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PEOPLE'S PUBLISHING HOUSE,

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Phone: 36111

Letter From The Editor

The Sinhala and Tamil New Year will be soon with us, and *Tribune* takes this opportunity to wish its Buddhist and Hindu readers all the best in the coming year. The Government has promised a plenitude of consumer goods of all kinds at reasonable prices: coriander, garlic, dry fish, canned fish, textiles and everything else that have been, and still are, in short supply. Little dribbles of these commodities have become available through the co-operatives which have a virtual monopoly for the retailing of these goods. But, strangely enough, these goods have for a long time been readily available in the black market at enhanced prices. How these goods "leak" from the government trading agencies (the sole importers) into the black market is no secret so far as the common man is concerned; but, the government pretend, it does not know. In each area the channels through which these goods "leak" from the co-ops to the black market are known; but the political protection that present-day political "black marketeers" and "contact men" enjoy makes it difficult for members of the public to do anything to change the situation. It is true that the Government and the Bribery Commissioner have invited the public to expose such crimes and help the authorities to stamp out anti-social activities. Many members of the public at different times have made complaints to the authorities who promptly did what they considered necessary. In this way a few men have been brought before the courts of whom an even smaller number have been convicted and punished. But it is the complainants who have, in the long run, suffered. The vested interests in the co-operative movement and the powerful operators entrenched in the State Trading organisations make matters difficult for complainants and their families. The result is that there is a universal reluctance on the part of most people to complain about any such misdoings. As *Tribune* has mentioned often, the common people now know that it is better to co-exist with corruption rather than to fight it. No amount of exhortation by Ministers and others calling upon people to fight corruption has any meaning today: people do not bother about such appeals for "cleansing public life." The ordinary householder wants his coriander, his textiles and other consumer goods and he is prepared to tolerate (and co-exist) with corruption to get them. This state of affairs will continue to flourish as long as the Press is not what it should be. There are those in the Establishment who pretend that there is a free press in Sri Lanka. But, there is really no free press in the real sense of the word on a national scale. Of the big daily paper groups, the *Lake House* has been reduced to government propaganda unit of dubious validity: and it now does not publish news that may be distasteful or unpleasant to the government. What is worse it publishes slanted news to bolster government propaganda. The *Times* group, at the moment, is inclined to print all the news fit to print, but its potential is limited because of its financial instability and obsolete printing machinery. The *Virakesari* is a sectional minority paper and suffers from all the limitations that hamper newspapers in this country although it makes a heroic effort to print all the news. The Press Council Law and other legislation impose serious restrictions on the freedom of the press. For instance, the publishing of news relating to cabinet decisions and the like is taboo. And, under the Emergency which has existed from April 1971 to February 16, 1977 there were other restrictions which prevented the press being free. Furthermore, today, nearly eighty percent of all advertising is controlled by the State and these advertisements are doled out by politicians and politicised bureaucrats to papers which are prepared to toe the line. In India, before the Emergency had begun to inhibit the press, government advertisements were shared by all newspapers, big and small—dailies, weeklies and monthlies and even occasional publications. The allocation of such advertising was done on a principled and agreed basis. And, at that time, the Indian Press Council (before it's abolition and later replacement by an unsatisfactory Press Council) was constituted on healthy lines with competent, knowledgeable and independent members representing various interests. The Press Council in Ceylon is not what it should be and it does not even have a single genuine representative from the press. In the light of what has happened in India and in the light of what is happening in the rest of the world, it is essential that the Press Council Law in Sri Lanka should be amended or rescinded completely. All the other restraints, too, which make it difficult for newspapers to exist must be removed. Unless this is done, it would be impossible for the government to know what the people think, and if the rulers are unable to gauge the mood of the people, defeat at the polls will come as it has come to the most powerful Establishment India has ever known.

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EDITOR'S NOTEBOOK

Revaluation

The Sri Lanka Rupee has been revalued by approximately twenty percent against twenty-six of the world's leading currencies. A Gazette Extraordinary was issued to effect this on the night of Friday March 11. In a press statement the Minister of Finance, Mr. Felix R. Dias Bandaranaike, had stated that for the first time in recent years, the Sri Lanka Rupee had strengthened consequent upon the boom experienced currently in the international markets for our primary commodities: that this boom was not a temporary phenomenon but a permanent upswing which was expected to continue into the foreseeable future and was supported by economic forecasts.

"The f.o.b. price of tea has increased from Rs. 5.37 per kilo in 1970 to Rs. 14.30 per kilo in January 1977, which is an increase of well over 150%. The f.o.b. price of rubber too which was Rs. 2.73 per kilo in 1970 has increased to Rs. 7.70 per kilo an increase of 180%. Our external assets which were about Rs. 400 million in 1970 have increased to over Rs. 1,347 million as at the end of January 1977, an increase of 237%. The Government has therefore decided to reverse the process of the fall in the value of the rupee initiated by the UNP Government in November 1967 and compounded in recent years by world inflation."

In early 1976 the Government decided to arrest this process by deliberately determining the exchange value of the Sri Lanka Rupee by linking it not to a particular currency whose value was declining but instead to a group of those currencies with which we had international transactions. The Government has decided to revise the composition and weightage of the group of currencies in conformity with current trends in our external transactions. This will have the effect of mitigating the impact of world inflation on our economy.

"As from March 12, 1977, the value of the Sri Lanka Rupee will appreciate by approximately 20% so that the US dollar will cost us only Rs. 7/28 compared with Rs.

8.72 earlier. Similarly the pound sterling will cost us Rs. 12.51 compared with Rs. 14/97 earlier. The reduction in the rupee value of the US dollar and the pound sterling on the FEEC market will be by the same percentage; as the FEEC rate will continue at 65%. Thus the FEEC rate for the US dollar will now be Rs. 12.01, compared with Rs. 14/38 earlier. Whilst the FEEC rate for the Pound sterling will now be Rs. 20/65, compared with Rs. 24/70 earlier. The effect of this upward movement of the value of the Sri Lanka rupee will be to reduce the rupee cost of imports by approximately 16%. Prices of other items, depending upon their import content will reduce correspondingly."

Mr. Bandaranaike further stated that the Government has decided to pass on the benefit of the reduction in the cost of imports to consumers. This will also have an impact on local prices in that the excess purchasing power in the hands of the capitalist class will be mopped up as part of a deliberate policy of the Government. On the export side, the rupee value of Sri Lanka exports will decline correspondingly; but in the light of the increase in the margins available to exporters consequent upon the boom in commodity prices obtaining in the international markets, there should be no adverse effects upon the competitiveness of our exports. The Government will keep under close review the effect of this measure and will take necessary action to regulate its effects in such a manner as to pass on the maximum benefits possible to consumers particularly in those items which do not already carry heavy subsidies."

This announcement of revaluation was followed by a propaganda barrage in the official media to state that the common man was on the verge of receiving tremendous benefits. It was announced that the price of kerosene would be reduced by -/60 cents a gallon and that off-ration sugar by Re. 1/- a lb. i.e., from Rs. 6/- to Rs. 5/-. Announcements were also made that there will be a general reduction in several kinds of fertilizers. Although these announcements proclaimed that the price reduction would be immediate, it was only much later that they came into force in actual practice.

The public has not yet been impressed by this revaluation exercise which has not brought any substantial reductions in prices. Meanwhile, Ministers who believe that Mr. Bandaranaike is a miracle man capable of making Ceylon economically and financially a rich and powerful country have begun to go round the country making speeches that the revaluation had become possible because of the success that has attended the government's production war. Such apologies of the revaluation "gundu" no doubt want to assert that revaluation was effected because of increased production, but they seem to forget that official statistics revealed that there had been big drop in production of commodities like tea, rubber and coconut.

Mr. N. M. Perera, on his return to the island asserted that the revaluation was a bogus exercise. In an exclusive interview in the *Sunday Times* he had stated that the one philosophy to which Mr. Felix R. Dias Bandaranaike subscribed was 'after me the deluge'. For the record, it is necessary to quote excerpts from the statement of Dr. Perera: "The Minister of Finance has taken a far-reaching decision when he revalued the rupee by 20 per cent. The revaluation of a currency, like devaluation, has wide repercussions on the economy of a country. It is therefore readily acknowledged by all that such a grave step should not be lightly undertaken or hastily embarked upon without a full evaluation of the longterm effects of such action. From the information that I can gather, there has not been any systematic study of the consequences of this revaluation exercise by the Central Bank or any of the Treasury officials. On the contrary it would seem fairly certain that the Central Bank and the Monetary Board have both unanimously opposed the revaluation of the rupee as not in the best interests of the country. One should deplore also the fact that this grave step has been taken while Parliament is in prorogation with little or no likelihood of it being summoned before the dissolution date May 22, 1977. Parliament is the one forum where this matter should have been discussed. Without any restraint, members could have expressed their views freely analysing with complete frankness the far-

reaching consequences of a re-valuation as high as 20 per cent. To understand the true meaning of what the Finance Minister has done, let us go back to his budget speeches of 1975 and 1976. Both have been calculated to increase the money supply out of all proportion to the needs of the country. Indeed in his budget speech for the year 1977 he spun a new economic theory that money supply increases do not lead to price increases. Fortified no doubt by this facile though eccentric theory, he boosted the money supply for the year 1976 to the alarming sum of Rs. 2,100 million and prices of all articles rose to unprecedented heights. A coconut which had been 25 to 30 cents hit the ceiling at Rs. 2/-. Inflation became the major bugbear of the people of this country and it led directly to a strike of unprecedented proportions in December 1976. Without admitting the disaster brought on by his foolish and short-sighted policy, he has now swung to the other extreme. He imagines he can dehydrate the inflation by revaluing the rupee by the unusually high rate of 20 per cent. Once again, he surrounds himself by specious arguments to justify his action. He claims gleefully that the external resources of the country are enjoying a wonderful boom which is likely to last. He quotes the figure of Rs. 1,700 million as the present level that has been reached. According to him, this figure is likely to go up in the months to come. He flaunts this wonderful achievement in contrast to the Rs. 400 million that obtained in 1970 when the United Front Government took over. Actually at that time it was only Rs. 366 million that stood to the credit of Ceylon by way of external assets. Is this comparison correct? Why has he gone back to 1970? His stewardship as Minister of Finance begins only in the latter part of 1975 and therefore, is it not more correct and proper to compare the present position with 1975 when the external assets showed Rs. 913 million to our credit. This contrast is less exhilarating than the comparison with 1970. Such a bold comparison is a mean trick to beguile the unwary and the unthinking. If one studies the monthly bulletins of the Central Bank, it will be noted that the external assets comprise four categories of accounts in the Central Bank Bulletin of November 1976

which is the most recent report available to the public, the total external assets are given as Rs. 1,387.1 million. Of this, what strictly belongs to the Government is only Rs. 55 million. Government Agencies and institutions have to their credit nothing. International reserves of the Central Bank stand at Rs. 804.5 million. To the credit of the commercial bank is the balance Rs. 577.1 million. Is this position something to crow about and broadcast as if our external resources are booming. This is not the total produce picture. Even assuming that the Gross External Assets today stand at Rs. 1,700 million, the Minister of Finance should categorically state what the net external assets positions is. From all the information I can gather, the Government has liabilities to the tune of more than Rs. 2,500 millions. These liabilities arise from import bills that still remain uncleared. Short term supply of credits and various temporary borrowings that have been made from time to time. This is the information that is available to me. The Minister should correct me if I am wrong. And if this information is correct, then the external assets position is a negative one. Admittedly these liabilities do not have to be met in one rush. But they are liabilities that have to be made in the course of the year. This is not therefore such a rosy picture as he would like to paint for their benefit during the next elections.

Let me look at this in another way. In 1970, our import capacity was a little over Rs. 2000 million and therefore, external assets position of Rs. 400 million roughly provided for 2 months imports.

If our external assets are at Rs. 1,700 million today our import capacity has also escalated to Rs. 5,500 million. Broadly this external resource represents three months import capacity. If the difference between 1970 and 1977 is not so short how can the Minister talk in such glowing terms about the prosperity of the country. It is on such a false premise that he has become very expansive in the offer of cheap goods and a reduction in the prices of all articles. The Minister of Finance is now holding out a promise not merely to stem inflation but actually to bring down prices of all commodities on the strength of the booming external resources. Let us examine how far he can do this. Broadly, goods imported into this country fall into two categories. Those imported by the Government and given at subsidised prices and the other goods which are sold by the private sector without any control over prices. Let us take the category of subsidised goods. Already, the government is carrying the burden of giving them to the consumer at below the cost price. One does not know precisely the extent of stocks of rice, flour, sugar crude oil, milk foods, fertilizer etc. One would expect a minimum of ten months stocks for most of these goods. If so to give them immediately at lower prices means a higher subsidy that must eat into the budgetary position of the country. He has already announced lower prices for fertilizer. This means the Government will have to bear a very much higher fertilizer subsidy until fresh stocks come from abroad. He has reduced the price of kerosene by 60 cents. Already, there is a very heavy subsidy on kerosene and what is more im-

COVER

THE SINHALA AND TAMIL NEW YEAR, next week, will bring the customary round of holidays. Starting from Good Friday, April 8, right up to Monday, April 18, the country will be on official and unofficial holiday although there are several working days in between. Casual Leave, Sick Leave, French Leave and other devices are used to keep away from work and swell the annual quantum of absenteeism which is today the biggest obstacle in the way of the rapid economic development of this island. However, we do not wish to preach mournful sermons at a time of rejoicing. The young lady *On the Cover* finds delight and happiness bathing in the village tank while the lotus is in bloom. The young and old, in town and village will, this year, celebrate the New Year with two tins of canned fish (cheaper than CRA tins—a 2½ lb. can at Rs. 4/- odd) gram dhall, three yards of imported textiles, a few ounces of garlic, coriander, off-ration sugar at the rate of Rs. 5/- a lb. and so on and so forth. This New Year is a Ration Book New Year.

portant the reduction in the price of kerosene will necessitate importation of kerosene from abroad. The production of kerosene by the refinery would not be sufficient to meet the increased consumption both by the consumer as well as diesel oil using vehicles of all sorts. This has been the past experience in this country. The Minister of Finance has not taken the trouble to inform the country about the budgetary situation that is prevailing. But it is significant that already at the beginning of this year the Treasury has informed all departments that the capital budget has been cut by 25 per cent because money was not available and the money allocated for the decentralised budget was to be earmarked only for continuation work. There was not enough money for fresh work under the decentralised budget. If this is so then the budgetary situation cannot be so buoyant and in surplus. He can however turn to the usual ruse of increasing the money supply that will mean further inflation in the country. So his very policy can be negated by his own actions. Let us now turn to the imported goods sold by the private sector. Let us remember first of all that the effects of revaluation can only be felt about two or three months hence when existing stocks are exhausted and fresh orders are placed and the goods obtained from abroad. So there would not be an immediate reduction in the prices of all imported goods which are sold in the market. Secondly importers never like to pass the benefit of revaluation to the consumer. They are much more likely to pocket these benefits themselves. Traders are not altruistic people. They exist to make profits and any fortuitous circumstance will accrue to their benefit and not to the benefit of the consumer. Thirdly there is no guarantee that the 20 per cent revaluation will not be absorbed by the higher prices that world inflation has imposed. In a world where there is no free international market and where exchange controls are the order of the day in every country, it is futile to expect benefits from either revaluation or devaluation. We learnt this lesson, when we devalued the rupee both in 1967 and thereafter and this is what the Minister of Finance will earn somewhat sharply but at the bitter cost to the country. Almost on the

heel of his tall talk about reduction in prices the Shipping Conferences have announced an increase in the freight rates of 12.5 per cent in the case of tea exports and 15 per cent in the case of other exports. This is the sharp answer he has got from the shipping people who are adversely affected by his revaluation. This is another indication that the incidence of revaluation will have to be borne by the people of Sri Lanka themselves. It is idle to speculate that it will be possible to pass on the burdens to be carried by foreigners. Of course, the Minister of Finance can announce in the papers that he has reduced prices of this and that commodity. But when the consumer goes to the trader, he will find that prices have not changed and is likely to be asked to get the reduction from the Minister of Finance himself. We have seen this when he talked about a reduction in the prices of textiles in his budget speeches. His reduction will remain on paper and the public will know that the so-called reductions are just a bit of window-dressing in preparation for the elections. Let us now turn to the effects of revaluation on the exports of this country. In his speech announcing the revaluation, he talked of the increased margins available to the exporters as a result of the boom in prices. At best this is only true of tea, admittedly a fortuitous position. How long this will last nobody is in a position to assert. However, the first reaction has been an immediate drop of Rs. 1.50 per pound at the auction sale. Rubber prices have dropped by 50 to 60 cts. a kilo and those with forward contracts will lose millions of rupees and that is so much loss of foreign exchange income to the country. Ever since I took over the Ministry, the fostering of non-traditional exports was one of the special tasks undertaken by the government and we had successfully and steadily achieved a measure of improvement. This revaluation would be a crippling blow on the non-traditional sector of our exports. Let us remember that the freight increase covers both imports and exports. Exporters will therefore have to face the adverse effects of both revaluation as well as a freight increase. One further factor merits consideration. Under the regulations of the International Monetary Board, no country can unilaterally alter its exchange rate

by more than 10 per cent without prior consultation with the International Monetary Fund. This obligation is imposed on all members in order to avoid competitive exchange control variation which can lead to a serious dislocation of international trade. Of course, Sri Lanka is such a small entity and plays such a small part in world trade that our exchange control changes may have no serious repercussions on other countries. But the principle has been acknowledged by all member countries of the International Monetary Fund. If I remember right, more than one country has been deprived of its membership for failure to adhere to this safeguard of good international economic relations. Our Minister of Finance may not be worried by bagatelles like this, but the problem will become acute at a time of financial stress. This attitude, however, is strange when we recollect the fact that this Government has been insisting on an early meeting of the Consortium in order to obtain foreign aid and assistance. As an underdeveloped country needing project and commodity aid to build up the economy of the country in the light of his present action, it is more than doubtful whether the Consortium will meet as projected in April or May. If it does meet, Sri Lanka will be hard put to make a case for assistance in the light of our booming economy as proclaimed by Mr. Felix Dias. From the foregoing, it does appear that the action of the Finance Minister by revaluing the rupee in the face of opposition by all those who are knowledgeable has struck a serious blow at the lasting welfare of this country. He has been concerned only with the window-dressing operation to mislead the voters in the coming elections and his promise to bring down prices is only a paper promise. Increased subsidies will no doubt be granted to add to the already subsidised goods but they will be at the expense of economic development. He has compared the present situation to the Korean boom. I am afraid he does not understand the difference between a boom in certain prices and a general inflationary situation. The Korean boom brought about a boom of high prices for our chief export products, but there was no escalation of prices of all consumer goods. Therefore, it is wrong to

equate the present position with the Korean war period. Even on the assumption that there is a similar boom, is he not committing the same mistake that Mr. D. S. Senanayake did? During that boom, we of the Opposition wanted the Government to adopt a fiscal policy that would siphon off the surplus income in the hands of the capitalists and earmark the resulting resources for the economic development of the country. Its a pity that other Ministers have been intimidated or cajoled to accept a policy which is fraught with due consequences for the economy of the country. In the capitalist world, booms are followed by depressions and this is what he has forgotten. Even assuming that there is a boom, it is highly myopic to assume that it will last.

One philosophy the Finance Minister does seem to have: after me, the deluge. What happens to this country is absolutely immaterial to him. What matters to him is how to bamboozle the public to enable the Government to obtain their votes. I am afraid he is in for a rude awakening. The financial shambles he leaves behind will eventually recoil on him and the SLFP. The people are not likely to forget the author who is responsible for the economic ruin that he has brought about."

Another very sharp criticism on the Finance Minister's revaluation came in the UNP journal of March 18, 1977. This is what it said

"The SLFP government's revaluation of the rupee is nothing but a political 'gundu' that is going to have serious effects on the economy and drastically cut down development work. It is well known that there were sharp differences of opinion both in government and official circles in regard to Felix Dias Bandaranaike's move to revalue the rupee, which is nothing but a transport camouflage. The government claims that as a result of the revaluation the prices of several commodities will come down in price. But the vital question that must inevitably be asked is at what price? The government has already reduced the price of kerosene and sugar. It is obvious that the kerosene and sugar, which will be offered at the new price were imported some time back. They could not have been purchased at the revalued rupee price.

"What does this imply? It means that commodities that have been bought at the previous exchange rate are now being given to the public at reduced prices thus causing an obvious loss to the country. Government is thus subsidising these commodities, although, of course, Felix Dias Bandaranaike carefully avoids stating this. What is the effect of that on the economy? If the government is subsidising these commodities since they were bought at the previous exchange rate, then less money is available to the government for development work and more specifically to provide employment to the one million already unemployed. One of the results of the present revaluation will be to further aggravate the unemployment problem since the government will have very much less money to spend in solving this burning issue.

"A fundamental question that should be asked by everyone is, whether revaluation is justified. A country revalues its currency only when it has a sound economy. Powerful industrial nations such as West Germany and Japan, revalued their currency because their economy was sound enough to in terms of international conditions.

"Felix Dias Bandaranaike argues that our primary products are enjoying a boom period and so this justified the revaluation. All Bandaranaike's bombast cannot hide the fact that this present step was taken for political reasons and not based on sound economic thinking. That is why some senior officials of his own Finance Ministry and the Central Bank, who know much more about economics and financial affairs than "bombast Bandaranaike" will ever learn, opposed this political gundu, which will only ruin the economy. Felix Bandaranaike says with his charac-

teristic optimism that the commodity boom will continue for the 'foreseeable future'. What is the 'foreseeable future'? Just a couple of months before the election, so that he can revalue and try to dupe the voting public into thinking that the government has been able to reduce prices?

"It is true that tea and rubber are fetching much better prices today. But even Felix Bandaranaike should know that tea prices have improved only because of the severe shortfall in world coffee production, especially in Brazil and Columbia. Once these two countries return to normal, tea price will take a slide and we will be back at almost normal. Felix's theory that the price boom will continue in the 'foreseeable future' belies all the studies done by UNCTAD. This is why the non-aligned nations summit, which he was connected with, called for stabilisation of the prices of primary commodities. That is why UNCTAD is trying to build up buffer stocks of ten primary commodities so that their prices could be stabilised against price fluctuations. When all economic studies point to the fact that it is necessary to stabilise the prices of commodities such as tea because temporary booms are mere ephemeral phenomena, Maestro Felix goes contrary to the very thinking that is contained in all the major economic documents produced by Third World countries.

"Why does not Felix talk of the effect of revaluation on the tourist industry, which this government has been trying to build up? The incoming tourist will have to pay much more for his tour now than he earlier anticipated. The FEECs rate of Sri Lanka had advantage over the other countries attracting tourism. Felix does not say that the actual effect of the

TRIBUNE

As usual there will be no issue of *Tribune* during the Sinhala and Tamil New Year week i.e., this year, on Saturday, April 16, 1977. The next issue of *Tribune* will be on Saturday, April 23, 1977.

We take this opportunity to wish all our readers a happy and prosperous New Year. The coming (Sinhala and Tamil) year is likely to be a difficult one and we can only hope that the people will meet the troubles that beset the country without losing hope and faith in a future where a better life will become a true reality. People are now tired of CRA affluence and Ration Book austerity, and look forward to the Promised Land.

20% revaluation would be about 33%, because not only will the tourist get less rupees for his dollar, but he will get proportionately less FEECs value, so that the real effect of the revaluation on tourism and professional earnings from abroad will be around 33%.

"This could well mean that the tourist industry will be very severely affected. The same applies to Ceylonese exporters of non-traditional products. Their goods may now not be competitive in the world markets and so we are likely to lose foreign exchange both from tourism and exports. Felix says that Sri Lanka will have to pay

less rupees for the goods imported. But that will apply only to goods that will be ordered from now on. Goods now been sold at the new prices arrived here earlier and were in stock. To sell them at the new price the government has to subsidise thus severely cutting down on development expenditure.

"No wonder then that people who know about these things more than Felix were opposed to Felix's dilattante financial policies. Felix revalued the rupee. But political observers say that he will be devalued soon."

It is yet too early to say whether

the hopes of Mr. Felix R Dias Bandaranaike will be fulfilled so far as the revaluation exercise is concerned, or whether the worst prognostications of Dr. N. M. Perera will come true. The ex-Finance Minister made his comments chiefly as an "economist", but the UNP statement is straight forward political comment on sectarian party lines. The UNP is entitled to its views as much as Mr. Felix R. Dias Bandaranaike is entitled to his. But the final arbiter is the voter who will have an opportunity of exercising his franchise before September this year.

SRI LANKA CHRONICLE

Mar. 21 — Mar. 24

A 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.

MONDAY, MARCH 21: Libya will make an advance payment to Sri Lanka for her purchases of tea for the next four years; the total turnover could go up to 120 millions US dollars; an agreement between the two countries was entered into on Saturday night; purchases will be made at the Colombo auctions at competitive prices, with Libya bidding openly along with other buyers. The GMOA and the AMS at an emergency general meeting held yesterday decided to launch a total work stoppage without providing an emergency service to take effect from March 28; if their outstanding demands are not met to their satisfaction by that time. The drug shortage in the outstations has eased; a go-slow by the store keepers at the Civil Medical Stores was settled following action on their demands by the Deputy Minister of Health. There will be a uniform ration of 3 lbs of rice per head per week throughout the island from April 4, the Food Commissioner announced yesterday—CDN. The channelled Consultation Practice for Medical Officers and specialists in government service is likely to commence from the end of this month; the government has directed the Ministry of Health to expedite the schemes. Any trader or pavement hawker found selling imported cloth issued to consumers on the ration books will be prosecuted, Food Ministry sources said. It was a grim joke to talk of a 20% revaluation of a rupee which had already been devalued by 65% under the FEEC scheme; only a few days after the revaluation had been announced freight rates had been increased, thus making any expected benefits purely marginal; according to Mr. Pieter Keuneman, at a CP mass rally at Matara over the weekend. The Ministry of Food and Co-operatives has challenged the *Daily Mirror* regarding the article about the Thai rice deal; the *Daily*

Mirror has repudiated the correctness of the Ministry's statement—CDM. The Indian PM, who has successfully contested and won in three general elections has lost her seat by 55,202 votes to her opponent of the Janatha Party, Mr. Raj Narayan; in the election results announced till this morning, 85 members of the Janata Party and 68 members of the Congress have been elected to the Lok Sabha; Sanjay Gandhi, who contested the Amethi constituency has lost by 75,840 votes. The first official meeting is to be held today in a bid to form a Left United Front; it is believed that the election policy, manifesto etc. are likely to be discussed today—VK. The GMOA and the AMS have rejected the government's decision to pay a special allowance of between Rs. 175 and 100 a month for extra hours of work; they had earlier demanded a special allowance of Rs. 750 and 350—CO. According to the Elections Commissioner, Rs. 2 million will be spent at the next General Election; i.e. Rs. 3.50 per head; at the last General Election 84 lakhs were spent, 1.53 per head—DM.

TUESDAY, MARCH 22: The Janata Party headed for victory in the Indian general elections today, with every prospect of it turning into a landslide when the bulk of results in the Northern states are announced; the party—a tenuous union of four non-communist opposition parties put together only two months ago—has already succeeded in breaking the ruling Congress Party's hold on power which has lasted 30 years. George Fernandes, one time the most wanted man in India, was returned to the Lok Sabha with a very comfortable 3,34,000 majority; he fought the elections from jail. Representatives of the People's Democratic Party, LSSP, and CP of Sri Lanka met yesterday and discussed several matters connected with the formation of a new United Front and the preparation of its election manifesto. The working committee of the UNP is scheduled to meet on March 29 to discuss the question of a Deputy to their leader. The People's Bank made a profit (before tax) of Rs. 45.5 million in 1976 compared to Rs. 38.84 million for 1975; the Bank also recorded an increase of 41% in its deposits over those of the previous year, according to the chairman—CDN. Wild scenes were witnessed in the streets of New Delhi and jubilant crowds celebrated the continued run of opposition Janata Party successes in fiesta mood. The Indian government yesterday revoked the 21 month old state of emergency; acting President

B. D. Jatti signed the order revoking the emergency after a hastily convened cabinet meeting—CDM. As more results of the general elections were announced, the Janata Party was 13 seats short of an absolute majority. PM, Indira Gandhi, handed in her letter of resignation to the acting President of India, Mr. Janappa Jatti at the Rashtrapati Bhavan today according to a senior press aide. The price of gold has dropped; at Sea Street, which is Colombo's main indicator of gold prices—the price of a sovereign was Rs. 625 yesterday. Tea enjoys a solid of rising prices: the gross sale average gaining was Rs. 4.85 a kilo during the month. The price Control Department last week rounded up 133 traders for flouting the price Control Act—CO.

WEDNESDAY, MARCH 23: Sri Lanka's tea industry is expected to get a further boost when the Socialist People's Libyan Arab Jamahiriya bids at the auctions from next week; the SPLAJ will deposit with the Central Bank 15 million US dollars before entering the auctions; at yesterday's tea auctions there was a strong and active demand; it was the second week after the revaluation of the rupee and on an average the prices were up by Rs. 2.50 a kilo. The government has raised the ad valorem tax on tea at the bottom from Rs. 6.15 to Rs. 6.60 and at the upper limit from 10.55 to Rs. 13.20. The Overseas Development Council, a Washington-based economic research institute, has listed Sri Lanka high up on the newly-designed index measuring the quality of life of people's throughout the world. The Canadian government is to aid Sri Lanka in a fisheries development project; a Fisheries mission which conducted a preliminary survey here left early this month and is expected to make its recommendations to the Canadian government for speedy execution. The Indian opposition swept to a historic general election victory early this morning ending the Congress Party's 30-year-old domination of national politics; PM Indira Gandhi today tendered her resignation as well as of her Council of Ministers to acting president B. D. Jatti. Mr. Sanjay Gandhi indicated here today that he is quitting active politics and will devote himself to 'quiet constructive work'—CDN. A new government is to be formed by the Janata Party on Thursday. The Co-ordinating Secretariat for Plantation Areas has requested all political parties to make clear to the national electorate their policy and programme in matters that concern the plantation area of our country. A tug-of-war between the storekeepers and pharmacists has resulted in a breakdown in drug supplies to most outstation medical institutions; yesterday both the pharmacists union and the storekeepers union were summoned by the Minister of Health for a conference. Interpol has warned the Sri Lanka police that certain local organisations are working hand in glove with big time international racketeers. Members of the CMU in the SLBC will stage a day's token strike today over the non-settlement of their outstanding demands—CDM. The Janata Party which was forged to present a united opposition to the powerful Congress has announced the appointment of a three-member committee to draw up a code of conduct for people in public office. All India Radio said; the emphasis will be on simple living and good morals; meanwhile All India Radio announced that Mr. George Fernandes, the Indian Trade Union leader, who won the seat to the Lok Sabha from jail has been released on bail. In the wake of electoral disaster Mrs. Gandhi revoked her own Emergency laws, under which the press was cen-

sored and thousands of political opponents were jailed without trial; today even as her resignation was accepted, she lifted the ban on 26 political parties and thousands of prisoners belonging to these groups were being released from jails across Northern India. Large consignments of canned fish are being unloaded in the Colombo Port for the CWE for distribution to all cops in time for the Sinhala and Hindu New Year—CO.

THURSDAY, MARCH 24: The Janata Party and its allies now have a total of 349 seats in the Indian Lok Sabha as against 181 for the congress and its supporters All India Radio said. The new Indian PM will be known today; the contest is essentially between Jagjivan Ram, leader of the allied Congress For Democracy, and Moraji Desai, 81-year old Chairman of the Janata Party, a coalition of four non-communist groups. The Ministry of Fisheries will shortly inaugurate a Rs. 32 million fishery development project in Valaichchenai in the Eastern Province with the assistance from the World Bank. A member of the Bank Employees Union will contest the leader of the LSSP, Dr. N. M. Perera at Yatiyantota at the next general elections. Mr. S. J. V. Chelvanayakam, leader of the TULF was admitted yesterday to the Jaffna Hospital unconscious, following a fall at his residence at Tellipallai. Two passengers died and 13 others were seriously injured when a CTB bus collided at an unprotected level crossing with a train at 11.30 a.m.—CDN. According to press reports there appear to be over 20,000 quacks in the country practising modern scientific medicine and with the result there is a shortage of vital drugs to qualified and authorised practitioners, therefore a deputation of the Society of General Medical Practitioners of Sri Lanka appealed to the Acting Minister of Health to take steps to ensure that drugs reached the authorised practitioners only. The four rebel SLFP MP's who quit the government have petitioned the President to re-summon the NSA; if the government wants to pass the two bills it hopes to pass, then the NSA must be recalled and the MP's allowed their democratic right to give reasons for leaving the government party. Members of the staff of the NSA are in a huff; their salary scales have not been revised for the past twenty years even though the public servants received salary increases off and on during this period. Pakistan newspapers are flouting press censorship laws by publishing independent uncensored versions of the anti-government protests and the continuing violence in the aftermath of the general elections which the opposition parties are claiming were rigged—CDM. Mr. Morarji Desai, 81 was today elected India's new PM; he will be sworn-in at Rashtrapati Bhawan later today, All India Radio said; the vote was unanimous. External Affairs Minister Yeshwantrao Chavan was elected leader of the Congress Parliamentary Party today, is a shrewd and able administrator with a power base in Central India. The Election Commission today issued a notification constituting the sixth Lok Sabha bringing formally to an end the process of elections in India; the newly constituted Lower House will tentatively begin its first session on Thursday. Sri Lanka's export trade has taken a 38 million rupee blow from the revaluation, according to representations made to government by the Ceylon Chamber of Commerce. Expecting the off-ration consumption of sugar to double with the price reduction from Rs. 6 to Rs. 5 a pound, the Food Commissioner this week bought 15,000 tons of sugar—VK.

INTERNATIONAL AFFAIRS

BY LANKAPUTRA

Carter's "Morality"

PRESIDENT CARTER'S insistent pronouncements about human rights has generated a wave of controversy about its validity. Many persons in the United States itself have been critical of Carter's attempt to infuse "morality" into the foreign policy of the United States. Apart from pointing at the state of human rights in the Soviet Union and in some East European countries, Carter had also made critical remarks about the denial of human rights in some Latin American countries. He had also announced that US military aid would not be extended to countries which denied human rights. As a result of this, no less than five Latin American countries, with totalitarian regimes, have broken off their military aid ties with the United States as a protest against his decision to tie such aid to a respect for human rights.

In this connection, the *Far Eastern Economic Review* of March 25, 1977, has raised some very pertinent questions about the wisdom of Carter's policies. Harvey Stockwin in an article entitled "CARTER AND ASIA: WHAT PRICE MORALITY?" stated: "Will assorted Asian dissidents such as Kim Dae Jung, Benigno Aquino, Dr. Mohamed Hatta, David Marshall, Dr. Tan Chee Khoon and Dr. Puey Ungphakorn wake up one day soon, to be asked to come to the local US embassy, there to receive letters from President Jimmy Carter expressing support for their respective struggles for greater freedom? Will some Asian recipients of US aid pass a law requiring that their foreign services must present a report on any 'consistent pattern of gross violations of human rights' in the US, before any US aid is actually accepted? Will Presidents Park Chung Hee and Ferdinand Marcos decide that the value of their respective US relationships far outweighs the risk of easing up the way in which their respective authoritarian structure are administered? And will China decide that it must re-evaluate the wisdom of making friends with its enemy's enemy? These, not entirely fanciful, queries spring to mind as the new Carter Administration

adds further uncertainties to the doubts already prevailing about the future US role in the Pacific. Carter is openly reasserting the US as an ideological power, mainly in reaction to the Henry Kissinger era of secretive *Realpolitik*."

If President Carter can invite exiled Soviet dissident Bukovsky to the White House, then it is incumbent that he should invite dissidents from the Philippines, Indonesia, South Korea, Taiwan and even China to the White House and extend encouragement to the anti-government movements in these countries. President Carter had stated most categorically "our commitment to human rights must be absolute. The powerful must not persecute the weak and human dignity must be enhanced. We are a proudly idealistic nation but let no one confuse our idealism with weakness. Because we are free, we can never be indifferent to the fate of freedom elsewhere. Our moral sense dictates a clean cut preference for those societies which share with us an abiding respect for individual human rights". Harvey Stockwin in his article discusses the impact of this moralistic pronouncement vis-a-vis different Asian countries. He stated "To be fair, there were plenty of qualifications to suggest that single-minded pursuit of the American Dream was a thing of the past in keeping with the Bishop of Atlanta's admission at the ceremony that we as a nation, have learned that we cannot play God."

Stockwin summed up some of the reactions in Asian countries thus: "The new beginning thus looked suspiciously like an old ideological frontier to which US foreign policy has often been summoned. For those Asians whether Chinese, Korean, Filipino or Indian, who thirst for freedom and democracy at home from the safety of exile in the US, the speech brought forth enthusiastic responses, as they saw their active political support for Carter justified, and as hopes rose that he would support them. How authoritarian Asian leaderships reacted is a matter for conjecture, with speculation heightened by the relatively restrained coverage accorded the speech in some of the controlled presses. For this observer, the last quotation above seemed curiously parallel to the similarly ideological flourishes of another super-

power as it asserts that 'everywhere the peoples' desire for revolution is on the rise'—except that the Chinese at least separate their values, and discipline their relationships, into party-to-party and state-to-state categories."

HARVEY STOCKWIN seems to think that "morality" will be a major concern of US foreign policy for the next four years. And that the direction US policy is taking is bound to effect its Asian relations: "There are positive aspects. Carter started by criticising the Soviets, thereby responding to those in East and Southeast Asian governments who feel (particularly in relation to the Western press) that their non-communist civil rights violations secure more critical comment than do the oppressions by the Big Powers, the Soviet Union and China. As Mrs. Imelda Marcos, First Lady of the Philippines, put it recently, talking to the Foreign Correspondents' Association in Manila. 'You talk about dissent, you talk about freedom of the press here in the Philippines, but you don't talk about freedom of the press in Russia, in China. This is a double standard. Why don't you bully those people who are your equals, talk to your equals and don't talk to the mid-gets.' In one sense many Southeast Asians reacted to the Kissinger-Nixon policy of detente in the same way as did many Americans—with the feeling that it involve a moral blindness in return for rapprochement. But it is most unlikely that American public opinion will allow Mrs. Marcos her wish—that one blindness should be substituted for another. Concern over human rights in the Philippines will now be a significant factor in the already complex backdrop to the negotiations over the US-Philippines bases."

Harvey then proceeds to examine the various contradictory positions that have arisen in regard to human rights in some Asian countries: "Regarding Taiwan, 'morality' cuts both ways. Authoritarianism in Taiwan gets some hostile attention, though not to the same degree as in South Korea and the Philippines. Conversely, there is a much greater 'moral' sense that Taiwan cannot simply be 'sacrificed' in order secure relations with China. This stands in bleak contrast to the fact that, while South Korea inspires

disdain, the absence of human rights in North Korea raises few hackles and secures little attention. The question is not so much that many are unwilling to 'sacrifice' South Korea, but that very few are ardently in favour of defending it. Similarly, China secures much less focus, in relation to the human rights issue, than Taiwan on the one hand, and the Soviet Union on the other—perhaps because of the difficulty of knowing who, in China, is dissenting against whom, and partly in continuing reaction to the excessively anti-China attitudes that prevailed more than a decade ago."

Harvey Stockwin believes that *realpolitik* should assert itself over the idealistic policies of Carter: "So, as President Carter sets out to make US foreign policy more compassionate, and to restore 'true leadership in the community of nations, he enters a veritable hornets' nest of complexities. These in turn could push him in directions in which he would rather not go. Carter will have to face up to the fact that the other superpower with whom the US vies for leadership is much less likely to set itself up in embarrassing to the authoritarian practice of most Asian states. Grounds for cautious optimism must also be noted. Carter is a political moderate, not a radical. As more of his appointees are confirmed, the more will bureaucratic conservatism and considerations of *Realpolitik*, filter up through the Administration. As the words 'consistent pattern of gross violations' indicate, Congress, in spirit if not in words, moved against the worst of human rights abuses, not all abuses *per se* in reaction to what it saw as the cynicism of Kissinger's foreign policy."

A COMMENT by the Regional Editor in the same issue of the *Far Eastern Economic Review* seeks to analyse the inner motivations and likely outcome of the Carter policies. "Jimmy Carter is being faulted for making commitment to human rights a major strut for the new American foreign policy. Critics sneer that Carter seeks to make the White House his pulpit for propagating a redemptionist thesis which seems to have been derived from Reinhold Niebuhr, a Protestant philosopher whom the President quotes as saying: "The said duty of politics is to establish justice in a sinful world....."

..The criticism often distorts a vital aspect of Carter's foreign policy which, judiciously applied, could serve America's long-term interests. In any case, Carter is not an innovator in the area of human rights. The Helsinki agreement which is the basis for the Carter thrust into political morality was assembled by that arch-pragmatist, foreign secretary of state Henry Kissinger. Nor is Carter undeviating in his attempts to resist constrictions on human liberties. His policy, he has acknowledged will be selectively used. At best, Carter has sharpened the cutting edge of the Kissinger product and seeks to use it with a wider sweep. The human rights formulation, too, has become inexplicably entwined with the US withdrawal from South Korea. Here again, withdrawal was announced by an early administration: President Park agreed with it."

The Comment points out that American foreign policy is not, even today, being formulated by Carter alone. "Finally, American foreign policy, however beguilingly it may be articulated by the President, is not the exclusive handiwork of the man in White House. It is put together by the State Department, the National Security Council and other advisers. In this role are such men as Cyrus Vance, Zbigniew Brezinski, George Ball and the tough-minded James Schelsinger, all of whom were architects of earlier American foreign policy. All were linked intimately with the Vietnam era. None has 'seen the light' in the way that it is made to shine around Carter's head. The basic anti-communist assumptions of previous administrations persist. With the difference that the new Administration appreciate that 'to fight the good fight' new tactics are necessary."

The *Far Eastern Economic Review* endeavours to probe the motivation behind Carter's policies: "The archetype of political strategists, Niccolo Machiavelli, remarked 'there are two ways of fighting: by law or by force..(sometimes) to those seeing and hearing him, the Prince should appear a man of compassion, a man of good faith, a man of integrity, a kind and a religious man. And there is nothing so important as to seem to have this last quality.' It would be uncharitable to suggest Carter

is a Machiavellian. Christianity is part of the man—a concern for this 'funny world' with its 'sick and its hungry, its tired and its torn,' which he appreciates in the songs of Bob Dylan and the humanism that often runs through the poetry of Dylan Thomas."

The Comment then states that Carter's philosophy of human right will serve the US well in three ways, first, considering the fact that the US foreign policy actions had been disturbed by demonstrations organised by US dissenters and campus radicals, it would be of help to Washington if liberals could be encouraged in the Soviet Union and the Communist countries of East Europe. 'Brezhnev would have an embarrassing new constituency to think of when formulating foreign policy. Secondly, the editorial believes that the Carter prescriptions for human rights would help to restore human values to the American political system. Thirdly, the editorial stressed that Carter's commitment to human rights will win the US friends and influence among Third World liberals. It pointed out that Asian depression, except in a few states where there is a clear and present danger of a communist military take over, held men who were largely liberals in indefinite detention. "In South Korea President's Park's victims are liberal democrats who presume that the President has no monopoly of wisdom. In Singapore, its students and liberals protest against a policy which presumes that the Godfather and his chosen elite know best. They question Premier Lee Kuan Yew's formula for political stability; a full belly makes a happy man. 'A full belly and an empty head', is the liberals' ironic retort."

The comment concluded thus: "President Carter's human rights effort will be meaningful for Asia if he secures at least two fundamental rights—the right to a fair trial for anyone arrested (and the elimination of its obverse: indefinite detention without trial) and the realisation of conditions in which a free and responsible press can function."

Taking all factors into consideration it would seem that in the ultimate analysis there are no fundamental differences between the Carter's policies and those of Mr. Kissinger's. In his address to the United Nations of March 17, Presi-

dent Carter after referring to hopes further improvement in relation to China he added "we recognize our parallel strategic interests in maintaining stability in Asia." This no doubt meant that the United States and China had a common objective in curbing Soviet influence in the Region—a Kissingerian theme which Mr. Carter was supposed to have rejected.

IN THE MEANTIME, US Secretary of State, Mr. Cyrus Vance, went to Moscow on Monday, March 28, to have discussions with the Russian leaders in regard to detente and the SALT negotiations. For a week before his arrival in the Soviet Union, Soviet leaders and Soviet papers had made it clear that they considered President Carter's statements on the Human Rights in the Soviet Union were gross interference in the internal affairs of the USSR. Mr. Brezhnev started the ball rolling with a speech on Tuesday March 22. He charged the United States with interfering in the internal affairs of the Soviet Union and said that dissidents whose cause the US supported were agents of imperialism. Clearly responding to President Carter's outspoken backing for the Human Rights cause in the Communist countries, Mr. Brezhnev said that there could be no normal development of relations between the two powers if the present US interference in the internal affairs of the USSR continued. In what some Western diplomats considered Brezhnev's toughest speech since the detente era began about seven years ago, the Soviet leader stated that a major obstacle in Soviet US relations was raised "by the outright attempts of American official bodies to interfere in the internal affairs of the Soviet Union." Referring to Mr. Vance's impending arrival he declared "we will see what he brings" but he added that he had detected no signs of any effort by the new US administration in its first two months to overcome the stagnation.

This was followed by comments in the *Pravda* and *Izvestia*. They followed the Brezhnev line. The *Izvestia* was scathing in its comments when it stated that Sunday sermons and evangelical outbursts on Human Rights would stand in the way of any progress in the SALT talks.

In spite of these bitter comments both Mr. Carter and Mr. Vance were hopeful that great progress

would be made in the Moscow talks. Mr. Vance did not refer to the Human rights question in a statement he made to the Press on his arrival in Moscow. Later

he stated that he would even wait longer than the scheduled four days if it would help to resolve some outstanding problems in the current arm's negotiations.

POINT OF VIEW

Revaluation And Our Tourism Industry

SRI LANKA'S TRAVEL TRADE which is dancing a fandango in the streets over the alleged ill-effects of the revaluation of the Rupee has for the past eleven years been the most pampered and most inefficient of our economic development projects. Its members have lived it up like Arab sheiks in Europe, travelling abroad on CRA and "summa" on free trips, publicising itself over travel confabs, lived on FEECs subsidies to subsidise an inefficient hotel industry and amass wealth from travel agencies and batik shopping, and just

tified itself with a stream of bogus propaganda statistics emanating from the Statistical Branch of the Tourist Board. It has wasted scarce capital investment of over Rs. 400 million on hotels and luxury transport, created a social and cultural neo-colonialism, and left sixty per cent of its new hotel capacity unutilised, to quote its own precious statistics.

A solar plexus blow to our inefficient Travel Trade has been delivered in the latest issue of PATA *Travel News*—pages 100 of the January 1977 issue. A tabular presentation of hotel operation of the PTA travel region shows beyond a shadow of doubt that Sri Lanka has put on the worst performance, *vis a vis* her Tourist hotel industry, in the whole region. I quote the data published by PATA TRAVEL NEWS:

Country	Hotel Rooms 1975	Annual rate of occupancy 1975 %	Hotel Rooms 1976
Japan	53,380	71.8%	n.a.
Hawaii	40,691	78.3%	44,000
		68.3%	Waikiki Neighbour Islands
Australia	24,905	49%	25,282
Malaysia	18,000	58.5%	20,000
India	14,796	67%	15,916
Hongkong	13,448	67%	13,570
Thailand	12,898	70%	13,845
Philippines	10,614	77.3%	14,822
Singapore	9,904	74.5%	10,982
New Zealand	7,615	66.2%	8,000
Taiwan	4,439	77.4%	4,643
Sri Lanka	3,364	37%	4,806

Sri Lanka's 57% annual occupancy in its new hotels dropped to 36.8% in 1976, and has been around 39% for the past 3 years. So much for PATA workshops to educate our travel trade, so much for the host of conferences on tourism attended by our tourism officials from Mexico to Australia and the Far East and Europe. Mr. J. R. Jayewardene appointed a coconut planter as Chairman of the Tourist Board and we had results eighty percent behind the targets set in the famous Hawaii Survey teams Ceylon Tourism Plan, complete with National Tourism Resorts which belie the definition of a Tourist Resort with a minimum of 1,500 rooms in each and

which caused Ohta's famous remark: "What! These bungalows!" as he surveyed the Bentota National Tourist Resort!

Let the facts speak for themselves. All this with a FEECs exchange subsidy, CRA etc., for the travel trade. Travel Agents and hotels in other countries, without FEECs, have shown occupancy ratios over fifty percent: some hotels in Singapore have had 91% the year round. The smug mutual back scratching society that our Travel Trade has become, buttressing an inefficient hotel and tours operation with FEECs money, which has caused an unreasonable escalation of prices shutting out Ceylonese other than CRA chaps,

gem mudalalis and travel agent mudalalis from our own hotels, does not warrant any special concessions over Revaluation of the Rupee.

THE TRAVEL TRADE should in fact have FEECs withdrawn for all items except imported liquor which carries heavy import duties and are therefore a deterrent to tourists. It is only then that our tourist hotels will stop treating their charges as sinecures for relations, unemployed sons and daughters etc., and get down to the skills of sound hotel operation. The FEECs subsidy has been a great mistake; it has created an inefficient hotel and travel industry and fattened the purses of those who have proved incompetent to market and service hotels and tourist transport facilities. The fact that no other country in the PATA region has this FEECs crutch to hobble along in tourism, and the fact that despite, it they have done much better is proof of our subsidising inefficiency.

There are several other major defects. Related and incomplete and inadequate statistics which can be of operational use in hotel operation are a major defect. The colour booklets and isotypes are blissful propaganda to lull the ignorant with mountainous results. Singapore which paid heed to the advice given to S. Asian countries at the PATA Conference in 1965, prior to the Jumbo Jet tourism explosion of the seventies, has created virtually a second Tea industry from Tourism under our very noses.

Singapore recorded earnings of Rs. 1,770 millions against our Rs. 257 millions last year. And what have they to show in terms of scenery, tours etc. Their facilities such as hotels, transport and cleanliness are far superior to ours; and their marketing and promotion several light years ahead of us. Statistics are a working tool there, not a bit of florid window-dressing for trips abroad for the Travel Trade. The Pacific and South East Asian region of the WTO has shown a share of 13.8% of the World Tourism market while our own South Asian Region with a highly paid Headquarters in Ceylon is still below one percent of the World Tourism market.

Ceylon's economic malaise, causing inadequate export earn-

ings to pay for our Good Imports and other Imports, could have been corrected with a Singapore type Tourism industry which thrives on entrepot trade. If pragmatic policies like the present revaluation and the development of Trincomalee which the LSSP opposed were done alongside the Mahaweli diversion, this Government would have gone a long way to solving the unemployment problem and the COL problem.

A second Tea industry, which Singapore has shown is possible with the growth of world tourism, would have done wonders to ease the balance of payments deficit, and reduced living costs by greater local production.

Tourism should have been better planned. Regional development without its present grave problems would have gone ahead with tourism export markets and premium prices for local produce as has happened to Adelbon, a backward area in Switzerland. But it rests on the fundamental that a carpenter cannot be engaged for surgery; you have carpentry and not surgery if that is done.

Sri Lanka's sixty percent under-utilisation of its new travel plant when all the countries of this region have done far better and when Sri Lanka is in dire need of export earnings could have been avoided. The island is tailor-made for a large and lucrative tourism industry which saves on shipping and air freight and brings the customer to the project. But only superficial lip service has been paid to these home truths by pretending carpentry was surgery. Tourism marketing is dead and demands the recall of all the catches now pretending to market Ceylon's hotel rooms abroad.

23. 3. 77.

D. de Alwis

MAHAVELI-II

Diversion And Results

By R. Kahawita

IN MY LAST ARTICLE I stressed the importance of storage in River Diversion Schemes in Sri Lanka. The Diversion at Polgolla and the ancillary works have enabled the Mahaweli water to be taken to Kantalai via the Ellaheera system, and to Rajangana etc. through Kalawewa System, only when Maha-

weli is in spate, i.e. during the Maha season, the North East monsoons, and in a minor way during South West monsoon.

During the former, that is N.E., all the areas served by the Polgolla Diversion also experience flood conditions and the meagre storage available in these areas are hard put to accommodate more flood waters. In fact Mahaweli water becomes a hazard in these areas during the 1976/77 North-East monsoons. If storage was available to store the floods of Mahaweli then the systems in the Ellaheera and Kalawewa could be assured of a regular water supply throughout Maha and Yala.

During the South West Monsoons only 25% of Mahaweli catchment above Polgolla receives any rainfall. Below this point and the systems served by Polgolla are under drought conditions, when Mahaweli waters are needed most. Before trans-basin diversion can be justified, the internal resources of the Basin to which water is diverted should be fully utilised. The total water demand from Reservoirs of Systems D1 & G, A/D, and D2 during critical years which are of 90% frequency is 830,00 Ac. ft. This is available from Moragahakande resources.

But with additional acreage in Kalawewa system about 40,000 Ac. ft. of reserve storage will also be required which is available at Moragahakande, particularly in the critical months of June and July without adversely affecting the other systems. This is possible only when Mahaweli flow is over 750 cusec and with storage in Ambangan basin. Therefore without Moragahakande reservoir, irrigation of the Kalawewa system cannot be guaranteed a 90/95 per cent success. Moragahakande will always have a useful reserve of about 200,000 Ac. ft. for distribution to their system during the critical months. Thus Moragahakande becomes the most important item in the diversion scheme to maintain a steady regime of diverted water. In addition it steadies the power supply as well.

TO WARRANT a transbasin diversion, water requirements of the schemes below must be guaranteed and secured, such as Minipe and Allai project. When the Minipe diversion is fully developed, then all the S.W. Monsoon flow of Mahaweli will be required to be sent

down past Polgolla. Even as it is, there is a large acreage developed in this area which requires the full flow of Mahaweli. To serve these areas storage at Victoria and Randenigala must be effected. To meet the Elahera and Kalawewa, Yala requirements and also to set off the vagaries of Maha Monsoon, storage in Ambangan is the answer and it has become urgent due to the change in priorities which I discussed sometime back.

There are several reasons for the vagaries of the N.E. monsoons and its impact on the regular and systematic cultivations. The Maha season is from September to March. If the Monsoons set in early October and with sufficient intensity, Maha cultivation is possible and will be successful. But, in no two years is the incidence of monsoons similar; so, at present, the commencement of Maha season is unpredictable. The second point is, due to the large number of small scale restoration of village tanks in the catchment of present major tanks, the major tanks do not register a rise in water level till the smaller tanks in their catchments begin to spill. This gives rise to a considerable time lag in the storage of water in the major tanks. Consequently the cultivations get delayed, also the period of crop maturing and harvesting seasons also get upset. Under these conditions water management and control of cultivation become a major problem accompanied by major hazards in cultivations. This has been the problem in the dry zone, even after years of restoration of ancient reservoirs and the construction of new storage tanks.

THE DEVELOPMENT OF MAHA-WELI was conceived originally to secure full control of the water resources by storage of flood waters and then releasing the stored water:- to overcome the vagaries of the monsoons and the time lag in storage due to intensive catchment development, secondly to develop a regular cultivation programme to enable better water management to give the cultivators a very high degree of security to reap a successful harvest. Now to take full advantage of Polgolla diversion, storage in the Ambanganga basin has become priority No. 1. If this is not undertaken immediately the works so far executed are of no use to give farmers the benefit of this expenditure.

As discussed in the previous articles storage in Ambanganga, into which basin the Mahaewli water is now diverted is important. The UNDP had given high priority to the construction of Moragahakande Reservoir located above the present Elahera Anicut. In their recommendation this was the first step for the first phase of development. But as explained earlier due to Ministerial interference, the Moragahakande reservoir was pushed back as the third step of phase One—I understand that the present Minister wants this scheme pushed further back and give priority to Kotmale in the Mahaweli basin much above Polgolla. Technically and agriculturally this is disastrous, because the reservoir is sited in a geologically unstable area and it will not meet the demands of the irrigable areas commanded by the irrigation systems now constructed.

In deciding on priorities, even at this stage, the recommendations of the UNDP-FAO report of 1968 should not be overlooked as the country has already experienced the results of changing the recommended priorities for political exigencies. The first phase—step one—of development, of the original recommendation was Polgolla Diversion and Moragahakande Multipurpose project. These two projects formed the step one of Phase I. Now that Polgolla diversion and the irrigation systems up to Kantalai have been complete, Moragahakande cannot be delayed. It must be taken up if the country is to benefit by the money so far spent. Even if the development of Hydropower at this point is delayed, storage must be provided—urgency today is not Hydropower but production of food. There are other ways of producing power, much more certain than hydro-power under our conditions, but there are no other ways of producing food, short of importing for which we have no foreign exchange. With an unemployment problem and a food shortage, construction of Moragahakande cannot be overlooked any longer.

In placing a high priority in Phase I Step I of the development programme to Moragahakande Multipurpose unit this is what the UNDP said, "This head structure of Moragahakande will serve as the main source of water supply to the North Central irrigation system.

The supply of water to the North from Moragahakande will be among the most expensive features of the whole scheme. The only way of reducing the burden of this expenditure on later phases of the scheme is to construct the Moragahakande Multipurpose Unit in the first phase. Building this unit in the first phase has the added advantage not only of providing irrigation to substantial new areas, but of increasing the assurance of water supplies to all lands in Systems D1, G and H from 85% to 95%. This will be particularly significant in the first five years, before the newly settled farmers have fully adjusted themselves to the new irrigation disciplines."

(Note: Supply of water to the North from Moragahakande is relatively expensive compared to other projects of Mahaweli development programme. System D1 refers to Minneriya, Parakrama Samudra area; System G refers to Elahera, Kantalai area; and System H refers to lower Kalawewa area. These are the areas now served by the Polgolla diversion and without storage, diversion has proved ineffective to reduce failures of crops. With storage the percentage of failures is only 5%.)

From what the farmers have experienced after the diversion without storage, and before new settlers have been introduced to the area, it is most important to overlook the priority recommendations of UNDP, which was also the priority given to it by the ID in the early studies.

The settled parameters for the Moragahakande Multipurpose scheme are of great consequence to have full control of the Polgolla diversion. The Reservoir itself will have a storage capacity of 692,000 Ac.ft.—for the regulation of 1,103,000 Ac. ft. The yield from its own catchment of 720,000 Ac.ft. and about 500,000 Ac.ft. from Mahaweli diversion. The firm power output is in the region of 150 million K.Wh; and the estimated cost at that time was Rs. 160 million. The storage at Moragahakande with the regulation of a yield of 1,103,000 Ac. ft. will secure 90% of the years. This is possible because about 720,000 acre feet from its own catchment get regulated together with 500,000 Acre feet from Mahaweli with 125 days of flow at 4,000 per day. Such an extraction firm Mahaweli will not

interfere with the water supply lower down to MiniDe etc. Only the higher flow of the river is diverted and stored at Moragahakande. Without storage higher peak flows of Mahaweli cannot be utilized to serve the areas now commended by the irrigation systems already constructed. Thus construction of Moragahakande has taken priority over any other phase to consolidate the development under the diversion programme.

* * *

A DATE WITH THE HANGMAN—2

Free At Last

By R. C. Thavarajah
Retd. Supdt. Of Police

THE SENTENCE OF DEATH was substituted to one of imprisonment for life. Regi was transferred to Negombo Prison. A different kind of detention commenced but the sameness and timelessness continued. As months dragged on, it was the same insipid uninspiring, monotonous routine, the sordid mechanics of discipline punctuated only by two visits a month from his family or the receipt of a letter from a friend. The boorish course conduct, conversation, the fetid gaucherie, sex deviations and the nihilism of some of the inmates rendered every effort of his to build a meaningful existence of himself in a veritable menagerie.

JIM PHELAN, in his most interesting case study of a man sentenced to penal servitude for life entitled "LIFER" says that there are ten million ways in which a man's body and soul may be destroyed in Jail. The only source of inspiration and courage was from his faithful wife and dutiful children—Heaven's best gift to man—Regi spent Ten years in Negombo and Jaffna Prisons where he was taught a trade—making brooms. He learnt it quickly and, by his excellent conduct, earned a promotion to the "Baanapa Kaaraya Grade" where the prisoners wear white jackets and long shorts with a black cloth 'Cross belt'. This entitled him to the privilege of more freedom of movement.

CAME THE VISIT of Her Majesty the Queen of England, Queen Elizabeth II to Sri Lanka and with it freedom at last. Benefitting by the general Amnesty, Regi was

free to go home. Home?—He had almost forgotten the word! Out of a sum of Rs. 350/- which he had earned for work done, it was a jubilant father who sent Rs. 200/- to his wife and children to buy gifts for Christmas. Outside the Prison Gate, the bright sunshine dazzled him but he bathed in it ecstatically. The clean fresh air almost 'inebriated' him with the sheer joy of freedom. The noisy vehicular traffic, the crowded streets, people hurrying—all seemed to cause a pleasant whirl in his mind. His welcome home was overwhelming. Relatives and friends really rolled out the 'red carpet'. After the celebrations were over, Regi settled down to work in the unsophisticated and unsullied environs. There was no noxious stigma, apparent nor implied. Such is the rare virtue of the rural cult in our Country.

When my friend Joe and I called on him recently, he welcomed us with a broad grin. He had completed his work for the day and was in a mood to relax. He offered us a chew of betel—the traditional act of hospitality. At the age of seventy-four, past the Biblical span of three score and ten, he is still strong and active. I could see the weather-beaten sinews of what was once a powerfully built muscular frame.

A MORE SHINING EXAMPLE of grit, ingenuity and enterprise, I have yet to see. He buys coir from a wealthy land-owner at the rate of -/40 cents a pound, -/20 cents for each stick and -/60 cents for a pound of strings from the local market. The best coir and ekel are exported to earn very valuable Foreign Exchange. *Tribune* has spotlighted this on more than one occasion. He has, therefore, to manage with what is within his reach. No welfare society had bequeathed a largesse although "Welfare State", "Social Service" etc. appear to be on the lips of every aspiring politico these days. Implements of his trade?—his two strong hands and pieces of broken bottle. The latter are used to scrap and smoothen the sticks cut to the required size to be used as handles for the brooms. He cannot afford sandpaper. His profit is negligible.

He is not a shrewd business tycoon equipped with an army of advisors proficient in the doctrines of Economics such as Public

Utility Value, Supply and Demand, Just Price, True or Natural price. He is not avaricious to hoard the filthy lucre. His wants are simple. He is independent and does not beg from those who themselves cringe and crawl before the CRA 'Nouveau Riche'. He may be selling brooms but certainly not his self-respect. What is more—he has not lapsed into recrudescence.

HE DID NOT REQUIRE the expertise of social psychologists nor their academic exercises on delinquency. There was no need for penologists and criminologists to flaunt their book-knowledge on 'In-depth' studies or Action Research on psychological hypotheses. Regi found no disabling psychoneurosis after the prolonged stay in prison; no deep-rooted inner conflicts or paranoid disturbances which drained his resistance to overcome the trials and tribulations that face a convicted man. For a negligibly brief period he experienced the trauma of long confinement in jail—sometimes in his dreams the perturbing phantasmagoria of the strong front door permanently closed and locked, the "Cage" and the noose dangling viciously from the cross-beam of the scaffold. He soon got over this. The return to normalcy was a battle which he fought with his own resources and won. He has, in the process, disproved the ancient idea that a Penal settlement was a Ravine into which a convict sank—never to return in human form.

Regi's indestructible religious faith has sustained him. As my friend Joe and I left him, he invoked on us the Blessings of his favourite Saint—St. Sebastian who was martyred for his faith. On my way home, I pondered over this man who did not keep his date with the Hangman and who had most admirably re-adjusted himself to Society. I could not resist the stark relevance of the pronouncement of Johann Kaspar Lavater, (1741-1801), Swiss philosopher, Theologian and physiognamist who wrote:

"He who reforms himself has done more toward reforming the public than a crowd of noisy, impotent patriots."

Concluded



FISHERIES

Why The Catch Is Dwindling

By Lester R. Brown

As population grows and agricultural land shrinks, nations must turn to the seas for protein. But alarming evidence of overfishing, dramatized by the huge drop in anchovy catches in Peru, signals that overfishing has set in; some species have been so decimated that they cannot even reproduce their numbers. The result: soaring prices, and even greater pressure on already scarce land-based sources of protein.

Abridged from "Twenty-Two Dimensions of the Population Problem" by Lester R. Brown, Patricia L. McGrath and Bruce Stokes, published by Worldwatch Institute. © Copyright Worldwatch Institute, 1976.

Mr. Brown is president of Worldwatch Institute, a private Washington-based research institution. A former official of the U.S. Department of Agriculture, he is author of several books, including "By Bread Alone".

THE HOPE is being shattered that man will be able to turn to the oceans to satisfy his food needs as population pressure on land-based food resources mounts. Newspapers in Tokyo, London, and Lima tell daily of increasing competition in oceanic fisheries and growing conflict among countries over scarce supplies of fish. Pollution of the oceans worsens steadily.

The annual world fish catch of close to 70 million tons (live-weight) represents one of humanity's major sources of high quality protein, substantially exceeding the world slaughter of beef. From 1950 to 1970, the world fish catch more than tripled. This phenomenal growth far exceeded world population growth, raising average fish consumption per person from eight kilograms in 1950 to 19 in 1970.

In the five years between 1965 and 1970 alone, the world

fish catch increased by 35 percent. If that trend had continued, the 1975 catch would have been about 95 million tons. But between 1970 and 1973, the longstanding trend was reversed and the fish catch declined by nearly five million tons. While, population continued to grow, the average per capita supply of fish declined 11 percent during this three-year span, triggering dramatic price rises.

The 1974 catch is estimated at 69 million metric tons, a million tons short of the 1970 catch.

As stocks of key commercial species wane, the time and capital expended to bring in the shrinking catch rises. Many marine biologists now feel that the global catch of table-grade fish is at or near the maximum sustainable level. Of the 30 or so leading species of commercial-grade fish, a number are now overfished: that is, stocks will not sustain even the current catch. Without global management of fisheries and control of the swelling flow of pollutants, the catch could decline even further. In many fisheries, additional investment in fishing fleets now contributes to overfishing and actually lowers the long-term catch.

RICH AND POOR COUNTRIES alike will suffer if oceanic fisheries collapse. Population pressures on land long ago forced the Japanese to turn to the oceans for animal protein. Annual per capita fish consumption in Japan now exceeds 70 pounds (30 kilograms) in edible weight, the highest of any major country. The Soviet Union, frustrated in its effort to expand livestock production, turned to the oceans for protein in a major way two decades ago.

More recently, low income countries with rapidly growing populations have also begun to look to the sea for protein. South Korea, India, Ecuador and Peru compete vigorously for a share of the catch in many fisheries, including the rich areas off their own coasts. Ecuador in particular has fined or confiscated many foreign vessels fishing within its 200-mile (nautical) territorial limits.

Peru has been a leader in developing fishing industries for badly needed foreign exchange, beginning in the late fifties. By the early

sixties, Peru had emerged as the world's leading fishing nation, with its vast anchovy fishery accounting for one-fifth of the total world fish catch. For some years Peru has exported the bulk of the anchovy catch, supplying two-thirds of world fishmeal exports, a key protein source for poultry and livestock feeds in the industrialized countries.

IN RETROSPECT it appears that the very heavy annual catches in the late sixties and early seventies exceeded the regenerative capacity of the anchovy fishery. The combination of overfishing and a shift in ocean currents during 1972 and most of 1973 caused the anchovies to disappear from traditional offshore fishing areas. Clearly future fishing efforts will have to remain safely within the estimated 9.5 million ton maximum sustainable yield, regardless of rising world demand.

The Northwest Atlantic fishery serves as another prime example of what happens when demand exceeds regenerative capacity. Its 350-year history makes it one of the world's oldest oceanic fisheries and perhaps a bellwether of other fisheries. The catch of this biologically rich region increased steadily until 1968, when it reached 4.6 million tons. Since then, the catch has fluctuated at lower levels, and it fell to 4.0 million tons in 1975, a 13 percent drop from the 1968 level. This occurred despite expanding the fishing fleets of several countries.

Declines ranged from about 40 percent for herring to over 90 percent for halibut. Since effort never flagged, this decline very likely resulted from overfishing. As marine protein supplies lag behind the growth in demand generated by expanding population and affluence, additional pressure will be shifted to land-based protein resources.

The years ahead will likely witness a continuously widening gap. Should this occur, the impact on prices and nutrition will be felt everywhere. In an over-populated and protein-hungry world competition among countries for the limited and in some cases dwindling catch can only intensify.

WORLD FORUM—I

Of Peace Forces

by T. Duraisingam, J.P., U.M.
Attorney-At-Law,
Member, World Peace Council

The World Forum of Peace Forces recently met at Moscow and the central place in the agenda of the forum was occupied by problems relating to the strengthening of international security and the deepening of detente, and steps to ensure tangible progress towards disarmament. Rev. Medagoda Sumanatissa, T. Duraisingam and Uvais Ahamed attended this Forum as delegates from the Sri Lanka Peace Council. T. Duraisingam, on behalf of the Sri Lanka delegation, gave the following report on the Forum to members of the Sri Lanka Peace Council.

"Five hundred delegates from over 115 countries of all continents meeting together in the World Forum of Peace Forces, in Moscow, from January 14 to 16, 1977, discussed in depth the urgent, and vital issues of strengthening, deepening and consolidating the process of international detente and of over-coming the obstacles to it, both on a global and regional scale. The participation of high-level representatives of major political parties of a great majority of countries of the world, together with representatives of international, regional and national organisations, gave the Forum a very special significance. The Forum represented the widest spectrum of political parties and forces, of world public opinion, assembled for a common dialogue and exchange of views on the most burning problems of today."

This is how the communique issued by the Forum at the conclusion of its deliberations, described the composition and the objectives of the Forum. This Forum was initiated by the International Continuing Liaison Council, which the World Congress of Peace Forces set up in 1973. The World Congress of Peace Forces, held in Moscow in October 1973 with over 3,500 participants, was

the largest ever international gathering in the entire history of the world peace movement. From Sri Lanka a representative delegation of over 20 members consisting of parliamentarians, educationists, trade unionists, women and student leaders attended this Congress. T. B. Subasinghe, member of the Presidential Committee of the World Peace Council and then Minister of Industries and Scientific Affairs led the Sri Lanka delegation.

Though the Moscow Forum was on a lesser scale than the World Congress, the participation at the Forum demonstrated the social and geographic dimensions of the world wide peace movement. In it were represented the people of the socialist countries, the developed capitalist countries, and the newly independent and developing countries of Asia, Africa and Latin America. It brought together scientists, writers, trade unionists, and representatives of a wide range of political parties and views as well as religions.

ROMESH CHANDRA, President of the Continuing Liaison Council of the World Congress of Peace Forces, said in his opening speech that "we are meeting at what must be described as a crucial and vital moment in the history of mankind. The New Year has opened in an atmosphere of optimism and confidence in the power of the peoples to be able to make still further contributions, during 1977, to the supreme cause of defending and building peace. This World Forum of Peace Forces" he continued "has been called with the specific purpose of bringing together representatives of political parties, mass organisations and peace movements of various viewpoints to discuss in depth ways by which the peoples can contribute to making this process of detente an irreversible process, to protecting the flowers of the tree of detente from the icy storms of the cold war."

The consensus of opinion of the participants in the Forum was that world public opinion has become a more and more powerful factor for the solution of international problems, for the promotion of peace and national independence, for the strengthening of detente. World public opinion is giving a new impetus to peace initiatives by governments and contributing to the strengthening of the United Nations and to the

full implementation of UN conventions, decisions and resolutions, which promote international security and national independence and assist in expanding and consolidating detente. The participants in the Forum stressed the vital need for strengthening detente and making it universal. Detente, the ending of strained relations among nations, has resulted in lessening the danger of a global nuclear conflagration, though it has not removed it completely.

The participants regarded international detente as the only road to lasting and just world peace. Mankind has no other choice. Peaceful coexistence is the only sensible and acceptable basis for relations between states, especially in this age of nuclear weapons.

THE ARMS RACE not only prevents the more rapid advance of detente: it threatens to weaken and even destroy it. One should resolutely oppose all concepts of the fatal inevitability of the arms race and the impossibility of disarmament, of "prosperity through armaments", as well as a kind of mental inertia, i.e., a dangerous acceptance to live on piles of weapons. It is imperative, before it is too late, to bring about the cessation of the arms race which maintains an explosive situation. First and foremost the existing focal points of conflict and tension must be removed through peaceful and just solutions, and the emergence of new areas of conflict prevented. The use of force in international relations must be banned, together with the use of nuclear and other types of mass annihilation weapons. Their proliferation must be stopped. The development of new, still more dangerous types and systems of such weapons must be prohibited.

The participants were of the opinion that the process of development and stabilisation of international detente creates new favourable conditions for the solution of the most vital problems of today—those of food, raw materials, energy and environmental protection, mutually beneficial economic, scientific and cultural co-operation and applying all achievements of the scientific and technical revolution for the good of civilisation, of mankind; and equally every success in the struggle for the solution of these problems strengthens international detente. The

participants in the Forum were unanimous in their firm belief that the development and stabilisation of detente will create new favourable conditions for the triumph of the struggles for national liberation, for the exercise of the sovereign right of the peoples to choose their countries' way of development independently and without outside interference, for the consolidation of the independence of the developing countries and for a new international economic order, for the abolition of all colonialist, racist and fascist regimes. And equally, every success of these struggles for national liberation strengthens international detente.

THE PROCESS of development and stabilisation of detente creates new favourable conditions for social progress and full exercise of the economic, social, civil, political and cultural freedoms and human rights, and abolition of all forms of racial, national, linguistic, religious and sex discrimination. And equally, every advance in these fields strengthens international detente. The participants in the Moscow Forum not only spoke about the need for peace and the maintenance of detente but also discussed concrete ways and means of achieving them, the concrete tasks before the peace forces. In order that this may be done more effectively and to allow a more thoughtful dialogue and to ensure the maximum participation of as large a number of delegates as was possible, a new procedure was followed at the Moscow Forum. Its plenary sessions held in the Council of Mutual Economic Assistance building, were briefly addressed by representatives of a number of parties and organisations. After that, the delegates divided into thirteen discussion groups of 30-40 persons in each group and met separately in thirteen different rooms at the Trade Union Higher School and at the Moscow Friendship House.

(To be Concluded)

AFTER 1947

Asia's New Role

By Yuri Yuryev

THIRTY YEARS AGO ON March 23, 1947 a conference on relations among the Asian countries opened in Delhi. Its convocation was a result of the rapid process of national liberation that started after the defeat of Germany's militaristic machine by Soviet troops in the Second World War. The conference was to show to the whole world that the Asian countries intended to follow their own policies in international affairs. At their first meeting in history 32 Asian states declared for co-operation in the name of peace and security, and economic and social progress of their peoples.

Later the aspiration of the Asian countries for conducting independent policies found its vivid embodiment in the non-alignment movement. The non-aligned countries in Asia made the greatest contribution to the relaxation of tension in that region. Their efforts practically neutralised SEATO and CENTO, and actively assisted the termination of imperialist aggression in Indochina.

The favourable shifts in Asia, especially in the last few years, are closely connected with detente that has started in Europe. Under its influence a new approach (patience in developing relations and tolerance towards other points of view) is taking a clearer shape in the policies of the Asian states. The desire to find factors that bring countries closer together, and interest in developing contacts have yielded fruit everywhere. Mutual understanding between Afghanistan and Pakistan and between Pakistan and India has grown stronger in Western Asia. Delhi's and Islamabad's initiatives on the subcontinent fully to restore diplomatic relations have opened before them broad prospects of expanding contacts in political, economic, trade and other fields.

THE NEW ROLE of the state in Indochina and the consolidation of the positions of socialism in that region are a factor that favourably influences the development of the situation in Asia. Imperialism, naturally, is trying to intimidate the Asian countries by a

certain "export of the revolution" from the Socialist Republic of Vietnam.

Fortunately, these attempts are of no success first of all due to the course which the Republic has proclaimed with regard to the other states of that region. The meeting between officials of the Socialist Republic of Vietnam and Malaysia, Singapore, Philippines, Indonesia, Burma and Laos have dispersed all doubts in this respect. Vietnam's proposal to build relations on the principles of respect for sovereignty and territorial integrity and of good-neighbourliness has found a favourable response. The establishment of diplomatic relations between the Socialist Republic of Vietnam and the Philippines is an illustration of this response.

THE VOICES of the Asian countries can be heard ever more clearly in the international arena too, particularly in the United Nations. They resolutely condemn racism and Zionism and come out in favour of a just settlement of the Middle East problem and of the solution of urgent problems of our time in the interests of the peoples. Their participation in the 31st session of the UN General Assembly was typical in this respect. At this session they actively supported the Soviet proposals on the non-use of force in relations between states, on the restructuring of international economic relations and on disarmament.

This interest of the Asian countries has objective reasons. Thirty years after their first meeting the

New Orange is sweetest yet

Tel Aviv.

A "miracle orange" that ripens a full month before the Shamuti (Jaffa), has a richer aroma, is sweeter and easier to peel when on display here on December 12. The new strain of orange, called "Varda G", was developed by Amiel Gottesman, a citrus farmer at Ramat Hashavim. The orange is the result of 20 years of cross-breeding experiments. Gottesman said that a trial shipment marketed abroad last year showed buyers preferred the new strain over the Shamuti. Buyers also reported it had a longer shelf-life than the Shamuti.

problems of security and of the peaceful development of the region have not yet been solved due to the growing opposition of imperialist powers. Within the framework of the new operating "island strategy" the western military-industrial complex is creating strongpoints all over the area from the Atlantic to the Pacific, including Diego Garcia island in the Indian ocean. Being fitted out with up-to-date equipment, this base, alongside others, is a direct threat to the sovereignty of the peoples. That is why by supporting the Soviet initiative in the UN, the Asian countries have thereby supported the appeal contained in it for abolishing foreign military bases.

No wonder that at various forums socialist and developing countries, including Asian states, demonstrate the unity of views on various questions, the problems of the region included. The Soviet Union is a country, the greater part of which is situated in Asia. Representatives of its Central Asian Republics took part in the Delhi Conference. Since that time it is fruitfully developing various contacts with many countries of the continent. Their aspiration for stronger economic independence is being realised considerably due to their co-operation with the USSR.

The creation of their own industries, prospecting for minerals and the training of national specialists are far from a complete enumeration of the spheres of this equitable and mutually advantageous co-operation. It practically assists the strengthening of the sovereignty of the young states, and their growing influence in world politics.

Today one can confidently say that since the 1947 conference Asia has taken a big step towards the consolidation of its new role in international affairs.

—APN

NEXT ISSUE

WHO'S BEHIND THE INSURGENCY

—A Flashback Report

LAND COLONISATION

Turning Mato Grosso Into Money

by Sue Branford

The Financial Times, London

Trying to help his congregation make a better living, a Lutheran pastor in Brazil has developed a system of agricultural colonisation that seems to be working extremely well. Land values in the area that his settlers have developed have gone up forty times in four years.

Sao Paulo,

"We were the third family to arrive in August 1972. There was no proper road the last 100kms, just a rough track across scrubland. I was feeling quite scared, clutching my two-year-old son, Cesar Icarus. We were jolting up and down so much that over half the eggs we were taking in got broken. Believe it or not, we crossed 45 bridges in the last stretch. Nearly all of them were just two rough planks across the stream. My husband had a lot of trouble manoeuvring our lorry over them. When we finally got there, we had to build ourselves a hut before we could go to bed. It was a pretty simple shack, I can tell you—just a tarpaulin stretched over four poles. We spruced it up a bit the next day. And that was our home for the next five months while we settled in."

Sitting comfortably on a sofa in the living room in her smart new house, Margarida Ziech enjoys recalling all the picturesque details of their early life as pioneer farmers in a wild, sparsely-populated region in the north of Mato Grosso. Blue-eyed and fair-haired, Margarida would never be taken for Brazilian. Indeed, she calls out to her children—there are two more of them now—in an archaic form of German. Both she and her husband are direct descendants of German immigrants who arrived in the south of Brazil in the mid-19th century. Although they have never travelled out of Brazil, they consider themselves as much Germans as Brazilian.

Margarida and her husband are very satisfied with their recent progress. Previously they were farming a tiny plot of land in the state of Rio Grande do Sul in the extreme south of Brazil. There were 5,360 families farming in Tenente Portela, the 100,000 acre "município" where they lived. This averaged out just 10 acres of farming land per family. Margarida said that some of the farmers were ploughing the land by hand, before planting soybeans and wheat, as no tractor could get up the steep slopes.

THE LOCAL LUTHERAN PASTOR, Norberto Schwantes, who is also of German descent, was deeply concerned about the poverty of the families in his parish. He tried to introduce intensive farming techniques to increase the farmers' yields. But little success was achieved in the face of one insurmountable problem: the tiny size of the plots.

Finally, Schwantes looked for a solution outside the region. With great audacity—considered foolhardiness by many at the time—he started to visit huge tracts of remote forestland in Brazil's Amazon region, the only area in the country where land prices were still very low. He negotiated a bank loan to purchase 100,000 acres of land in the north of Mato Grosso for the very cheap price of US \$16 (£9.50) per acre.

Schwantes then set up a colonisation project, which he christened Canarana. About 80 families, nearly all of them direct descendants of German or Italian immigrants, moved up from Rio Grande do Sul at about the same time as the Ziechs. Some families took more than a fortnight to travel the 2,800 kms in their lorries. Many commented that their relatives thought them quite mad. "Going up to the Amazon with a young child, you're crazy. Just think of the heat, the snakes, the mosquitos and the piranhas", warned Margarida's mother.

But Margarida says it has all been worthwhile. "We have 1,000 acres of land, and we are buying a tractor and other farm equipment with Banco do Brazil loans at highly-subsidized rates. Up to the present, we have just cultivated dry rice, which is a good reliable crop that grows anywhere and

has a guaranteed outlet, even if prices tend to be low. But next year, we are going to diversify into more profitable cash crops such as maize and soybeans. It's certainly hard work but things are going well".

Encouraged by his initial success, Schwantes is setting up seven more colonization projects in the same region. "We have made no effort to publicise the projects but there are hundreds of peasant families that are anxious to get away from the overcrowded land conditions in the south. The demand seems insatiable," he said.

There are now about 500 settlers and their families in the region. The landscape is changing extremely quickly as the forest and shrubland are cleared and fields of rice set up. And gradually the transport system is improving too as the state government puts in more solid bridges and levels the track, under pressure from vociferous and determined settlers.

One important effect of all these changes has been a rapid increase in land values. The acre that the Ziechs bought for \$16 is now worth \$650, a forty-fold appreciation in four years. This process has led Schwantes to believe that his colonization system is "the key to peaceful agrarian reform."

He has been talking to the owners of very large estates, of 150,000 acres or more. Many of them are attempting to set up cattle ranches, but are facing serious difficulties with problems of soil erosion, very inadequate transport facilities and lack of manpower. Schwantes has been telling them that the last two of these difficulties at least would be solved if they sold off a third or a quarter of the land to Rio Grande do Sul settlers for arable farming. Schwantes' most telling argument, however, is to point to the extremely rapid appreciation that the remaining land in the estate would enjoy, due to the improvements that the settlers would bring to the region.

His experience suggests that, with the colonization project, land values would reach in two or three years a level that would otherwise have taken 15 years or more. Schwantes has already convinced some companies that his suggestion is a very sound business proposal. Later this year, he will begin to

set up further colonization projects in even more isolated areas in the extreme north of Mato Grosso. If his plans go as he is hoping he will be bringing thousands of families into the Amazon over the next few years.

—Financial Times News-Features

FOREIGN REPORT

"Euro-Communism"

Madrid, March 7.

Special By Tanjug's Correspondent Borislav Lalic.

Enrico Berlinguer and Georges Marchais arrived in Madrid as Tourists to attend a meeting of the Secretaries-General of the Spanish, Italian and French Communist Parties last weekend. "It

is of enormous importance, for US as well as for the Spanish democratic processes, that this meeting could be held in Madrid with official authorisation. This clearly proves that Spain in changing, albeit painfully and with difficulty, but is heading for democracy", Santiago Carrillo told newsmen at yesterday's press conference.

The meeting itself, which was conveyed by 200 foreign and almost 1000 local journalists, discussed, nevertheless, questions not directly related to the Spanish political situation and its "democratic renaissance." "Eurocommunism" was the focus of attention both at the Press Conference and in the final document. Berlinguer, Marchais and Carrillo seemed to be inclined to use term like "democratic and pluralistic road to socialism", "socialism in freedom" and "socialism in democracy" rather than "Eurocommunism". The latter, however, was the dominant subject at the press Conference.

"We do not insist on the term 'Eurocommunism', but we do not reject it, either," Georges Marchais said. "It was not us who invented it, but we are not bothered

ISRAEL

EXPLOITING THE SUN

THE VISION of providing heat from solar pools is becoming a reality. Israeli scientists have actually put the sun to work. They have trapped it in a pool at the Dead Sea Works. In the wake of a successful initial experiment land has been allocated on which the world's first man made solar pool will be built near Ein Bokek. The first customer will be a hotel which will be totally powered by energy extracted from the pool. It seems that the Dead Sea pools are covered by a layer of water that is lighter (and cooler) than the rest. Sunlight heats the deeper layers of water, which have a higher salt content, and therefore a higher specific gravity. This higher specific gravity prevents the heated layers from rising to the top. So heat continues to accumulate in them. This phenomenon is found in nature in various parts of the world—in the pools of the Dead Sea, in the pool near the "Fjord" at Eilat and elsewhere. Now it seems, it will be possible to control it and harness it to man's need.

Even if Israel becomes the first country to operate a solar pool on a commercial basis the field as a whole is not at all dormant. Throughout the world, and in the United States in particular, many are looking into various possibilities and are in touch with Israel. There are those who dream of turning the entire Dead Sea into one large solar pool—covered with water piped in from the Mediterranean. Such a pool would provide all the energy needs of the State of Israel and perhaps of Jordan as well. There are those who see in the solar pool the rising sun of peace and talk of an appeal to King Hussein; look here, they will say, here is free energy at your feet, without foreign currency, without a pipeline, without distillation, without any politics.

The Dead Sea may yet become a major source of life.

by it, either. It could even become current usage. The most essential thing, however, on which we fully agree, is that 'eurocommunism' does not stand for a new centre. If it meant that, we would reject it at once", he said. He noted that the content of this term was born first, and the term itself came to be used later. "The Spanish, French and Italian Communist Parties", he said, "have arrived at joint stands and ideological concepts on socialism and democracy autonomously, on the basis of their own stands and thoughts. Someone had the idea to refer to our view of socialism as 'Eurocommunism'.

Carrillo, too, thought it necessary to tell the press that the Madrid meeting was not concerned with creating a new 'Eurocommunist' centre but that it was a simple exchange of views among the leaders of the three Parties which have many views and problems in common. Carrillo, Berlinguer and Marchais tried to give as broad a picture as possible of their view of a "democratic road to socialism" based on respect for personal and collective liberties, including the right to give expression to different currents in philosophy, culture and arts. The three Communist leaders stated more at the Press Conference than in their Joint Statement—that such a concept of socialism must be free of "a lack of Democracy" as noted in certain East European countries.

Georges Marchais explained, on behalf of all, why the Madrid meeting did not criticise the dissident acts in Eastern Europe. He said that

each party had done so separately before the meeting began, but that collective condemnation of other parties is out of the question, all the more so as these parties were not represented at the meeting "You remember how we condemned and attacked collectively, and wrongfully, the league of communists of Yugoslavia almost 30 years ago. Such a mistake must not be allowed to happen again", Marchais said.

Thus this three-party meeting in Madrid accompanied by great attention of the domestic and foreign public has come to an end. It is now becoming increasingly clear that Spain is gradually returning to Europe and that certain things are taking place there which were unimaginable until only very recently. For the first time since the civil war, an international Communist meeting has been allowed to take place in Madrid. The ice has finally been broken after 40 years.

LETTER

Palm Sunday Without Palms?

Sir,

It would be a welcome sign that the catholic christians are continuing their deep love for the country, if they decide collectively to

use some other twig or branch or even leaf, and that for a small token group of people, or only for the celebrating priestly minister of Palm Sunday. Usually there is colossal and wholesale denudation of trees—coconut trees which are now in the throes of a crisis due to man's reckless attitude to trees.

Would the National Liturgical Commission brief the whole island by way of suggestion for a token substitute, for otherwise the all-christian rush for Christmas trees of December will be soon succeeded by the all-catholic rush for palm leaves and palm branches at or around Easter. Neither is of the essence of the feast, in question.

Or even if the NLC would not find time for it, perhaps, the reading of the signs of the times would dictate to catholic christians that they be men of the moment.

Fr. S. D. Reginald
(Pastor)

and Fr. Michael Rodrigo
director, UPEK(Uva)

St. Lawrence's Church,
Padinawela,
Boragas.
19.3.77

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CLASSES FOR FATHERS-TO-BE

Rostock.

A domestic science course for prospective fathers has been organised in the city of Rostock by the Red Cross Society of the German Democratic Republic. Experts of Rostock's Wilhelm-Pieck-University told participants how to feed and care for babies and informed them about vaccinations required in the first years of life. Over the past few years interest in such courses has generally increased. The equal rights of men and women in socialist society in the German Democratic Republic, implies that parents meet their joint duties stipulated by law in bringing up the children and in tackling household chores. General knowledge about sick-care and education of children as well as about housekeeping are imparted to both sexes by a number of institutions. There are numerous advisory centres run by the Women's League as well as adult educational courses for these purposes. So-called marriage schools in various parts of the country have set themselves the task of preparing young people for married life. Together with the national hygiene institute, the Red Cross intends to arrange courses for fathers-to-be also in other parts of the country.

Confidentially

- Gunasena Group
- LSSP-CP

WAS IT A SURPRISE that the publications of the Gunasena-owned *Sun-Dawasa* papers made their appearance on March 31? Readers will recall that these papers were shut down under Emergency of lawpresumably on the ground that the publication of these newspapers were inimical to the interests of the State? That it is not known whether the authorities felt that these papers were a threat to the position of the ruling United Front or whether they were a threat to the security of the State? That, whatever the motive, there were other facts which are difficult to ignore? That there is no doubt that the LSSP was after the Gunasena empire? That the LSSP had been the most ardent supporter for the take over of the Lake House Group? That when the takeover was actually effected, the LSSP found that the control of Lake House was safely entrenched in the hands of the SLFP to the exclusion of the other UF partners, especially the LSSP? That LSSP day-dreamers had counted on having control of the Lake House in order to carry on the "fight for the great revolution"? That when these dreams were dashed to the ground, it is said, that the LSSP had turned its eyes towards the Gunasena group of newspapers? That it would appear that an LSSP decision was made to take over the Gunasena Group under the Business Acquisition Act? That in this event the control of the group as a running concern would have been under the LSSP because it was the Minister of Finance (then Dr. N. M. Perera) who was responsible for the administration and functioning of the businesses so taken over? That to justify such a take-over the LSSP had started a campaign to establish that the Davasa-Sun Group was a reactionary one paving the way for a right-wing set up in Sri Lanka? That, in addition to this, an attempt was made to paint the Gunasena business empire as a tax-evasion, profiteering, anti-social

and anti-national organisation determined to "rob" the people? That in the circumstances it was natural that the Gunasena papers should hit back at the LSSP, and also the SLFP for keeping the LSSP in the government? That it is not clear how matters had developed during a crucial fortnight but whilst the LSSP was getting geared up for action under the Business Acquisition Act, the SLFP had forestalled the matter by closing down the printing establishment under the Emergency Regulations? That, at this time, the *Sun-Davasa* journalism had also gone haywire and many news reports and comments were published in its columns which violated accepted principles of an unwritten code of ethics that regulated the conduct of newspapers all over the world? That such violations—often crude, vulgar and unworthy of a big newspaper organisation—gave the government the handle to act? That the SLFP's grievance was that the Gunasena papers were hitting hard and unfairly at the Prime Minister (for tolerating the LSSP in the Government)?

IS IT NOT TRUE that, in retrospect it would seem that the SLFP action saved the Gunasena Group from total liquidation under the Business Acquisition Act? That closure under Emergency Regulations (rather than Business Acquisition Act) had ensured that the Gunasena Group would be able to reopen the papers at a later date? Under the Emergency Regulations the machines were immobilised and sealed and the newspapers ordered to cease publication? That though this meant temporary hardship and inconvenience (and loss) there is no doubt that this was the only way by which the Gunasena papers could have lived to fight another day? That such a day has already dawned? That in spite of all that has happened, the LSSP (and the CP), the parties which had been most ardently demanding the takeover of the newspapers owned by "capitalists", do not seem to have realised that they have helped to create a situation which will ultimately help only the reactionary elements in the country? That in the same way the LSSP (and the CP) have been party to the creation of legal procedures like the Criminal Justice Commission which will always be a weapon in the hands of an unscrupulous govern-

ment to crush its political opponents? That the LSSP (and the CP) in supporting a most dubious Constitution in which the Judiciary was placed subordinate to Political Authority have created a Frankenstein to enable an Administration to ride rough shod over the fundamental freedoms and civil liberties of the ordinary citizen? That in devising a Constitution which only paid lipservice to fundamental freedoms, without providing a way of ensuring the rule of law or fundamental freedoms through the Judiciary, they have created another monster which will pave the way for fascist totalitarianism? That in the hope and belief that it was possible to reach "socialism" in Sri Lanka through the SLFP, the LSSP (and CP) have been willing to forget many of the fundamental tenets of Marxism (e.g., on the question of national minorities) by surrendering to the vote-catching, religio-linguistic emotionalism of the SLFP? That the LSSP and the CP (and the progressive movement in the country) have already paid a heavy price for the mistake made by these two parties in extending even qualified support to the religio-linguistic racial chauvinism of the majority community? That it must be remembered that the SLFP would not have got the two thirds majority in the 1970 elections without the support of the LSSP and the CP (and the JVP)? That with this two-thirds majority this country today has a Constitution which is neither democratic nor conducive to national unity? That the Constitution of 1972 devised chiefly by LSSP drafters to satisfy SLFP's romantic "socialism" and sectarian chauvinism has already formalised the demand for a separate state by the Tamils? That a similar demand by sections of the Muslims in the Eastern province is also on the cards? That in the final analysis it must be said that the attempt to usher in "socialism" through SLFP Parliamentarianism has led to most fateful consequences? That one such consequence is that the New Left (of the indigenous Youth) has repudiated the Old Left (the LSSP and CP)?



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