strong support for the TULF in the Jaffna Peninsula, a bit less in the Mainland of the Northern province but yet well over half, but no solid support in the Eastern Province, and a negligible support in the Puttalam electorate. Hence the Electorate has not given an overall mandate to the TULF for demanding a separate State for the area claimed in their Mani-

festu. In this sense they have overshoot the mark and the people are indicating to them a more conciliatory approach.

So far the discussion in your columns and in the *Sunday Times* has not disproved these conclusions but has refined them with additional data.

Where my analysis is wrong I accept correction. May I also ask that where it is correct we give some recognition to the peoples verdict which I have tried to analyse. The "Statistics" of votes may also bear some sentiments and values which we should endeavour to empathize with and appreciate.

Tissa Balasuriya, O.M.I

Centre for Society and Religion
281, Deans Road,
Colombo 10.
1/11/77

* * *

A PLEA

Make Peradeniya A Residential University

By 'NAD'

I have just received the *Tribune* of 29.10.77. I was happy to find that you have found it fit to publish my letter under the heading 'One Country'. I do hope that the Nation's Prime Minister J. R. Jayawardene will seriously consider the suggestion of the regular 'Fire Side Chats' I have proposed. President Roosevelt excelled in this. I am told. Right now there is just one man who can save this Nation from disaster and that is JR. Let him talk directly to the people. Let him tell them what he wants to do for us, to make this land a place from where no one will want to run away. A word of caution. Let him speak from his heart as he did, obviously, from the Padiruppu and from the stage at Zahira College Prize Day. Let not speech writers, of course he does not need any, destroy his image.

In my last letter to you Sir, I indicated that this will be about the Minister Nissanka Wijeyeratne's proposals for Peradeniya Campus of the University for Post Graduate Studies. I referred to this in my

letter published in the *Tribune* of 15.10.77.

Politicians make speeches. Some attack the previous governments. Some make excuses for their own shortcomings. Some of their mini-
ons, obviously to curry favour, start painting public transport in different colours depending on the political party in power for the moment—for the moment, please take note Sir. Just now one sees the sorry spectacle of the CTB buses being repainted Green! Does not this silly piece of buffoonery deserve the greatest condemnation? The service has deteriorated, but the buses are being repainted. O tempora O mores, Minister Mohamed is going round looking for buses.

In this situation we hear the voice of reason from the place from where it should emanate. For a long time, from Malay Street, we heard, this nation has had the misfortune of having people who only talked of making appointments of 50,000 teachers, which came down to a miserable 500 perhaps. No one knows what happened, because all this was reported to have been done while the world slept. It was thus refreshing to read in the newspapers what Minister Nissanka Wijeyeratne declared somewhere—I am unable to recall the occasion—during a visit to a cultural institution. This is what he said:

"Art should not be the preserve of a few, but the heritage of the many. All the fine arts must elevate man, and bring him in harmony with his environment and the ethics and ideals of the society in which he lives."

Did such thoughts ever emanate from the citadels of power in Malay Street? This is the Minister we now have, the man who is going to be responsible for the honing of the educational system in this country. Much has to be shaved off and thrown into the dustbin of the past and forgotten. It is no wonder that Minister Wijeyeratne undertook a pilgrimage before settling down to his job. The honour and the future of this nation is entrusted to his care. It has been said that "A child is a flower plucked from the gardens of GOD and transplanted in the soil of humanity and left to be watered and cared for by man. It flourishes best in the sunshine of love, and has need to be watered with the tears of

the tenderest sympathy and cultivated by a kind solicitude that wearies not."

There are million of us all over the country, and no one, has been asking questions. It's always the easy way out. Minister Wijeyeratne has started asking questions. Herbert Spencer has said that "Education has for it's object the formation of character."

Minister Wijeyeratne will, we are certain, start from first principles. The first is that education, like rice, has become politics. Rice remaining politics would do less damage to the nation than education, if it continued to be politics. Prime Minister Jayawardene has already declared that he has the utmost confidence in his Minister of Education and has also expressed the hope that the Minister will enlist the support of all educationists in this country and formulate a scheme worthy of the Nation. His first act of doing away with the evil of standardisation will go down to history as the first step towards reconciliation with the Tamil community. How churlish of the TULF not to have made known it's appreciation of the removal of that curse? Of what are they frightened? Are they frightened of their shadows?

I am not an educationist. I have never been to a University. But I do have the sense to know that a good University product is a gentleman. I therefore do not wish to offer a solution. All that I plead for is a fully residential University to be sited at Peradeniya, that beautiful shrine that has been despoiled by vandals. I will even go so far as to suggest that legislation specially designed for such a University be framed and put on the Statute Book ensuring that not even a 2/3rd (or 5/6th) majority of the National State Assembly may alter that statute. It should be called the Residential University (Peradeniya) for Post Graduate Studies Law. This Law should specifically provide for:

- (a) that the number to be admitted shall remain commensurate with the accommodation available. There shall be no discrimination on any ground.
- (b) every student shall be admitted only on the basis of performance at the first degree.
- (c) any increase in the number at this University shall be only after provision of necessary accommodation and NOT before.

(d) that any student so admitted will be given only a specified time limit within which to produce a book that is suitable for publication. (How many of our university academicians or students have published any book worthy of note or study).

(e) no second chance or extension shall be given. Any good student should be able to produce results within a period determined by his Professor.

These are only some of the points that occurred to me as worthy of consideration. What we want to see in this country is a group of young men and women who can contribute to this Nation's progress. Let us read what John Masefield has said of a University "There are few earthly things more beautiful than a University. It is a place where those who hate ignorance may strive to know, where those who perceive the truth may strive to make others see."

To support my position for post graduate university I will quote what President Wilson has said "A University should be an organ of memory for the state, for the transmission of it's best traditions." In lighter vein it may be interesting to read Bismark who said "One third of the students from German Universities broke down from overwork; one third broke down from dissipation; and the other third ruled Germany."

The tragedy we witness now is that young men, still in the prime of their youth, walking with their heads bent low, their spirits crushed, their efforts at creation frustrated, their individuality killed and marching to a dead march like an army to a desert. Can we blame them? But is there a word of regret or sadness in the faces of those who have brought about this situation. They sit back sucking their cigars, perhaps by the seaside listening to the hum of the sea and admiring the laughter of the white foam as the waves break upon the rocks. This is the legacy left behind to Minister Wijeyeratne?

There is no greater wealth than life itself. As Morris West has said "There is nothing trivial in the birth of a man. It involves the projection of a soul into the dimensions of the flesh". That country which nourishes the greatest number of noble and happy men is

richest. It is here that Minister Nissanka Wijeyeratne has his biggest challenge. He is quite capable of remembering what Morris West has said elsewhere that "the first creative act of God was directed toward fulfilment and not destruction. If the Universe is not centred on MAN, if MAN, as the centre of the universe is not centred on the Creator, then the Cosmos is a meaningless blasphemy—men have only one choice: suicide or an act of worship". Let the Peradeniya Campus be made the University for our Nation where men may realise that MAN is one indivisible. Humanity is one and indivisible. This is one World and we in Sri Lanka must be one Nation, keeping our individuality and our identity. No Government can ever make a Tamil a Sinhalese or a Sinhalese a Tamil or undertake any other transmutations. But no Government should ever permit the division of this country.

Sir, I wish to stop with an extract from the Meditations by Marcus Aurelius:

On Duty—

Hour by hour, resolve firmly, like a Roman and a man, to do what comes to hand with correct and natural dignity; and with humanity and independence and justice. This you can do if you will approach each action as if it were your last, dismissing wayward thought, the emotional recoil from the commands of reason, the desire to create an impression.

On his job—

Be careful not to affect the monarch too much (the Minister does not have to nor will he even want to in view of his genuine humility) or be too deeply dyed with the purple; for this can well happen. Keep yourself simple, good, pure, serious and unassuming; the friend of justice and godliness; kindly, affectionate and resolute in your devotion to duty. Above all, never struggle or strain, but be master of yourself and view life as a man, as a human being, as a citizen and as a mortal.

Sir, as I said in my earlier letter to you, I know the Minister of Education well. His greatest quality is that he knows that he is as much a human being as any other. Therefore he will not need to

make any special effort to follow what Marcus Aurelius has enunciated. My prayer is that Minister Wijeyeratne, will be able to say when he leaves that job, that he is leaving it a better place.

Colombo.
29.10.77

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WORLD PEACE

And Soviet Foreign Policy

by T. Duraisingam

Attorney-At-Law

Member, World Peace Council

The foreign policy of the Soviet Union, since the October Socialist Revolution 60 years ago, was consistently aimed at ensuring international co-operation and making it serve peace and progress, at stopping the arms race and at taking positive steps along the road to disarmament and detente.

The very first decree adopted by the Soviet State under the leadership of Lenin, was the Decree on Peace which offered peace to all nations and appealed to the governments and peoples of all countries participating in the First World War to cease hostilities immediately and begin talks for concluding a universal and democratic peace. "The workers', and peasants' government," the Decree on Peace stated "created by the Revolution of October 24-25 and basing itself on the Soviets of Workers', Soldiers' and Peasants' Deputies, calls upon all the belligerent peoples and their governments to start immediate negotiations for a just, democratic peace. By a just or democratic peace, for which the overwhelming majority of the working class and other working people of all the belligerent countries, exhausted, tormented and racked by the war, are craving—a peace that has been most definitely and insistently demanded by the Russian workers and peasants ever since the overthrow of the tsarist monarchy—by such a peace the government means an immediate peace without annexations (i.e., without the seizure of foreign lands, without the forcible incorporation of foreign nations) and without indemnities."

The Decree then proceeded to explain what it conceived as annexation or seizure of foreign lands and appealed to the class conscious workers of the advanced belligerent nations who would "understand the duty that now faces them of saving mankind from the horrors of war and its consequences, that these workers, by comprehensive, determined, and supremely vigorous action, will help us to conclude peace successfully, and at the same time emancipate the labouring and exploited masses of our population from all forms of slavery and all forms of exploitation." It was this Decree with its commitment to peace, as enunciated by Lenin, that has inspired Soviet foreign policy throughout the past 60 years. It formulated a fundamentally new foreign policy and diplomacy which basically differed from those of the capitalist states. The Decree described the partition of the world and the enslavement of the colonial peoples and territories by imperialist powers as "the greatest of crimes against humanity" and thereby expressed its solidarity with the national liberation movements and called on the enslaved peoples to step up the struggle for their national emancipation. The Decree gave concrete expression to the two fundamental Leninist concepts—proletarian internationalism and the peaceful coexistence of states with different social systems.

Within a few minutes of Lenin reading out the text of the Decree on Peace, the telegraphist of the cruiser *Aurora* whose gun, the previous day, fired the heralding of the dawn of a new era, broadcast the text of the Decree to the governments and peoples of the belligerent countries. Though the call for peace was made by the infant Soviet State, peace did not come to it easily. It had to go through incredible hardships to achieve peace and gain the opportunity to get down to peaceful creative endeavour. The governments of Britain, France and the United States ignored the Soviet Government's proposals for a democratic peace and, from the first days of the Soviet government, they began to conspire actively to bring about its downfall. Thus the Soviet Government was compelled to conduct negotiations with the Germans separately and con-

cluded the Brest Litovsk treaty with Germany and her allies in March 1918. This treaty, though the terms were very harsh, enabled Soviet Russia to pull out of the imperialist war. It also made it more difficult for Germany and her allies to link up with Britain and France in a joint struggle against the Soviet State. All the efforts of the US, British and French leaders to hinder the signing of this peace treaty collapsed.

The signing of this treaty was of tremendous international significance and a triumph of the Leninist policy of peaceful coexistence. But it was not for long that the Soviet Republic was able to enjoy its hard won breathing space. The deposed exploiting classes would not reconcile themselves to the loss of power and privileges. Immediately after the October Revolution the deposed exploiters—the landowners and the capitalists—began building up their armed forces and formed whiteguard armies to overthrow Soviet power. The foreign imperialists too could not reconcile themselves to the existence of a country governed by workers and peasants, whose example had a revolutionising effect on the working people of the capitalist countries. The monopolists did not want to lose the thousands of millions of rubles they had lent to the Tsarist Government and the bourgeois Provisional Government, or the huge profits derived from the factories, mines, etc. which they had owned in Russia. Moreover, they feared that Soviet Russia would, by her peace policy, set an example to the working people of other countries of how to put an end to the hated war.

The counter revolution organised by the defeated landlords, capitalists and kulaks started an armed struggle against Soviet power. Russia's former allies, Britain, France, Japan and the USA, gave every assistance to the counter-revolution. 14 capitalist states sent their troops to intervene in Soviet Russia's internal affairs in a bid to "strangle the Russian Revolution in the cradle," as Churchill cynically said. Russia's working people rose to defend the gains of the Socialist Revolution. The Red Army was formed and it began to wage a successful struggle against external and internal enemies. By 1921 the Red Army succeeded in com-

PELLING practically all the forces of intervention to get out of Russia. The victory of the Red Army was facilitated by the revolutionary struggle of the international proletariat against intervention. The working people of the capitalist countries stopped arms deliveries, and set up "Hands Off Russia!" committees, thus making operations more difficult for the interventionists and helping the working people of the Soviet Republic. Speaking of international solidarity, Lenin said: "It was precisely this support, it was precisely the sympathy which the working masses—the masses both of workers and peasants, tillers of the soil—showed for us all over the world, even in the States that were hostile to us, it was just this support and this sympathy that were the last and most decisive source, the decisive reason why all the invasions against us ended in defeat."

Even as the forces of intervention were being repulsed, the Soviet state made every effort to normalise relations with the capitalist states. An armistice agreement was concluded with Poland and the peace treaty was signed in March 1921. A little earlier peace treaties were concluded with Estonia, Lithuania, Latvia and Finland. At this time there were a number of influential members in the British Government who believed that since Britain was facing mass unemployment, business deals with Russia should not be ignored. The Soviet delegation which was then in London took advantage of this situation to sign on March 16, 1921, a Soviet-British agreement on the resumption of trade relations between the two countries. The importance of that move went far beyond the economic sphere. Britain recognised the Soviet State de facto. Soviet Russia and capitalist countries now began to establish official diplomatic and trade relations. A period of peaceful coexistence with the capitalist countries set in.

The Soviet State pursued a flexible foreign policy. It was prepared to make compromises and showed the ability to take advantage of the contradictions dividing the imperialist powers. The first time Soviet Russia was represented at an international conference was in April 1922 at the European conference held at Genoa. Plans were drawn up at

this conference for a European Financial Consortium to organise the "Restoration of Europe". Speaking on behalf of the Soviet delegation, Georgy Chicherin, the People's Commissar for External Affairs, stated that "the Russian delegation believes that in this historical epoch, making possible the parallel existence of the old system and the emerging new social order, economic co-operation between states representing these two systems of ownership is imperative for universal economic recovery. The Russian delegation has arrived here to enter into business relations with the governments and trading and industrial circles of all countries on the basis of reciprocity, equality and complete and unconditional recognition." That was an official declaration of the Leninist principle providing for peaceful coexistence and co-operation among countries with different social systems. At the same time the Soviet delegation also proposed a general reduction in armaments. That was the first time the Soviet State took the initiative in raising the disarmament problem in practical terms. It has always remained loyal to Lenin's motto: disarmament is the ideal of socialism. The sponsors of the conference, however, refused outright to discuss disarmament.

No agreements were reached at the Genoa Conference because of the differences and antagonisms, especially between the victor powers and defeated Germany. This situation enabled the Soviet delegates to sign a treaty with the German representatives in Rapallo, not far from Genoa, whereby the two sides restored diplomatic relations and agreed to settle all their outstanding issues on the basis of equality. The Rapallo Treaty was the first to embody the principle of peaceful coexistence. "The Rapallo Treaty", said Georgy Chicherin, "is an example of the treaties we should like to have with all countries. We have been following this course steadily and we shall continue to do so. It is a course of developing ever closer political and economic relations with all the peoples."

The peace policy of the Soviet Union has developed continuously since its foundation. From the outset the distinctive character of

the Soviet peace policy has been that it has striven untiringly for universal peace for all the peoples of the world. The range and scale of the Soviet fight for world peace has continuously enlarged and expanded. The Soviet foreign policy of peace has been enshrined in the New Constitution of the USSR, which was recently adopted by the Soviet people. Article 28 states: "The USSR steadfastly pursues a Leninist policy of peace and stands for strengthening of the security of nations and broad international co-operation. The foreign policy of the USSR is aimed at ensuring international conditions favourable for building communism in the USSR, safeguarding the state interests of the Soviet Union, consolidating the positions of world socialism, supporting the struggle of peoples for national liberation and social progress, preventing wars of aggression, achieving universal and complete disarmament, and consistently implementing the principle of the peaceful coexistence of states with different social systems. In the USSR war propaganda is banned."

the re-orientative steps taken by the Prime Minister, Mr. J. R. Jayawardene. But his hopes of building a free and righteous society will remain just a dream as long as this situation prevails. It is not only the Prime Minister and the members of the National State Assembly (NSA) who have to construct this new society. It is indeed the prime duty of every citizen of this country to give his fullest co-operation for this great and noble task. A right step in this direction has been taken in the new disciplinary training of the police. A better performance than hitherto on the part of the guardians of the law will go a long way towards creating a society where the key note will be freedom and justice for all.

Shanthikumar Hettiarachchi

Mahawatta,
Pamunugama.
7.11.77

I had the highest regard for the Tamil Politicians, the late Mr. Chelvanayagam and Messrs Amirthalingam, Navaratnam, Kathiravelupillai, Ratnam and the rest. In the same way they were of great assistance to me and assisted me to maintain law and order. They were gentlemen who were very reasonable and had their countrymen at heart.

If not for them the Tamils would have been in a sad plight and would have been down-trodden. None of the political parties in power took any trouble to solve the Tamil problem but made empty promises—nothing came of them. The Tamils in the past were discriminated in various ways and this has to be rectified so that all communities will henceforth live in peace and harmony.

I would plead as an outsider to the Tamil leaders to be patient and give up their demand for a federal state (Eelam) and have the fullest confidence in Mr. J. R. Jayawardene.

I have the highest regard for him and I am confident that under the wise and sincere leadership of his that he will solve all the problems and build up a prosperous and peaceful nation. If he fails no one will hereafter do it. He can be trusted. He is a man of principles and will never go back on his word.

This is the time that the Tamil leaders should take the opportunity open to them and have a round-table conference with the Prime Minister and solve all the problems. I have no doubt that they will do this and help Mr. J. R. Jayawardene to put Sri Lanka once again on the map. We are all looking forward for this.

Long Live Sri Lanka.

J. Van Sanden.

18, Seventh Avenue,
Camprose, N.S.W.,
Australia.
30.10.77



• Tamil Problem

Sir,

I was grieved when I heard of the disturbances between the Sinhalese and Tamils. The majority community Sinhalese and the minority Communities Tamils, Muslims and the Burghers should have the freedom to live in peace in any part of Sri Lanka, as it was in the days prior to our gaining Independence. This could be easily solved now that our people are ruling the country. In my opinion the only person capable of doing this is our present Prime Minister Mr. J. R. Jayawardene. If he does not do this no one else will.

When I was in the Police Service, I was the ASP in charge of the Trincomalee District during the 1958 communal disturbances and later S. P. Batticaloa and after that SP, NP, till 1965. In my experience I find the Tamils to be a peace-loving and hardworking people. In the NP I won their confidence and they went to the extent of assisting me build a "Sports Stadium" for them. When I left Jaffna, the then Mayor, Mr. Alfred Thuraiappa named the Stadium after him and called it the "Thuraiappa Stadium."

LETTERS

• Police

Sir,

I read with much indignation the letter written by Mr. Kelly Senanayake in the Oct. 15th issue of *Tribune*. Both the members of the government and the General public vehemently condemn the outrages committed by the Police. Mr. Kelly's letter reveals only a few such injustices done to some members of the Janatha Vimukti Peramuna (JVP) in Pannala and Kantalai. The people of this country, are not fully aware, perhaps, of the way that the weak and the helpless are harassed by the police and the type of language they use in addressing them. Why did these accusations suddenly erupt against the police? Well, while admitting that they do help to maintain order, but it is also an undeniable fact that the little good they perform is undone by these undisciplined activities.

Today we are determined to build a new Sri Lanka of which I am proud to be a citizen. This is because of

Confidentially

Beating The Budget?

IS IT NOT THE JOKE against the Finance Minister and his high-powered bureaucratic think-tanks that they left a loophole, in the special legislation rushed through immediately after the Budget Speech, large enough for the proverbial coach and four to go through? That the government-controlled paper *Daily News* on November 17 had a frontpage box **SPECULATORS ATTEMPT TO SEAT THE BUDGET?** That the item read: "When the Finance Minister Mr. Ronnie de Mel announced the unification of exchange rates with the dollar going up to Rs. 16/- and the pound going up to Rs. 29.15 he imposed simultaneously an export duty of Rs. 15.00 per kilo for bulk tea and Rs. 13.50 per kilo for packeted teas and bags. This was done to siphon off the increases. Some tea firms however who had already exported their teas held on to the bank documents on speculation with a view to making a quick buck. The gamble paid off and they were richer overnight. Several exporter firms have made a couple of millions but one big shark is likely to get away with Rs. 30 million. The Minister of Finance it will be recalled did state that he will be fair by exporters and importers and avoid hardships as well as prevent unjust gains. Business circles hope that the Minister will move in quickly and outsmart these smart operators. There have also been several cancellations of exchange bookings. An investigation into this too would be welcome, according to these business circles." That even if the Minister brings in retrospective legislation to catch up with this clever operation there is no doubt that, at the time this exercise was carried out, it was within the law? That as far as *Tribune* can find out, it would seem that a number of big operators had shipped large consignments of tea over a week or ten days ago and had duly paid the duty leviable at that time? That though the teas had been shipped and the duties paid, the firms had not submitted their documents to collect their payments

on the Letters of Credit? That only firms big enough to have overdraft facilities to cover the shipments could do what they did? That these firms booked the exchange after the Budget announcement and the laws fixing the new exchange rates? That these firms collected the new foreign exchange rates but did not have to pay the new export duties? That these firms were therefore able to collect the difference between the new duty and the old duty on the basis of the new foreign exchange rates as an additional profit? That the *Daily News* grumbles that "the gamble paid off and they were richer overnight...? That one can only ask: "So what?" That the whole Budget is a gamble, that capitalist enterprise is a gamble, and that life itself is a gamble? That through inspired leaks and otherwise it was known that the Sri Lanka rupee was being devalued about 100% (i.e. that the US dollar would be fixed at around Rs. 16/-)? That in the circumstances speculators who had the requisite opportunities and monies would be on the look-out for chances to make a quick buck? That it is not the speculators who must be blamed if this did happen, but the Minister and his team who failed to anticipate an exercise of this nature and provide for it in the legislature? That a clause should have been included in the Act that in respect of exports where the duty was being raised the new duties would be applicable in respect of all shipments on the high seas where final payment had not been effected? That a clause as simple as that could have prevented this costly (to the government) joke? That if the think-tanks of the Treasury could not provide for such a contingency it is difficult not to be apprehensive of other acts and regulations they will rush through the NSA with UNP's massive majority? That whilst it is true that the government would be tempted to resort to retrospective legislation to safeguard its credibility in this matter, the UNP which has shouted so much about the evils of retrospective legislation should be chary of penalising anyone who has made a quick buck in this way? That the Minister of Finance must understandably be touchy about being accused by the Opposition (as he will undoubtedly be) that he let some specu-

tors make a few millions overnight? That the *Daily News* on November 18 had another box entitled **MINISTER'S ACTION ON CDN REPORTS SAVES COUNTRY RS. 1M?** The report read: "Prompt action by the Minister of Finance and Planning Mr. Ronnie de Mel on the *Daily News* report in yesterday's City Edition on certain big tea-export firms trying to cash in on the unification of the exchange rate has saved the country about one million rupees. Mr. de Mel yesterday took immediate action in preventing these firms making windfall profits on the unification of the exchange rate. Referring to the report Mr. de Mel said: 'I received information on Wednesday night that certain big tea export firms were trying to take advantage of the unification of the exchange rate to make windfall profits. I took immediate action in this matter to prevent speculators making such windfall profits at a time when the ordinary man is being called upon to suffer hardships. I will even bring in new legislation, if necessary to nip this racket in the bud as I did with speculators in the rubber trade on November 15. The ugly face of capitalism is trying to manifest itself. The Government will leave no room for such speculators and blackmarketees, however highly placed they may be. I call upon the private sector to desist from such anti-national practices. The people are watching them clearly, and this will be their last chance.' That this is good for Minister Ronnie de Mel? That many people were surprised that the *CDN* report of 18/11 spoke of only rupees one million? That in the afternoon of 18/11 and the morning of 19/11, the *Observer* and the *Daily News* spoke of about one hundred million rupees being the sum involved? That the *Daily News* was apologetic and shamefaced when it stated that it had inadvertently referred to "one million" when the sum was estimated to be about rupees "one hundred million"? That the *Daily News* should hide its face in shame for a bloomer of this kind? That all may be well that ends well, but what has not been disclosed is what action the Minister took to do the trick? That, for the record, it would be interesting to know whether the Minister's retrospective action was on the banks or the exporters? Amen.

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