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## UNITED FRONT'S GEM CAPITALISM

With this Budget, the neo-capitalism which has so far been surreptitiously sponsored by the United Front, has erupted into the open. It is a unique kind of capitalism like so many things in Sri Lanka. With the full-blooded United Front cry against capitalism and capitalists, many in this country and abroad had been mesmerised into thinking that the end of capitalism in Sri Lanka was in sight. But many, both here and abroad, were not taken in. And they have cashed in—in a big way. What the United Front has, however, succeeded in doing, partially at any rate, is to undermine the capitalist and landlord class structure which had given full support to the UNP, but in the process the United Front has also virtually destroyed the national bourgeoisie which had been the backbone of the SLFP. Whilst this work of destroying the national bourgeoisie behind the UNP (and incidentally the SLFP) was going on behind the smokescreen of demagogic "socialist" slogans, a new capitalist class was being created but mainly under the aegis and patronage of the LSSP. Dr. N. M. Perera has already created a powerful tribe of gem exporters, whilst his colleague Dr. Colvin R. de Silva has an equally powerful tribe of exporters of non-traditional goods. Kalugalle's cohorts of 15-year tax-holiday tourist promoters and hoteliers are a weaker segment, but are now being augmented by gem and non-trad capitalists. In the Budget it was claimed, no doubt with justification, that the profits from gem capitalism, non-traditional exports and tourism, had saved Sri Lanka from the clutches of the IMF. But the question which thinking youth will ask is whether the national bourgeoisie and national landlords had to be destroyed in order to create the new Frankenstein which can most aptly be described as *Gem Capitalism*. The profit motive, as an inducement for economic activity, has been emasculated so far as Ceylonese-owned agriculture and industry are concerned—and with no adequate alternative local production has begun to sag, and even the panic about a food crisis is not likely to do much good. Unless other political factors intervene, the future of Sri Lanka is the future of Gem Capitalism under the leadership of the LSSP with foreign capitalists coming under the new institutional infrastructure of gem capitalism. There is already less and less talk of socialism. The focus is on gems, the exports of non-traditional goods (and latterly also of traditional goods with the old local capitalists coming to terms with the power elite of gem capitalism) and tourism. *The new era of gem capitalism is already upon Sri Lanka.*

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# Tribunania

## \* Budget Debate \* United Front's Neo-Capitalists

THE BUDGET DEBATE which is now in progress, at the time of writing, has already turned out to be the most humdrum affair without any of the sparkle or liveliness associated with parliamentary debate. Further, it is now not a debate on the budget and the policies of the government in regard to fiscal and budgetary matters, but the debate covered the whole range of political and every other kind of activity in Sri Lanka today. But if such debate on a free ranging survey of all that is happening in Sri Lanka is on a high level, able to inspire ennobling thoughts or induce political action of high order, there cannot be any ground for complaint. As it is, the budget debate in the National State Assembly has become a mockery of what such a debate should be.

The Leader of the Opposition, J. R. Jayewardene, the experienced and consummate parliamentarian that he is, seems to nevertheless have been overwhelmed with the *malaise* of our times revolving round pettyfogging trivialities, and his speech opening the debate was reminiscent of the degradation which has overtaken parliamentary government in our country. He was

satisfied twitting the Minister of Finance about something what the IMF and IBRD chief had stated about Sri Lanka—that where some people might have thought that the UNP was responsible for some “misdeed” it was really the result of the work of the SLFP. Or vice-versa. All this was in excellent style—parry and thrust to score a point for party advantage, and the Minister of Finance is reported to have commented *sotto voce* that “Dick” had got a bull’s eye. But the rest of J. R. Jayewardene’s speech was a slow descent into the pit of demagogic haranguing on party squabbles.

Minister T. B. Illangaratne, who opened for the Government, did no better. He was satisfied banging away not only at the UNP but also at other critics of the Government. What was deplorable was that he was grievedly happy when he was able to attribute some personal motive to dismiss the *bona fides* of a critic—without realising that the vast majority of people are no longer duped by such argumentation but want any matter discussed on its merits. Illangaratne suggested that the *Sun-Dawasa* group had turned against the Government because an application to import printing machinery without FEECs had been turned down and also because a *Sun-Dawasa* valuation for a building which the Government proposed to acquire had not been accepted by the Government valuer. Why these matters should be trotted out just when

the *Sun-Dawasa* papers have begun to make valid criticism about Government policies and actions is intriguing, but as long as the Gunasena papers were in a mood to support the Government (even after its disappointments about the machinery and the land) these skeletons were left intact in the cupboard. Illangaratne, in similar style, sought to dismiss J. R. Jayewardene by stating that he had sought to join the Government in 1970 by deserting Dudley Senanayake and the UNP—and stressed that it would be wrong to pay serious attention to the Leader of the Opposition or the UNP which he now led.

The other speakers also delivered themselves of low-calibre speeches in similar strain. Our present generation of politicians in power, in the Government and in the Opposition, have enough skeletons in their political and personal cupboards, and a debate constantly referring to these unsavoury matters can be most depressing. The depleted numbers in the House during the Debate is only an indication of the sagging interest in this kind of debating.

THIS IS also a reflection that an overwhelming predominance of one party or one coalition makes a farce of parliamentary democracy. With a steam-roller majority the outcome of the debate is a foregone conclusion and there is no serious effort by anyone to analyse the budget or examine its short-range and long-range implications.

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And parliamentarians, who have always thrived on publicity in the press, radio and other mass-media forms of communication, are today lost in a world of paper shortages, newsprint cuts, controlled press, selective broadcasting and press and radio black-outs. Very few people read the Hansard even if they are able to come by a copy. Without being able to reach out to a mass audience by speaking in the National State Assembly, our parliamentarians have become a lost tribe on the last frontiers of parliamentary democracy.

We are slowly moving into a one party state paying lipservice to pseudo socialism, with power vested in Political Authorities satellited by MPs who have become all-powerful in executive and administrative matters in their respective electorates. The new system of Justice with all its claims to uphold fundamental rights, vests such powers in the police that the rule of law and the rights of the individual citizen will become a thing of the past. The real economic power is passing into the hands of the new Gem Capitalists spawned by the United Front and buttressed by the neo capitalists (born of an unholy merger of old and new capitalists). State capitalism inside Sri Lanka and government-to-government deals in foreign trade also tend to make the Gem Capitalists richer and richer.

How far this trend will go it is difficult to say, but the people of Sri Lanka, especially its young, will have no use for Gem Capitalism just as much as they had no use for colonialism, imperialism and every form of UNP capitalism. Whether the Gem Capitalism of the United Front with all its bogus flag-waving for socialism, will fare any better with our youth is a matter for the immediate future of the island. The administrative, economic, political and even judicial structure in Sri Lanka has been changed so much, sometimes for the better but more often for the worse, that it is difficult to envisage what the future will be like.

UNITED FRONT - STALWARTS boastfully claim that they have successfully liquidated capitalism in Sri Lanka. On the surface, some of the actions they have taken tend to give the impression that capitalism has been ended for all time in Sri Lanka, but a penetrating and incisive probe into what has really happened in this country will show a different picture.

The big imperialist and foreign (mainly British) investments are still intact. A few of their marginally uneconomic and dud estates have been bought by the Government with ample compensation under a propaganda cover of a "take-over." The big estate agencies remain as citadels of foreign dominance in the tea industry, and the fact that brown sahibs run these companies does not make any difference. The foreign Commercial Banks

remain. The big private undertakings, basically foreign-owned, like Brown & Co. Ltd., Rowlands Ltd., Colombo Commercial Co. Ltd., Hunter & Co. Ltd., remain intact. Other companies like Macwoods Ltd. and Walkers Ltd have been "Ceylonised" but only with the assistance of

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foreign banks, making them still foreign-orientated units.

*What has the United Front really succeeded in destroying or weakening?*

The UF has undoubtedly undermined the economic power of Sri Lanka's national bourgeoisie on the politically demagogic slogan of finishing off the UNP. But, in the process, the national bourgeoisie which had supported the SLFP too has been "finished off." Land Reforms, Ceiling on Incomes and Compulsory Savings, Nationalisation and the like have only crippled those of the national bourgeoisie who were not able to creep into the ranks of the gem capitalists and the neo-rich exporters of non-traditional goods and the 15-year tax holiday tourist promoters and hoteliers.

To hide the lack of concrete action to liquidate foreign imperialist capitalism, United Front chieftains are now talking about "ceylonising" sterling companies, but at best it will be nothing more than setting up a new collaboration between the new United Front capitalists and traditional British capitalists coupled with new foreign capitalists from Japan, France and West Germany.

Considering the low level of economic activity in Sri Lanka and the persisting stagnation in economic development in the island, *Tribune* has not called for the destruction of any force of economic productive capacity whether it was foreign or domestic. A public sector, in our view, is an essential catalyst in a developing country. But, we

are still a long way off from raising full-blooded socialist slogans of a concrete practicable or workable nature. For a long long time more it would be in the interest of Sri Lanka to promote a harmonious collaboration between foreign and local capital in a way that our paramount interests are amply and adequately safeguarded. (Even the United Front is now coming round to this view but behind a smokescreen of its present socialist blah-blah).

SRI LANKA needs the technology and the capital resources of advanced countries. Socialist Poland has now contracted with Massey-Ferguson to set up a fantastically large plant to make tractors in Poland. The Soviet Union has entered into a large number of contracts buying technology on capitalist credit. (Even blade-making Wilkinsons are setting up a plant for the USSR near Moscow). The Japanese are building a super-duper hotel complex for the Bulgarians on the Black Sea Coast, with a geisha hall and other accoutrements complete to attract tourists.

What is sauce for the goose is also sauce for the gander. We have, no doubt, to be economically independent, but we also need economic development. It is pointless pauperising ourselves in the quest for a mythical economic independence. But it is worse to seek to destroy domestic political enemies unmindful of the resulting pauperisation through lowered economic production. This is just what

has happened in Ceylon so far. Having crippled political enemies, the United Front is setting out to create a new capitalist class under its wing. It is inviting foreign collaborators under the aegis of the newly-sprouting gem capitalism.

The people of Sri Lanka, especially its youth, have begun to realise the hypocrisy of United Front claims that it was out to destroy capitalism. They see the 6 Sri cars of the gem capitalists and the new luxury of the exporters of non-traditional goods and the hoteliers—and their frustration keeps growing. They see the growing arrogance of the convertible currency nouveau riche. In their dismay the youth are flocking to meetings organised by the UNP and the Opposition parties—only to find that these parties too have nothing to offer.

Whither Sri Lanka?

### Israel's Fears

Just at the time when political sympathy had been swinging quite perceptibly away from Israel, even among some of her staunchest supporters Cairo and Damascus have proved Israel's case for all the world to see. That case is, of course, that there can be no settlement until Israel's neighbours accept her existence within secure borders.

— *The Daily Telegraph, London.*

BY ALLADIN

## NEW NOTES FOR OLD

by Canax

If they haven't cottoned on to the idea yet, I'd like to prod our boys in the planning Ministry to think seriously about what Mr. Austin Sprake, of Guernsey Channel Islands, has been doing for years. In other circumstances, what he does may be none of our business, but in this one instance it may be useful to make it ours. One doesn't have to be an exceptionally bright spark to figure out that Mr. Sprake's hobby could open, for us, yet another non-trad export door to the wide, wide world.

Austin and his wife broke journey here for six days not long ago in the course of a Far Eastern holiday tour looking for, of all things, old currency notes. Had it not been for their brief stop-over in Sri Lanka, we wouldn't even have known what we have been missing.

I have been trying to get at NM for nearly a week now, but I understand he's too busy to be disturbed. He's got the Budget out of the way, I know, and I doubt he will start so early on the next one. Seems he's working round-the-clock, knocking something else into shape, something called Gazettes, if it means anything to you. I can't make head or tail of it myself, but when I mentioned this to a friend suggesting NM shouldn't work himself to death like

this, he merely sighed. "Typical of the man", he said. "but it might have been a radical change to have the Gazettes first and the Budget later. Bourgeois habits die hard, I suppose."

I can't make head or tail of that, either.

I've been eager to tell NM about the Sprakes. There must be hundreds of thousands of couples like them out West having the same hobby and all waiting merely to be hooked. I suspect NM will be so pleased to hear what I have to say, he might reward me with a tax holiday for life and still feel he hasn't done enough to show his gratitude. Well, a tax holiday for life is not bad for a start, and I may be able to suggest a couple of other perks as we go along.

The Planning Ministry can take its time working out the details of the operation, but why I'm trying to get across to NM in a hurry is so he can get a quick word down to—sorry, up to—the Central Bank before it is too late to save a potential non-trad export from going up in smoke. No, I'm not finding fault with the Bank; after all it requires a wealth of experience rather than cash reserves to realise that just because you demonetise money you don't have to go the whole hog and put it to the torch as well.

Looked at strictly in value terms, the 100-buck note may not have been worth the paper it was printed on before demonetisation, but by God (and Mr. Sprake) it probably fetches three times its face value ever since. The old 50-buck note, I'm told, fetches half as much as an old 100-buck note does, and I have never fully understood why; I hear it has something to do with our early educational system and the values that went, or came, with it. I can't remember this myself, but it appears that generations of kids have been taught to accept without question the ridiculous theory that 50 is exactly half of 100, and nobody wants to go changing it now because nobody can think of anything better to teach instead.

To get back to the old notes, there may be some people who are likely to regard my proposal as being unworthy of our country and our Government. Give the old notes away free, they'll say, but don't make a financial killing on what you yourself have declared to be devoid of any value.

Such attitudes, I'm afraid, are themselves devoid not merely of any value but of commonsense as well. Opportunism, or the art of striking when the iron's hot, is a virtue that may not have much value, but it certainly pays rich dividends. And right now our economy can do with every buck it can get. The motivating principle, then, should be that a buck saved (from the bonfire

and from oblivion) is a buck earned.

From what I hear the Central Bank has already destroyed old notes to the value of Rs. 44,433, 475 up to June last year—and thereby hangs a tale.

If NM has wondered why the World Bank refused to be swayed by his sob stories this time, I'll tell him now. He's been telling the Bank these past three years that we are chronically short of cash and, needless to say, it believed him, which is why we got the dough so far. But when, last year, it heard what the Central Bank had done, and proposed going on doing, it realised someone was completely out of touch with reality. The Bank had no difficulty figuring out who that someone was. It couldn't be the Bank, for sure, since it existed on reality the way some countries survived on borrowed money. Besides, the Bank with its vast resources generated its own hard reality and even had a surplus of the commodity, which is why it tends to be more generous with that than it is with hard cash.

So NM had to be the one, after all, who was having his head in the clouds. Our Central Bank had clearly demonstrated that Sri Lanka had a lot of money to burn, and NM was not even aware of it.

If NM is to take advantage of my idea he will have to move fast. I don't know how he's going to accomplish this, but he will have to diplomatically tell the Auditor-General

to go poke his inquisitive nose somewhere else, for it appears the A-G has been particularly persistent in asking awkward questions. Why, he wants to know already, hasn't the Central Bank, even three years after demonetisation, not yet given all old notes the coup de grace, and is evidently peeved that only less than a tenth of the total of over 1000 million has so far been confined to the flames.

We all no doubt enjoy a good conflagration at times, but when we pick on old currency to indulge ourselves, I think we are playing with fire. Politics is always a better, and safer, bet.

A great pity Mr. Sprake had not dropped in on us in 1970 when NM thought up this revolutionary device to deal with money. We could then have co-ordinated the whole operation and had the Export Promotion Council to take over where he left off. The Council wouldn't have had the usual problem of ensuring standards of quality like they have to do in most other non-trad items. One old note is as good as another, and the only complaint from customers would have been where counterfeit notes tried to pass off as old ones.

The Council's major headache so far has been to meet demand, provide quantity as well as quality. When a foreigner takes a fancy for our devil masks, he gets so enthusiastic he wants one million of them, just like that. If the West takes to our old notes, as I feel sure it

will, both quantity and quality are assured. If he wants a million, he can have a million, so long as he pays the price.

The way things have turned out, it seems Sri Lanka also has a bunch of guys around with the same hobby as Mr. Sprake. The only difference is that where Mr. Sprake keeps his old notes trapped securely in albums, our chaps tend to let them go freely about the place. Old notes, like old men, can doubtless do with the exercise, but such freedom of movement causes a lot of confusion, especially when the old mix with the new. So a hobby that is harmless, even profitable, in foreigners can be irritating when practised by our own folks, because they can't help adapting the hobby to suit local conditions.

NM can get over this by declaring an amnesty like the one he offered the Gem Set, and promise anyone bringing

### Long and Bitter

The battle against Israel will be long and bitter. The current battle is not a battle of hours or days and we must all realise this and be prepared to shoulder our responsibilities. President Sadat is to be praised for his courage, in taking the decision to accept the Israeli challenge and we urge the nation to stand solidly behind him.

—Al Ahram, Cairo

SOVIET SCHEME

# Collective Security in Asia

from

A Special Correspondent

IMPORTANT positive changes have lately occurred in the Asian continent. The Vietnam war ended with success of the national liberation forces. Agreement on the achievement of national accord in Laos was reached. The Americans were forced

in old notes the par value plus FEECs. And no questions, of course. If he wants to make the offer irresistible, he can throw in a 3 per cent convertible currency clause as well. Once he gets all the notes to himself, there's nothing to stop him making money for jam. And for Sri Lanka.

The friend I was talking to didn't think much of my great idea. Okay, he said, just suppose we manage to get all the old notes, they still won't provide the basis for a permanent non-trade export trade. It will prove a passing fad, he said, and in any case the enthusiasm can last only as long as the notes do.

Unlike my friend, who is no great fan of NM's, I credit the man with a little bit of intelligence, which is all that is necessary not to get caught on the hop. I confidently expect NM to come up with the answer at the right time, and surprise everybody. He'll demonetise, again.

By Gazette, of course.

to stop bombing Cambodia. A young independent state of Bangladesh emerged in the Hindustan subcontinent. All these and other events, as for instance measures for the normalisation of the situation in Korea, aimed at a peaceful democratic reunification of that country, and the victory of the republican system in Afghanistan create favourable prerequisites for assuring peace and security to the peoples of Asia. But such a development could hardly be possible without considerable achievements of peace-loving forces in relaxing tension in Europe, and favourable development of the Soviet-American relations where an important role has been played by the Soviet policy of peace. The substance of this policy is to make the principle of peaceful coexistence and inviolable basis of the world politics, to make irreversible the positive processes which are gaining momentum in the world arena.

The policy of peaceful coexistence meets the basic interests of developing countries since it facilitates the solution of their social and economic problems, enables to channel the funds which today are lost on military expenditures to the needs of economic and cultural construction. At the

same time the policy of peaceful coexistence does not contradict the right of oppressed peoples to use in the struggle for their liberation the way which they would regard necessary armed or unarmed and this in no way means support of reactionary regimes.

This provision is clearly seen in the policy of Soviet Russia which following the line on setting up favourable relations with the leading capitalist countries actively continues to render its support to the national liberation movements and assistance to the states of Asia, Africa and Latin America in their progress on the way to social and economic progress.

## II

THE CONCLUSION of the Soviet-Indian Treaty on peace, friendship and co-operation in 1971 has become a substantial contribution to the cause of stability in Asia since according to the treaty the USSR and India assumed an obligation to wage joint struggle for the preservation and consolidation of peace in the continent and the whole world, for the achievement of general and complete disarmament, elimination of colonialism and racism.

The Indian Government was actively in favour of stopping imperialist aggression in Vietnam, demands to eliminate the dangerous spot of tension in the middle East. The Government of India, all peace-loving forces of that country

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make all efforts for the normalisation of the situation in the Hindustan subcontinent. In this connection particular importance is attached to the Simla negotiations of last year and the recent agreement on the repatriation of Pakistani prisoners of war-return of Pakistani citizens from Bangladesh to Pakistan and Bangladesh citizens from Pakistan to their homeland.

Economic co-operation between the Soviet Union and India plays an important role in the joint anti-imperialist struggle of the two countries. A substantial part of the production of Indian heavy industry is made thanks to the Soviet assistance. This assistance strengthens Indian economy, consolidates her positions in the struggle against the pressure of imperialist monopolies. Co-operation between industrial enterprises of the two countries is developing. Major Soviet purchases of Indian industrial goods including consumer goods assure employment to scores of thousands of Indian working people. The expansion of trade and economic relations with the Soviet Union serves an important means of combatting the destructive consequences which the increasing financial crisis of capitalism brings to India and other developing countries.

### III

ASIA TODAY, as the rest of the world, prefers to seek peace and development of business co-operation and not the preservation of

tension and confrontation. The policy of dividing Asia into opposing military grouping has suffered a reverse. This is graphically attested to by the state of agony experienced now by SEATO and other imperialist blocs in Asia. The idea of setting up a system of collective security in Asia is met with increasing enthusiasm.

Some people though try to put to it an anti-Chinese label implying that such a system is aimed at encircling China. But fifteen years ago the Chinese leaders themselves were in favour of a system of collective security in Asia.

The idea of collective security in Asia is not aimed against China or any other country. It is called collective security because China's participation in it is not only desirable but necessary as well to make the system truly effective. Moscow says to its Asian neighbours: let us do away with mutual suspicions and division of the continent into hostile groupings, let us reason together what specifically should be done to do away with poverty and backwardness, let us spend money not on arms but on the construction of plants, schools, hospitals, roads.

Some people are nevertheless inclined to believe that conditions are not yet ripe for the implementation of such a proposal. But these conditions are made by people. And can the principles on which the system of collective security is proposed to be built-rejection of the use of force in the relations

among states, respect for sovereignty and inviolability of borders, non-interference into internal affairs and broad development of economic co-operation be at any given time untimely or improper? These principles were laid at the basis of the historical Bandung Declaration and were registered in many documents regulating relations among individual Asian countries. Indeed, the idea of collective security is based not on an empty spot. Statements to the effect that, contrary to Europe, borders in Asia have not been "stabilized" and therefore the European model of collective security does not suit Asia, do not hold any serious criticism. Borders in Asia will become stable if the principle of their inviolability becomes law.

SUPPORT to the idea of collective security in Asia does not at all contradict the idea of non-alignment, as some people try to interpret it. It means support to a policy of peace and it is well known that both Jawaharlal Nehru and Solomon Bandaranaike interpreted non-alignment as a positive policy of peace and not passive neutrality in the "cold war". Today as a result of detente mankind stands much closer to the ideal of universal peace than ever before. Documents of the last year Moscow meeting and the Soviet-American agreement on the prevention of nuclear war concluded this summer are in this connection of primary importance.

And it would seem rather strange that some leaders of the third world who for



years have advocated for peaceful coexistence, today all of a sudden begin to speak of the "superpowers collusion" or of the division of the world into spheres of influence between the USSR and the United States.

Of course, the non-aligned movement has always had elements which preferred to equidistant from the two opposing systems and manoeuvre between them to seek maximum of political and economic benefits for themselves. Quite naturally, the improvement of international situation hits hard their intention to cash in on world tension. That is why they try to hamper the present positive processes in international life. Peking leaders help them in this.

The idea of the "collusion of the superpowers" or of division of the world into the rich and the poor which the

"wind from the East" is spreading around is false and provocative.

It is aimed at disorientation of developing countries, their separation from socialist states, important allies in the anti-imperialist struggle, consolidation of Peking's hegemony in the third world.

Developing countries cannot but welcome the present relaxation of tensions since it is to their advantage. It lessens the danger of a world war into which these or those countries of the third world could be drawn even against their will. The reduction or even the full termination of the arms race would enable the states of Asia, Africa and Latin America to slash down their military budgets and to channel more funds to the needs of peaceful development. Finally, general disarmament would predetermine an in-

crease of economic assistance from outside sources.

Today the balance of forces in the world arena is confidently in favour of the forces of peace, democracy and social progress. Developing countries, supporters of non-alignment, made an important contribution to this process. Unity of all peace-loving progressive forces, their close joint actions in the struggle against imperialism, neo-colonialism and wars is the sure guarantee of success of peace.

Of course, along with a peaceful progressive Asia there is an Asia of the most reactionary forces. But the general trend is such that the forces of reaction, opponents of progressive transformations and detente can only slow down the development of positive processes, but cannot stop them.

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# Inania Of This, That and The Other

## From Mademoiselle ?

By INNA

A French agronomist, Rene Dumont, who has been connected with Ceylon from 1932, and is still interested in Sri Lanka in 1972, has published an interesting book called *Peasantry at Bay (Paysanneries aux Abois)* at Seuil Editions, in 1972. Ramblings reminiscent of olden times jostle with apposite findings of the crisis time of the insurgents of '71.

For some of the material, he shows he is grateful to Mlle. C. Bandaranaike, as found in a footnote on page 27. It seems to have been prepared with sincerity though with speed and alacrity, and yet a breathlessness pervades the entire book. From many items of interest, I'd like to draw out two: the "conspiracy of hearts" that went in to suppress the insurrection, and the "assasination" by some of the 'hayes.'

"India and China helped for various reasons (pp.80-81) during the rebellion. Collusion of N. Korean embassy was alleged but not proved. Great Britain provided arms from Singapore; the USA provided machine-guns for helicopters, some anti-guerilla "green-berets" of ill-fame, and spare parts; the USSR provided 14 MIG 17's from Egypt; Yugoslavia provided arms. France refused arms, for once.."

This looks, therefore, an "Unholy Alliance," as Dumont terms it, but not especially of capitalist countries, (perhaps because the issues were not so clear at the time). With acumen Dumont gives a side-kick or a dig: "Of course, although the MIG 17's are useless for guerilla warfare, they could still serve for reconnaissance purposes around territorial waters in case Chinese landings are taking place" (ibid)

Canada, USA and West Germany are cooperating in the supplying of equipment and training of personnel in operation and maintenance. Dumont's conclusion is: "National impoverishment is the result. The Defence bill for 1971-72-73 exceeds 700,000,000 Rupees." How he got his figures we do not know, but there you are.

"Peasantry at bay "evokes a hunt. The hounds bay at the animals and keep them in check until the hunters get at them. Is it only in Brazil that the genocide of the rural peoples is on? Can we say the same of Sri Lanka? Will this not happen if we do not take an interest in our own people, step up the food-drive and drive out the vultures hovering round the Indian ocean. If we listen, won't we hear the "Ulama" cry? The stranglers are of all sorts. Dumont extols

some of the activities of the young people:

"In the areas in which the rebels took control for some weeks, they began by distributing land to poor peasants and by forgiving their debts. It is a pity they did not hang one or two usurers or pawn-brokers, especially from among those who had on their conscience the death, by misery, of the children of some of their clientele, and who can be considered as assassins, even if the prevailing laws do not suppress their activity" (Dumont. op. cit. p. 88).

We take no sides. Until the book is translated into English and is sold in Sri Lanka, there is no point in retailing sections of it.

The discriminating and fearless reader will take it for what it is worth and act accordingly, putting on the cap it fits.

Truth is a deathless word (*Saccam me amata vaca*) said Lord Buddha, and it will prevail, even if a foreign agronomist attacks it or defends it.

### DETENTE?

It is certain that the battle was against a worldwide trend toward detente. The main reason that the Arab Israeli conflict has not been settled is that both sides believed the only solution of the conflict is by force.

(Asahi Shimbun, Tokyo.)

SHAMBA

## WAS IT WORTH IT?

by ANATORY BUKOBA

August 2,

A few more days and I shall have had this land six months. There has been very little capital expenditure on this farm. The money for it was not there. My running expenses have been little over Rs. 5/- a day. The people I have had with me have not exuded an air of permanency, and that is the case now as well. No one has joined me yet who has been able to support himself. There was one who was very keen to hire himself out and live here. I resisted that because, at that time there was no need for him to do so. I have tried to earn a little money by selling seeds which I have packeted.

Some of the crops have been lost, I think, by inadequate watering. Others have been damaged and destroyed especially, some trees that I have planted. The monkeys have now begun to be a nuisance. They have eaten the manioc.

The land is still not cleared, and what has been cleared has not, for the most part, been gone over with the mamoty. The wood-apple is being constantly raided, but then, there was no one here for two-years before me, and the wood-apple was anybody's game. It would have been a question of, first come, first served, and like most wood-apple that it is

sold on the streets, it would have been picked before it was ripe. I have been told that wood-apple should rather be picked off the ground after they have fallen from the tree.

There was a time when our diet was supplemented by fish from the river, and also with wild *vel-pennila*. We still occasionally have the fish as there are two people with me now, and one goes fishing. The *vel-pennila* has grown to a good size. We picked some today, and I have noticed the last few days that the plants have attained creeper size.

The tomato is quite a nice size. Some of the luffa is even bigger. Some of the bandakka is big too. There is not many of any of these. The cucumber is a prey to monkeys, and they have suffered accordingly. There are beans growing, and, of course, chilli, and the spinach looks a fine sight.

One coconut tree has survived and will probably do all right. Nothing came of the bamboo, inspite of constant watering. The eight old *murunga* trees have put on leaves again after the damage that was done to them. The three that were replanted more recently have not done so yet. The plantains have made no visible progress. We have two papaw trees left. One I

found broken today, and I found one *murunga* tree broken yesterday. They may have been damaged by dogs, not ours, for we have none.

We planted a large variety of seeds today, some in a bed and others in coconut shells. Dates are one we are trying. None of the old papaw seeds I planted a short while ago have germinated. But I planted a newer lot today. Some lime went in; in coconut shells, water melon, *kottamalli*, I think it was; two kinds of flowers, names unknown some more sorghum for the little we saved before has come up very successfully; some *mungatta* or green gram; and various odds and ends. This is by no means the end, either of all that we saved today, or that we have a growing, but I think that if I prolong the list, it will become very boring to the reader. I shall leave it for another day.

Faced with the question of whether I am achieving anything by staying on, I can only look at it from the larger angle and ask whether I have a place in the village. It seems to me I have. If you ask me what that place is, it is certainly not that of a village elder. I cannot even say that I do much good, except that I spend over Rs. 5/- a day here. I am about the only small farmer who is growing vegetables out of season. There are two others. But they are bigger men than I and they have pumps to help them. I have had a different background from most of the people here and that is why I would like to

stay on. There is no question of upliftment. I am not a socialist in that respect, with a class bee in his bonnet. I am sufficiently democratic to think that country folk do not need much upliftment. I think I am a bit of leaver on the social plane. I think I represent a larger horizon, that is all. For the rest I am just one everybody else.

When I think of the loneliness I have been faced with, an active man once, who has had to live with a certain lameness, and who because of this can no longer run after a thief, I have been reluctant; for instance, to leave this house alone for a moment or out of my sight, I faced grave inconveniences and I had to put up with this for a whole six weeks. Thanks to God's providence, when I have had to face this twice since then, it has not lasted more than a few hours, and some one always came along. I almost had to face it tonight, but God helped me again.

The land ceiling has probably put paid to all true development, but I may be wrong. I think the reading matter of the *Daily News* has improved in every respect since the take-over. It always had more reading matter than any of the others, although the foreign news of the *Sun* may have been better. If production increases in spite of the land ceiling, it may well be because of such efforts as this, and also the ban on imports. The last government was the first to set the ball rolling with its ban on potatoes.

## FOOD FRONT

# WORLD RICE SHORTAGE MAY END SOON

By John Holway

Washington Oct. 30.

U. S. officials are predicting a complete turn-around within the next year from a critical worldwide shortage of rice. The U. S. Department of Agriculture estimates the 1973-74 world crop will be a record 300 million metric tons, compared to 285 million last year.

Last Year's disastrous harvest in Southeast Asia is not expected to be repeated. The

The answer to economic problem in Ceylon is, I think, a two-fold one. First, a massive devaluation; and second a conscious drive by all and sundry to bring the prices down, not to the consumer only, but all along the line of production. More production and any number of successful five year schemes will never achieve this goal of financial or economic stability. Once prices have been brought right down, we shall then be able to realise the poor man's dream, which is a reality just now only for ministers of the republic, and very rich men, and just a few others, and that is, foreign travel within the reach of all, a really valuable currency which is what the lowerings of prices everywhere will mean. It will surely lead to a revaluation of the currency to a point where it is even better than the old rate was. Let us try any find out.

rice is in the ground now and will be reaching market in a few months, the agriculture Department said.

It estimates individual countries crop as follows (in millions of metric tons):

	1972-73	1973-74
India	56	65
Indonesia	19	19
Japan	15.4	14.8
Thailand	13.5	11.8
Burma	8.2	6.8
Philippines	5.5	4.3

The harvest is expected to begin in November. At the same time, it said, needs of importing countries will continue to be high, especially next May and June. But by January, the Department estimated, last summer's high prices should have abated somewhat.

In the United States, rice planting restrictions have been lifted and production next year is expected to be six million tons, compared to four million last year. U.S. reserves, down to 230,000 tons, may shoot up 13 times that amount.

Nations receiving U.S. Food-For-Peace shipments presumably will not need as much aid as they did this year when supplies were tight. With the new bumper crop in prospect, it is hoped, the world can look forward to plenty of rice, at reasonable prices, wherever it is needed.

—IPS

IN SRI LANKA

## THE GLORY THAT WAS MADUKANDA

By R. C. THAVARAJAH

Superintendent of Police, Vavuniya Division.

I climbed o'er the crags of Lanka  
And gazed on the golden sea,  
When, out from her ancient places  
Her Soul came forth to me.  
"Give me a bard", said Lanka,  
"A bard of the things to be".

THESE OPENING LINES of that immortal Poem entitled *The Call of Lanka* by Rev. W. S. Senior, one time Principal of Trinity College, Kandy, have always appealed to me from the time I learnt it in school. I was struck very forcibly not by the sheer brilliance of the exquisite poetic style nor the excellence of thought and content but by the simple pulsating LOVE and feeling of a "Child of an Alien Isle" for Sri Lanka which the author affectionately refers to as his "foster Mother". Here was a true patriot and Mentor 'Par Excellence' who dedicated his whole life to the task of guiding the destinies of many of our leading citizens of today to whom he imparted knowledge and to whom a National enthusiasm was "the Great Nursery of Genius."

These lines flashed back to my mind when I visited the Dalada Raja Maha Viharaya at MADUKANDA on the Wesak Poya Day with Mr.

Lionel Wickremaarachchi, Government Agent, Vavuniya District who is giving Buddhism its rightful place in Vavuniya and who believes that Religion can do 'a great many more things than philosophy'. We were also accompanied by Mr. A. J. Angekumbura, D. R. O. of Vavuniya South Sinhala Division, a Graduate of the Sri Lanka University who has read Buddhism, Sri Lanka and Indian History and who believes, as GOETHE so aptly pronounced that "the best thing which we derive from History is the enthusiasm that it rouses in us". According to Mr. Angekumbura, who has spent his time most profitably in collecting data, the question of ownership of the Sacred Tooth Relic was a matter of hot dispute between King Kalinga and a Prince of the same Kingdom. Eventually, Prince Dhantha and Hema-malie were selected by the ruling Monarch and the Sacred Relics were entrusted to them for the purpose of conveying them to Sri Lanka.

On their arrival at MANTHOTA in MANNAR DISTRICT, the Relics were conducted in procession along the Malwathu Oya on its way to the Capital City of Anuradhapura. The route to the Ancient City was through places of much historical importance like MAMADUWA,

RUWANMADUVA and MADUKANDA.

A special "MANDAPAYA" was erected for the Sacred Relics and the present name "MAHA MADUWA" derives its origin from the singular honour that was accorded to this village. From there, the Relics were placed on a "Ratna Mandapa" which is now known as RUWANMADUWA. The Sacred Relics were then taken to the ancient city after being kept for a short period in the village called MADUKANDA, which is now a repository of several ruins. The "THONIGALA" inscriptions bear out the ancient history of these ruins. Thonigala, which is situated three miles away depicts "YAHISA PAVAYA," "NAVA WAHARAK DHINA" from which the present name of "MADUKANDA" was evolved, and KING KEERTHI SRI MEVAN, son of KING MAHASENA constructed this Temple in grateful honour of the Sacred Relics which reposed in this village.

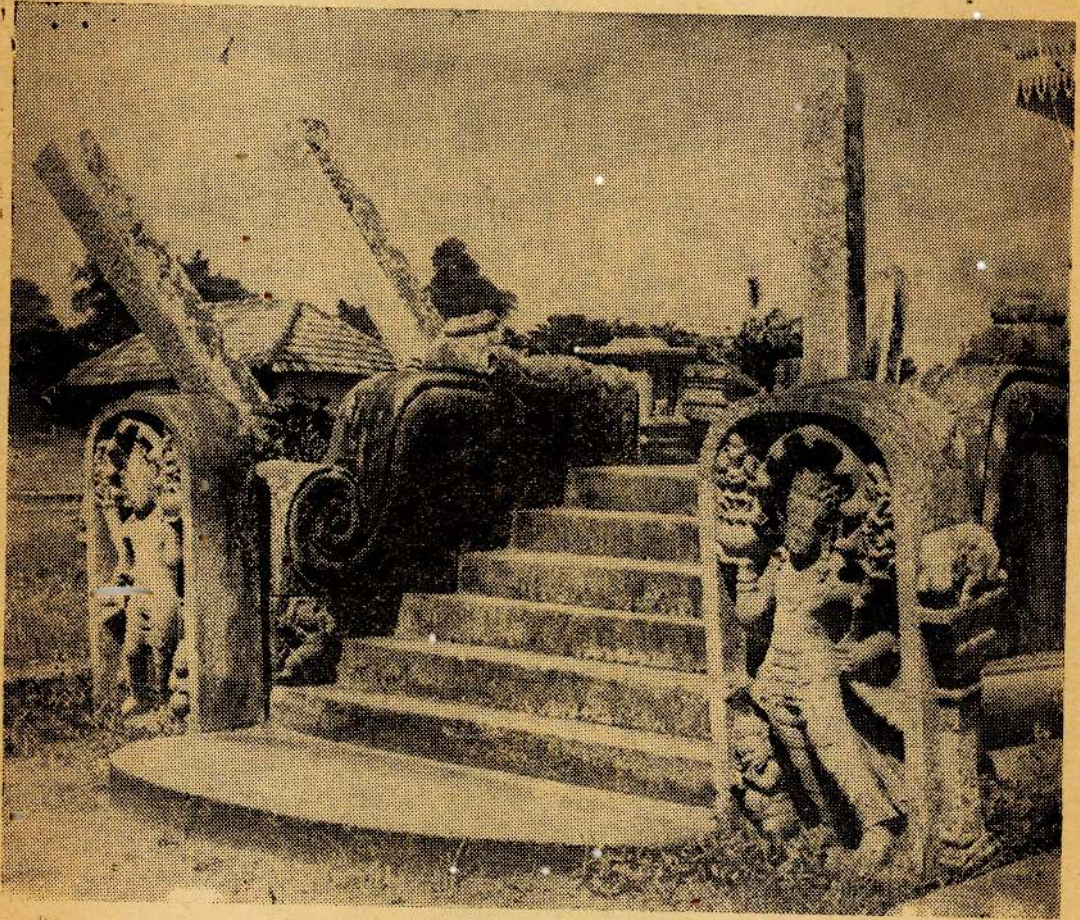
THE RUINS found in the present Sri Dhaladha Raja Maha Vihara at Madukanda relate to many periods. The Moon Stone, the Gate Entrance, the steps and the "KORAWAK GALA" are some of the unique works of Art relating to various periods dating from that of KEERTHI SRI MEVAN up to the end of the ANURADHAPURA period. They are suggestive of the 'MAHAYANA CULT'. The Ruins of the special 'MANDAPAYA' are still visible. A large stone slab bearing a perfectly formed circle indented on solid granite was

specially designed to demarcate the place where the Sacred Tooth Relic was to be placed. This circle so neatly etched is indisputable evidence of the accuracy and precision of the ancients who had to work without the

Mandapaya. Five Viharas had been constructed around the Mandapaya and these ruins are still visible. One of these viharas had been constructed underground and the steps leading to the underground structure are still visible

lonographers believe that there existed a fallacious belief during that time that the construction of a completed statue of the Buddha portended tragic occurrences.

Ruins believed to be what remains of the NATHA

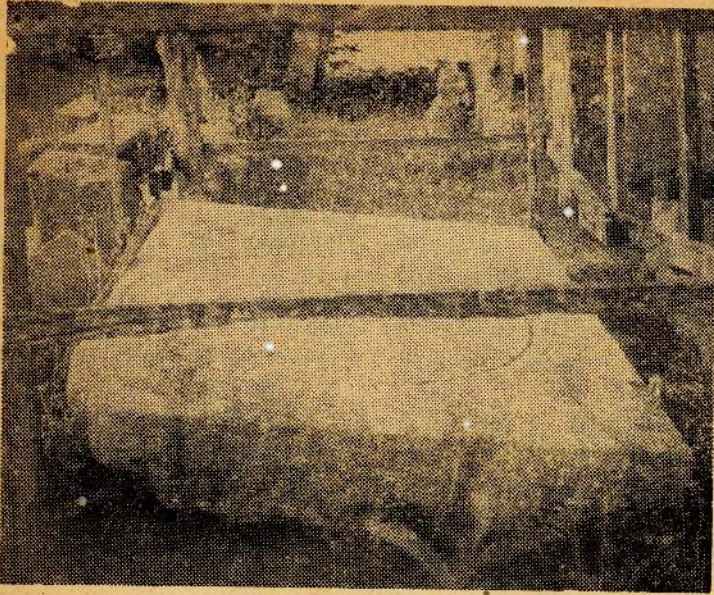


Entrance to the Dalada Raja Maha Viharaya at Madukanda

special modern mathematical instruments. The entrance to this 'MANDAPAYA' is studded with two "BAHIRAWA RUPAS" along with two "DORATUPALAYAS" indicating that there were hidden treasures inside the

though covered with "the sands of Time". There is a stone slab engraved with the foot impression of LORD BUDDHA which has been utilised for the purpose of worship in place of the complete statue of the LORD.

DEVALE are also seen close to the Mandapaya. A Urinal, which is said to be one of the Only Two available in the whole of Sri Lanka is another important item of interest among the ruins at Madukanda. Ariyawansa



Where the Relics were Reposed

MICHAELANGELO who, as an old man, wandered through the ruins of the COLLOSEUM just "to lift his Soul to the pitch required to feel the beauties and defects of his own design of ST.PETER'S DOME'.

A crass calculating, commercial minded materialist in his despicable cynicism may not have time for the "Mush" of Sentimentality. It was J. Hawes who said that "few people disparage a distinguished ancestry-except those who have NONE OF THEIR OWN". It was not technical proficiency or esoteric expertise of the highly proficient scholars with "FOREIGN" qualifications and experience that built these Temples, parks, tanks, and fortresses of the days gone by. It was the true love of the simple folk who pledged to their Land of Birth their heart, their soul, their nerve and sinew so that the cadaverous Spectre of HUNGER and Want did not raise its ugly head. Theirs was not the patriotism which according to JOHNSON, was the "last refuge of the SCOUNDREL" who made long-winded speeches" full of sound and fury signifying nothing". Not only were they expert agriculturists who made Sri Lanka the GRANARY of the East" but also adopted a meticulous system of banking termed "KALA HUMANAKA" which really was a commercial establishment which received as deposit not hard currency but quantities of grain. Inertest accruing to these

Deshanawa had been an annual feature and it is believed that this Temple had been the venue of such Deshanawas. The many caves and other ruins right round the Temple are clearly indicative of the many resident Priests who sought dwelling around the place. **AS I WATCHED** the scene of devotees all dressed immaculately in white the young with their future before them and the elderly to whom the evening of a well-spent life had brought its lamps of piety, devotion and wisdom the precincts seemed to shed a distinct aura. In awed silence I gazed at the magnificent works of art the ancients had so reverently expressed on stone reflecting their delights, their hopes and aspirations for posterity. The Bo tree spreading its leafy arms as

if to protect the Temple and the devotees from the scorching rays of the noon day sun, the quiet dignity of the Incumbent Priest, REV. PALIPATHANE DHARMARATHANA THERO, who had acquired that rare and difficult attainment of having grown old gracefully and happily in the service of the Great TEACHER instantly aroused in me a mood of compelling consciousness of the pristine glory of our ancient Past.

To a designer of the Modern Age with new-fangled notions of construction and "NEW" art, feelings may not drive him to consider the intricacies and flawless skill of the ancients. Anyone to whom true Art is the "precious expression of the Soul" would have had much in common with the great

deposits were utilised for the giving of alms to those priests who participated in the Deshanawas.

The Sri Dalada Raja Mahavihara is not as 'popular' as the reminders of our pristine glory. Hardly a Foreign tourist who seeks a surfeit of comfort and luxury of 'star' and 'gem' studded Hotels finds his way to Madukanda. To a traveller, who is in the quest of knowledge and new experiences and who is different from a tourist, MADUKANDA, MAHA MAMADUWA, the Ruins of THONIGALA and THANTHIRIMALE off Cheddikulam offer what is left of the stately edifices which in the refreshing relief of blue mountains and green glades bear silent but eloquent testimony to the splendour that was Sri Lanka.

At a time when our Country is perilously in the 'throes' of enforced indigence, she may be exploited by extraneous forces or humiliated by the arrogance of opulence. The message of W. S. Senior re-echoes through the corridors of TIME so inexorably and so urgently when he writes.

*But most shall he sing of  
LANKA*

*In the bright new days  
that come,*

*When the races all have  
blended*

*And the voice of STRIFE is  
dumb:*

*When we leap to a single  
bugle*

*March to a single drum....*

*March to a MIGHTY PURPOSE.*

## MIDDLE EAST

# U.S. Urges Aid To Palestinian Refugees

United Nations, Nov. 7,

All side should "cease their wrangling," and contribute to the United Nations Relief and Works Agency for Palestine refugees in the Near East (UNRWA). During a discussion in the Special Political Committee concerning the desperate financial plight of UNRWA, Mark Evans, an alternate U.S. Representative to the 28th General Assembly urged all delegations to give "freely in the name of humanity."

Following is the text of Mr. Evan's statement:

My role, as I have previously explained, is rather unique in this world of UN delegates. I am one of four so-called Public United States Delegates. In a matter of weeks I will return to my office as a Broadcast Executive a much wiser citizen, thanks to many of you, my current colleagues.

I mention this only because in a sense I can speak more freely than those able men and women who are civil servants.

It is my fervent prayer that Sri Lanka will gracefully and with SELF RESPECT sail out of the squalls of economic tribulations to maintain the DIGNITY OF MAN and the FREEDOM to evolve along the lines of PROGRESS with the harmony of United effort and Social relations. I am confident that the Soul of Ancient Lanka will come back to us ushering in a spirit of meaningful resurgence "as CONSTANT and as CHANGEFUL as the undying Many coloured sea". We have only to "Stand on the Sea-ward dunes and call HER NAME".

For almost two months, I have listened to countless words, hours of debate, and considerable breast-beating concerning a major mandate of the UN—the protection of Human Rights, the concern for Human Rights. Many of the problems in the protection of our Human Rights are complicated—some will disappear in time—some may plague man forever. Some are tangible and steps can be taken now to solve them.

The U.S. Government takes second place to no nation in its sincere desire to find just and lasting answers to the Middle East difficulties. We recognise the UNRWA effort is but a band aid—the provision of immediate basic needs for the long-suffering Palestinians, who deserve above all the human right to live.

We sincerely hope, pray and are working to see a solution for the problems of these harried, tormented people. Mr. Chairman, I have visited these people as a journalist. It was a soul-stirring sight. It haunts my memory. A hungry stomach is not satisfied by political manouvring—a young mind



is not fortified by international rhetoric. These are "new" problems.

Sir John Rennie has earned world-wide gratitude for being able to fulfil his frustrating responsibilities in the most trying circumstances. He has articulated most effectively the problems and the alternatives. My ears must sincerely still ring with the sounds of those who feel for mankind—for those who point the finger of blame at those who are oblivious of human rights.

For six weeks we have heard platitudes about the world's wrongs. Words of encouragement to the downtrodden. As a public citizen I am a pragmatist—these hundreds of thousands of dispossessed, homeless people cannot eat our words—250,000 school children, 10,000 more than last year cannot study the noble thoughts expressed in this chamber.

The United States of America is my country. We are blamed for many things. I now speak for many of my 200 million fellow-citizens who are proud of our tangible concern for these Palestinian people. Let me remind us all, their plight is the result of UN action! The United Nations has undertaken to help them until long-range answers can be found.

How can nations of substance duck this challenge?

How can we speak sanctimoniously about preservation of human rights and fail to give a helping hand, even a token hand to those home-

less souls? We have an expression in our country which says put your money where your mouth is. The committee could do well to adopt that saying.

Look at the balance sheet—face the facts. I find it incomprehensible that responsible members of this organization year after year can speak so feelingly of their compassion for these human beings and fail to give one cent to alleviate human suffering—human deprivation. Sadly, there are Great Powers which give nothing, as well as affluent countries which make only token contributions. Does anyone doubt this distinguished international servant Sir John Rennie? Will the immediate problem just go away?

The United States of America has given UNRWA since 1950 half a billion dollars, to be exact, 548,924,592 dollars. These are hard earned American tax dollars.

They are much needed here at home. They are given freely in the name of humanity. Of the 849 million contributed to governments, 548 million—over 64 percent—came from my country.

Let me further add, for Sir John, we are going to continue to do our share. It will be much easier, however, if my fellow delegates will earnestly strive to persuade their governments to join in this battle—one of the UN's nobler efforts.

Let us hope that all sides cease the wrangling. There is blame enough to go around. Let's unite as human beings. Let's fight suffering on all fronts and then and only then can we justifiably have our blue flag as Nations United, dedicated to reaffirm faith in fundamental rights—in the dignity and worth of the human person—in the equal rights of men and women, and of nations large and small.

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## MIDDLE EAST

## U. S. DIPLOMATIC ACTIVITY

by Barry Brown

## Washington

President Nixon has expressed the opinion that "the outlook for a permanent peace" between Israel and the Arab states is "the best it has been in 20 years." The urgent and widespread diplomatic activity now under way in the Middle East clearly relates to that conviction.

The immediate focus of the diplomatic effort is believed to be still on stabilization of the ceasefire through such measures as an exchange of prisoners and a determination of troop dispositions, especially where the Israelis are reported to have encircled the Egyptian Third Army. A good deal of work also remains to be done to get the U.N. Peace-Keeping Force in to place and to make sure there is agreement on its future direction and financing.

Negotiations looking toward the "permanent peace" that President Nixon envisions would thus seem to be still some distance down the road. Yet there are also several reasons for the confidence he has expressed about the outlook. The most fundamental is the hope that the latest round of war may finally have convinced Israel and the Arab states alike that neither can achieve a military solution of their

conflict, and that neither side can afford to continue striving for such a solution.

If that lesson has begun to sink in, the particular characteristics of the most recent fighting may reinforce a disposition to begin thinking about permanent settlement. Israel has surely been given reason to wonder whether her military superiority is a declining asset and whether occupation of territorial buffer zones can give her real security. She must ask herself whether a nation of her size with such limited resources in military manpower especially can afford to go on "winning" wars every few years.

On the Arabs side the fact that developments on the battlefield were quite different this time from those in the 1967 war may be highly significant. Many professional military observers were impressed by the change in both the courage and the skill of the Arab fighting men. To the extent that a major obstacle to peace on the Arab side may have been psychological more than political, "shattering the myth of Israeli invincibility" may diminish the compulsion to go on fighting in order to vindicate Arab honor.

From the particular perspective of the superpowers,

the outlook for a negotiated settlement seems brighter because there is some evidence that the United States and the Soviet Union have recognized a mutual interest in ending these periodic military confrontations between their Israeli and Arab allies. On the American side, at least, Washington has taken the leading role in the present diplomatic effort in the belief that it is essential to end the present hostilities and to do so in such a way that a permanent settlement become possible.

The hope is that the Soviet Union will likewise put its interest in American-Soviet detente above its interest in endlessly exploiting Arab hostility toward Israel.

If agreement along these lines can be achieved, it will still be up to the Arabs and Israelis themselves to shape the settlement. It has always been the American position that peace can be made only by the parties to the conflict and cannot be imposed by outside powers. That is precisely why the United States, in supporting Israel and striving to maintain the military balance in the Middle East, has also persisted in trying to maintain channels of communication with the Arab states.



BACKGROUND

# On Budgets And Budgetting

By Lankaputra

IN THIS BUDGET speech of November 1st, 1973, Finance Minister Dr. N. M. Perera said that the reforms in budgetary classification, first introduced by him in 1971 "as part of the effort to improve the system of public fiscal administration" and "aimed at establishing a more meaningful allocation of financial resources through a programme budgetting framework." have now been completed.

The new Programme budgetting format will now provide a mechanism for better decision making both in the authorisation of funds and in their management of executives at all levels and to provide a more rational basis for directing and controlling Government expenditure. It will also enable the people at large to understand better the purposes for which public resources are being utilised

Before Sri Lanka gained political independence in 1948, the system of government finance in this country had been framed merely to meet the requirements of a colonial economy. Government expenditure was incurred primarily to maintain the colonial administration. The problem of economic development received little or no attention. Social services and other welfare amenities were kept to a bare minimum.

Taxation was designed to provide the maximum scope for the foreign-owned enterprises. No assistance was given to the development of local enterprises.

IN THE EARLY YEARS of our political independence, customs duties constituted the major portion of Government revenue. Thus, in the financial year 1948-49, they amounted to about 51 per cent of the total revenue which was then only Rs. 640 million. In contrast, the revenue from direct and indirect taxes accounted for only about 25-30 per cent.

In consequence of this, Government revenue rose during periods of high export prices and fell when these prices declined. During boom times considerable amounts of money were spent on import sprees. Little effort was made to mobilise our resources for development. Thus, the Budget was viewed more as one of keeping track of the Government's own internal operation than as an instrument for promoting economic growth and public welfare.

Nevertheless, huge amounts (measured by the standards then prevailing) were spent on free education, free medical services, numerous other social services and subsidies on food and other

items which, though they made Sri Lanka the envy of Asia then, have now become the nightmare of successive Ministers of Finance.

It is not surprising therefore that the Government of the day found it unable to continue this policy of mollycoddling the masses whenever the boom burst, resulting in explosive situations as in 1953 soon after the end of the boom caused by the Korean war.

FUNDAMENTAL CHANGES in the structure and burden of taxation came into being with the political change in 1956. In the pre-1956 period, income for the purpose of taxation had been very narrowly defined by an over-generous treatment of expenses and by the exclusion of important categories of income such as capital gains which accrued mostly to the higher income groups. Consequently, the burden of taxation fell more heavily on income from work than on income from property.

In 1958, with the implementation of the Kaldor reforms relating to taxation, the definition of income was broadened by the inclusion of capital gains which had hitherto provided one of the most fruitful fields for legal evasion, as well as by considerably reducing the expenses which would be deducted from business profits for purposes of taxation.

A more radical change was the introduction of a Wealth Tax. The original rates of Wealth Tax, which when first imposed in 1958 varied from

$\frac{1}{2}$  per cent to a maximum of 2 per cent were stepped up sharply in Dr. N. M. Perera's first Budget in 1964 introduced as Minister of Finance on the SLFP-LSSP Coalition Government, to reach a maximum of 5 per cent. In 1956, the total income tax payable by a person whose annual taxable income was 5 lakhs was Rs. 382,000. After Dr. Perera's Budget, the total income and wealth tax payable by such a person went up to Rs. 537,850, that is Rs. 37,850 more than his total income! Thus, persons belonging to this category were forced to reduce their wealth in order to pay taxes.

Estate duties were also raised sharply. Before 1958, it was possible for propertied persons to evade payment of estate duty by transferring their property to their children before death. This loophole was closed with the imposition of a Gifts Tax levied at the same rate as estate duty.

The taxation of foreign companies were also increased. Before 1956, a foreign company paid only 45 per cent of its total profits as taxes and was free to remit the balance abroad. This percentage was gradually raised to 85 per cent. The rates of income tax, particularly in the higher income brackets, were stepped up sharply. New groups of persons in the lower income groups were brought within the taxation network.

THE RESULT of all these innovations was that the per-

centage of Government revenue to national income rose to about 25 per cent in the mid 60's as compared with about 20 per cent in 1948. By 1970 when the United Front Government came into power, the percentage of revenue derived from customs duties had dwindled to less than 30 per cent. Other forms of taxation now accounted for more than two-thirds of the Government's total revenue.

**While these innovations in budgetting were taking place, other forces too were at work. The population explosion was on, nullifying the beneficial results of any economic growth achieved. The subsidies on food were rising by leaps and bounds. These subsidies which amounted to only Rs. 55 million in 1948 had risen to Rs. 273 million by 1963. By 1971, the subsidy on rice alone to consumers had risen to Rs. 430 million (representing more than 10 per cent of all recurrent expenditure). Taking into account the subsidy to producers also the combined rice subsidy amounted to P.s. 807 million.**

Another factor that, to a large extent, nullified the increasing revenue flowing into Government coffers, was the steadily declining terms of trade, with our key export products fetching ever decreasing prices, while the prices of almost all essential imports increased. Increasing revenue was thus accompanied by

even greater expenditure resulting in ever-increasing Budget deficits that have plagued Budget makers for the last so many years.

THUS AROSE our growing dependence on foreign loans to bridge these deficits with the World Bank and the IMF coming to play an ever-increasing role in our economic affairs. It is only now that we are trying to escape from the clutches of these international financial institutions.

But, inspite of all, capital expenditure as a proportion of the Budget has been rising steadily. In 1948, capital expenditure constituted only Rs. 122 million or 16 per cent of the total Budgetary expenditure. In the latest Budget estimates presented this month, the net expenditure under capital votes amount to Rs. 1621 million—nearly 30 per cent of the total expenditure.

This brings out clearly how the Budget has developed over the years from being an exercise in book-keeping of the Government's finances to become an instrument to be used for the country's development. The Finance Minister said in his recent Budget speech that the reforms in budgetary classification introduced by him will make "the budget process more closely attuned to the requirements of development administration."



AGRICULTURE

## Farm Mechanisation and Employment

### — Latin American Experience —

AGRICULTURAL PRODUCTION is on the whole much more mechanised in Latin America than in the other developing regions of the world. At the same time Latin America is the region with the fastest growing labour force, and there is substantial unemployment and underemployment. Since most mechanisation tends to replace labour, this situation is paradoxical and calls for investigation.

If the labour that is replaced can be absorbed in other activities either in agriculture or outside it, mechanisation brings many advantages. But if, as at present in most countries of Latin America, non agricultural jobs cannot be created fast enough, the agricultural labour force is still growing, and unemployment and underemployment are spreading, the pace and pattern of agricultural mechanisation require careful examination.

Even if an advanced degree of mechanisation is highly profitable at the level of the individual farm, at the national level it may lead not only to waste of the abundant factor of production, labour, but also to misallocation of the scarce factor, capital (and of foreign exchange as well).

THE FACTUAL basis for determining the relationship between mechanisation and employment is limited. Pow-

erful vested interests are involved, especially those of large farmers and the manufacturers and importers of agricultural machinery. Conflicting advice is often received from agricultural engineers and social scientists.

The former have a vision of the future in which all the advances of modern science are applied to agricultural production, and the labour force freed from degrading toil. The latter are much preoccupied with the fact that, unless an increasing number of workers can be employed in agriculture during the current difficult transition period, many will be condemned to open unemployment or underemployment.

Both engineers and social scientists could make common cause on the need for more consistent government policies. And the policies that they themselves want to promote may well not be all that far apart. The social scientists wish to ensure that mechanisation takes place on a step-by-step, selective basis, so that any major displacement of labour is delayed until the economy as a whole (rather than the individual large farmer) needs it. On the other hand, the engineers' vision of the future cannot be realised overnight, and they could probably agree on a gradual, selective process operating over roughly the same time period.

FOR the formulation of such policies, it will be necessary to weigh carefully which types of mechanisation are imperatively needed to meet national production targets, and which must for the time being be eschewed for employment reasons (as well as on account of shortage of capital and foreign exchange).

For the effective implementation of selective mechanisation policies, it will be necessary for the government fiscal and related measures that influence the decisions of individual farmers to be altered, so that they correspond more closely to national needs and priorities. At the same time a major effort will be needed to diffuse and assist technological improvements like the use of fertilisers, pesticides and better seeds, which do not generally reduce employment and are applicable by large and small producers alike.

Action of this kind would make an important contribution to turning the present vague employment objectives in national development plans into concrete policies and measures.

(From an article by K. C. Abercrombie in the *International Labour Review*, July 1972)

For News Behind

the News

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## CHRONICLE

# August 1-7

*A Diary of Events in Sri Lanka and the World compiled from English-language dailies published in Colombo.*

**WEDNESDAY, AUGUST 1:** The two associations of Government doctors which staged a 24-hour strike yesterday—Government Medical Officers Association and the Association of Medical Specialists—said that their token strike was a one hundred per cent success. The Enforcement Division of the Department of Inland Revenue has blown the lid off a multi-million rupee fraud involving foreign exchange and tax evasion by a large commercial combine in Colombo with foreign connections. According to the *Daily News*, the UNP is likely to get the support of the Ceylon Workers' Congress for its boycott campaign against the Lake House papers; the same sources said that the Federal Party has not decided about extending its support to the UNP. A drop of about 10 million bushels\* is now expected in the Yala paddy\* crop due to the severe drought that has affected cultivation. The student who pinned on a Rs. 100 note to his physics answer script at the GCE-A level examination in April this year, sent up another Rs. 100 note with his Zoology paper, the Commissioner of Examinations, Mr. Bogoda Premaratne, disclosed yesterday. According to a Police spokesman, Emergency Regulations which are in force now will be used to deal with mischief makers who might attempt to cause a breach of the peace under the guise of the UNP's boycott campaign; but police will permit peaceful picketing. America's second Skylab mission may have to be abandoned if the three astronauts cannot overcome persistent sickness, a senior space doctor said.

**THURSDAY, AUGUST 2:** A number of top personnel of the State Plywood Corporation are alleged to have leaked out top secrets concerning the prices of a recent sale of tea chests by the Corporation; this is the opinion of the one-man committee appointed by the

Auditor General to investigate the charge: it is said that the Corporation has lost approximately Rs. 300,000 due to the leakage of this secret. "It was a damp boycott. If it had been a cricket match, the head line would have read 'Rain-No Play'". This what the *Daily News* said about the UNP's boycott campaign which began yesterday: the *Sun* said it had a smooth start: the *Daily Mirror* carried a statement by the Communist Party condemning the boycott campaign. Sri Lanka's foreign debts accumulated to the middle of last year exceeded the country's total foreign exchange earnings for 1972, by Rs. 195 million. Mrs. Malini Chitra Ratnagopal, a witness for the state in the case before the Criminal Justice Commission inquiring into foreign exchange offences, said yesterday that she was afraid to speak about the treatment meted out to her in the fourth floor of the CID. Walter Ulbricht, the East German Head of State died yesterday at the age of 80. The Indo-Pakistan talks will be resumed again on the 18th of this month.

**FRIDAY, AUGUST 3:** The Sri Lanka's Shippers' Council has successfully negotiated the reduction of some of the freight surcharges imposed by Conference Lines following the last devaluation of the US dollar by 10 per cent; these surcharges would have adversely affected both imports and exports and brought about a drop in f.o.b. prices of exports. A three-man delegation led by the Food Commissioner left for Paris early this week to negotiate the purchase of 90,000 tons of flour for immediate shipment. The Attorney General, Mr. Victor Tennekoon, has been appointed a judge of the Court of Appeal for a period of five years with effect from August 15. Prime Minister Mrs. Sirima Bandaranaike, was received in audience by Queen Elizabeth in Ottawa on Wednesday. The *Daily News* and the *Observer* carried several stories on their first page about the Lake House boycott which they claimed had proved a flop; the *Sun* carried a story with the head line reading "Boycott Campaign Gathers Momentum". Detective Inspector Peter Griggs of Scotland Yard will appear before the CJC inquiring into foreign exchange frauds. Plaintiff was filed yesterday before the Udugama Circuit Magistrate against five policemen in connection with the alleged assault on Dr. Wickremasinghe DMO Udugama. President Idi Amin o

Uganda has decided against attending the Commonwealth Summit Conference.

**SATURDAY, AUGUST 4:** Suspended sentences of two years imprisonment were yesterday passed by the Criminal Justice Commission (Insurgency) on 78 young men who pleaded guilty to charges of conspiracy to overthrow the Government in the abortive insurrection of April 1971: two other suspects were sentenced to terms of 4 and 3 years rigorous imprisonment (not suspended): the cases of 5 other suspects who pleaded not guilty will be taken up on a date appointed by the Commission: the Minister of Justice, Mr. Felix Dias Bandaranaike who was present in the Courts yesterday addressed the suspects and their parents. The *Daily News* published a story where certain boycotters of the UNP group are reported to have marched in procession, entered a group of flats at Maligawatte, smashed the furniture in one flat: two people are said to be injured. Mr. Dharmasiri Senanayake, former Chairman of the Ceylon Tourist Board who resigned to contest the Dedigama by-election, has been reappointed Chairman. The 32-nation Commonwealth summit conference got underway in Ottawa yesterday: at the Conference, New Zealand pressed for firm action against France and collective Commonwealth opposition to France's nuclear tests in the Pacific.

**SUNDAY, AUGUST 5:** Customs authorities have uncovered a racket where cars have been cleared on forged documents: last week, during a routine check they found that two brand new Peugeot 404 cars had been cleared on forged documents. An MMC, and two others had been taken into custody when supporters of the boycott campaign turned violent in the Maligawatte Housing area: the *Observer* carried pictures of the damage alleged to have been caused by the boycotters. The *Times of Ceylon* published a six-page magazine supplement to mark the golden jubilee celebrations of the *Sunday Times*: the *Sunday Times* announced that from September 1, a new monthly magazine called the *Times Digest* will be published. The statement by the Prime Minister Mrs. Sirima Bandaranaike has been well received at the Commonwealth Prime Ministers Conference now being held in Ottawa, reports the *Observer*.

**MONDAY, AUGUST 6:** Ninety cases involving nearly 3,500 suspected insurgents will come up before the CJC (Insurgency) at the beginning of September. The *Suri* says that the UNP has many candidates seeking nomination for the Colombo North constituency while the UF is finding it difficult to get a suitable candidate to contest this by-election on their ticket. According to veterinary circles, the large-scale slaughter of well-bred cattle will cause a serious shortage of milk and meat by the end of this year. According to the latest demographic yearbook produced by the United Nations, 56.7 per cent of the world population lives in Asia. Eight Supreme Court Judges of the United States overruled a previous order by the ninth Justice and allowed bombing of Cambodia to continue. US and GDR officials will meet next Thursday to discuss matters with a view to establish DPI ties between the two countries. General Juan Peron has been nominated to be the President of Argentina: his third wife, Isabel, has been named to contest the Vice-Presidency elections to be held next month.

**TUESDAY, AUGUST 7:** Japan is interested in joint collaboration with Sri Lanka on a vast Soya Bean project which could run into 100,000 acres or more: Japan is expected to provide the capital, expertise and equipment for this project. The UNP's working committee, met yesterday to review the impact of the Lake House boycott campaign and decided to go ahead with a house-to-house campaign to persuade the people not to buy the Lake House publications. Mr. D. B. I. P. S. Siriwardena, Principal Collector of Customs has been appointed to inquire into the alleged assault on the DMO, Udugama. President Salvador Allende has authorised the requisition of buses and taxis in Chile as a nationwide food and fuel crisis worsened. Two Arab commandos who admitted that they belonged to the Black September guerillas, killed three people and wounded 55 when they threw hand grenades and sprayed a volley of shots into a queue of passengers at Athen's new airport: the men later surrendered to the police: but in Beirut, the Palestine commando movement denied any connection with the Athen attacks.

# IS IT TRUE? Sherlock Holmes

## \* On Corruption in General

IS IT TRUE that knowledgeable people are expecting a series of *maxi*, *midi*, and *mini* Watergate explosions in Sri Lanka within the next few years? That talk in responsible circles nowadays invariably turns to the mounting corruption in public and private sector undertakings? That though corruption in the private sector is dismissed by some as being something of a private matter, others feel that corruption has become so all-pervading that it had become necessary to inculcate basic principles of honesty and good conduct even in private sector undertakings? That others claim that it was the private sector which has infected the public sector? That corruption in the public sector, in spite of the praiseworthy efforts of the Bribery Commissioner and his men, has become so common that it is taken as part of life itself? That only a small, an infinitesimally small, part of this corruption reported to the Bribery Commissioner? That people who have to get things done prefer to pay the scheduled *santhosam* rather than get

frustrated by delays and refusals artificially created with red tape as a convenient smokescreen? That a prize should be offered to any government department or public sector undertaking where the public can get normal service without the bribe being tendered in one form or another at one or other level

\* \* \*

IS IT NOT TRUE that it is wrong to think corruption consists solely of money being solicited or offered? That nepotism is bribery at the highest? That Ministers and other VIPs who appoint close, and even not-so-close, relations to key posts, by-passing better qualified and experienced persons, are guilty of corruption? That whilst excuses may be made for purely political posts, for which budgetary provisions have been made, no excuse can be found for nepotism in regard to routine administrative and technical posts? That many Sri Lankan *Ralph Naders* are

now busy compiling lists of close relations of Ministers and other VIPs who have been thrust into administrative posts or into public sector corporations? That some of these persons are in posts where they can make a great deal of hay? That requests to declare one's assets have little or no meaning because the Bribery Commissioner has no way of reaching out to the numbered accounts in banks in Switzerland, Honkong, Tokyo or even in Singapore? That it is now generally accepted that it is only a fool who does not know how to get the correct kind of job and make his nest egg in Honkong or Singapore—much nearer home than Switzerland?

\* \* \*

IS IT ALSO NOT TRUE that after Watergate in the USA and in many other countries recently neither VIPs prestige nor parliamentary majorities can prevent cataclystic eruptions from overtaking the high and the mighty? That this column has already been furnished with lists of persons in Sri Lanka around whom watergate-like explosions might occur in the immediately forthcoming period? That these are not astrological predictions? That these are not even political conjectures based on wishful thinking? That these are pronouncements on the possible and the probable?

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