

TRIBUNE

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FIFTH U. F. BUDGET — political implications —

THE FIFTH BUDGET of the United Front Government had no shocks. The surprises it contained did not affect the cost of living of the ordinary man. Nor did the Budget bring any comfort to hoarders and speculators—thank god, only small operators flourish now—who had hoped to make the customary quick-budget-buck by tucking away whatever they could of items like sugar, cigarettes, kerosene, textiles and the few luxury items still available in the island. (Of course, the cynics say that such imposts will come in gazettes extraordinary sometimes after the Kalawewa, and also the Katana, by-elections).

Apart from the very welcome feature that no fresh burdens have been imposed on the lower and middle income brackets, this Budget has taken itself to reverse one of the fundamental and far-reaching measures the previous Budgets of the United Front had introduced and which, as *Tribune* had persistently

pointed out, had led to the creation of a new breed of capitalists *Tribune* had named *Gem* or *CRA* capitalists.

It will be recalled that *Tribune* had frequently stressed that it was incongruous for the UF government to introduce measures to eliminate or liquidate traditional landowners and landlordism as well as the older national capitalists and capitalism whilst at the same time offer tax holidays, tax concessions and controllable rupees to those of the same rich strata, who were able to team up with post 1970 "socialists" masquerading as entrepreneurs (generally impecunious but fortified by different political mastheads), and who had the pull to obtain the necessary licenses to establish themselves as exporters of "non-traditional" commodities (like gems) or as tourist hoteliers and travel agents.

Tribune had been the first to point out how this policy was a

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contradiction in terms and which made a mockery of the objectives of the UF's Common Programme. *Tribune* was also the first to draw attention to the danger inherent in gem capitalism and CRA capitalists. The traditional landlords and capitalists had certain old world values and standards (their peccadillos, however, had been regulated and controlled), but the new affluent class, created by the United Front government, was an unholy mixture of the worst elements of the old capitalists and the get-rich-quick desperadoes (with political connections) of the new pseudo-jet set in Sri Lanka. CRA capitalists were fast becoming the embryonic nucleus of a mafia-like underworld in this country.

Tribune's critical comments, however constructive, on this matter (and other similar irrelevancies and mistakes of the UF government) were unfortunately characterised by governmental stalwarts as mischievous effusions of deep-seated and disguised reactionary logic—eg "panhandling for reaction", "verbal smokescreen for UNP reaction", etc. etc. But, very recently, the Deputy Minister of Finance, Mr. Bernard Soysa, addressing the National Taxpayers Association had virtually endorsed everything that the *Tribune* had said about CRA capitalism and the dangers inherent in the emergence of the new capitalists of gem exporters. The *Tribune* of November 2 had occasion to refer to this speech made by Mr. Soysa and after quoting the full report in the daily press went on to say: "It is not yet clear whether there

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is serious re-thinking in the Government about the efficacy of some of the policies they have followed. But, even if such re-thinking has not arisen, the views expressed by Mr. Bernard Soysa is a clear indication that some of the top theorists of the leftwing of the United Front have begun to re-appraise the value of the CRA and the tax incentives granted to tourist hotel builders. But, *Tribune* has for a long time now not minced its words about CRA capitalists, the gem brahmins and the tourist tycoons—who seem to be accepted as an approved elite in governmental circles. It has been our position that if any private capitalists had to be induced to produce more it should have been only those who traditionally the producers of food crops—and those willing to invest in agriculture to produce more food. In Sri Lanka, as long as a mixed economy prevails, all priorities must be placed on the private as well as the public sector in agriculture—especially on individuals and organisations producing food crops."

IN RETROSPECT, AFTER DR. N. M. PERERA'S BUDGET SPEECH, on November 6, it would seem that Mr. Soysa's speech was only an early warning signal that the Finance Minister would take half a turn-around on the question of CRA capitalism. The latest Budget does not set out to liquidate the new CRA capitalists in the same way that the older traditional capitalists (and landowners) have been and are being eliminated. Some of concessions and privileges, which had been previously bestowed on CRAs by this Government, are now being limited but not removed completely. No one can expect the Ministry of Finance and the Government, which has been responsible for creating CRA tycoons by offering wonderfully attractive terms, to come down heavily on these neo-capitalists, but what is praiseworthy is that new thinking has begun to activate UF logic and infuse new motivations into the Budget.

Relevant extracts from the Budget speech will indicate the extent of the re-thinking and the extent to which these new affluent forces are to be curbed.

"The present concessions granted to these enjoying tax holidays include (a) exemption from in-

come tax on the profits and income arising during the tax-holiday period; (b) exemption of dividends declared out of such profits at the company level and in the hands of the shareholders; (c) investors in such undertakings are entitled to investment relief which is given in the computation of their income for purposes of income tax; (d) exemption of dividends from the ceiling on incomes.

"The granting of FEECs and the CRA are additional advantages.

"These lavish tax concessions were granted not without some mental reservations on my part. However, I gave priority to the urgent national need to step up the development effort, especially in the export sector. The development which has taken place in this sector as well as in others to which tax concessions were granted has been satisfactory when one considers all the external constraints. But I am disturbed to find that in certain respects these incentives have produced results which I did not entirely foresee. One aspect is the dividend policies pursued by the companies enjoying the tax holidays. Mr. Speaker, for the information of Hon. Members I would like to give some particulars from a random sample consisting of 12 companies which recently enjoyed the 5-year tax holiday granted to industrial enterprises.

Company	Capital	5-year profits	Dividends
	Rs.	Rs.	Rs.
I	250,000	448,744	277,500
II	250,000	1,261,375	955,000
III	500,000	553,468	200,000
IV	200,000	904,736	365,000
V	70,000	350,885	85,000
VI	1,000,000	1,939,768	332,100
VII	265,000	317,024	142,455
VIII	500,000	391,945	230,000
IX	200,000	577,726	200,000
X	1,000,990	3,270,722	1,225,000
XI	800,000	1,474,844	320,000
XII	500,000	645,626	300,000

"The adverse social repercussions of this outcome would be obvious to Hon. Members of this Assembly. The massive declaration of dividends, especially to high income earners have encouraged consumption expenditure and ostentatious lifestyles which are an affront to the idea of austerity in a period of national hardship.

"The exemptions granted to dividends would appear to have been an incentive to the excessive distribution of dividends. In view of this, while keeping the exemption granted to the company profits, I propose withdrawing the exception granted to dividends as from the year of assessment 1975-76. The taxation of dividends will act as a specific incentive for the re-investment of profits for expansion."

The CRA capitalists will now be compelled to readjust the way in which they have so far distributed the tax-free dividends. This will only cut down wasteful consumption and vulgar and ostentatious living, but accumulation of profits will go on and even a policy of re-investment in approved industries will help to make the rich richer. Dr. N. M. Perera, towards the end of his speech on November 6, whilst making a plea for accelerated progress towards socialism had given expression to the fears and apprehensions of many in this country who have been appalled by the activities and proclivities of CRA capitalists. How the Minister of Finance hopes to destroy the Frankensteinian monster of CRA capitalism, still flourishing under political affiliations of particular power groups, is not known.

But Dr. Perera's fears are worth placing on record. "The burgeon-

ing industries disclose a structure that is as revealing as it is pregnant with sinister intent. The striking statistics I have already adverted to merit repeated emphasis. Forty family groups own a total investment of Rs. 273.2 millions. Of this, eleven family groups own Rs. 205 millions. This is 51.24 per cent of the total investment in the private sector industry,

"Such a concentration of economic power cannot be taken a healthy development for a country that is moving towards socialism. It must cause serious misgiving in the minds of the masses to whom we have appealed for simple living and high thinking. Circumstances compel them to live simply, though then may not be high thinkers.

"Are burgeoning industries flowering a new rich element in the capitalist class? From the figures given earlier on, we have seen the enormous profits garnered by a few family groups operating in the shade of tax concessions and tax-holidays. I have endeavoured in this Budget to bring them into the tax net and oblige them to shoulder a share of the social obligations incumbent on all of us. Is this adequate? Is this all that need to be done?

"The United Front Government is pledged to move towards the socialist transformation of our society. We cannot progress towards our goal if we by our own action breed a new segment of exploiters wedded to the old order. They cannot but undermine and sabotage, thwart and emasculate all the progressive policies and activities of this Government. They can be the more effective because they will be operating in the guise of well meaning friends. A close study will disclose that much of our present distortions and dislocations in our society have been engineered by these new rich elements acting in collusion with our traditional foes."

From Dr. Perera's remarks it is clear that many of the new CRA's had (politically) not behaved in the way certain politicians had expected them to behave. Just because an LSSPer, or an SLFPer, had been responsible for extending official patronage to a rich man to become a CRA tycoon, there is no guarantee that such a person will permanently attach himself to either the LSSP or the SLFP as a loyal adherent willing to open his purse strings each time the party funds needed replenishment.

A capitalist is a capitalist and he will follow his class instincts. For Dr. Perera to say that "much of our present distortions and dislocations in our society have been engineered by these new rich elements

acting in collusion with our traditional foes" is an admission that he had thought that the new CRAs created by the United Front government would be loyal to the aims and objectives either of the UF or any one of its constituent partners. THIS PARTIAL BACKTRACKING on UF's CRA capitalism, and the re-thinking on the whole question of creating a new class of capitalists loyal to the UF, is undoubtedly the most important politically significant feature of the latest Budget of the UF. The UF Coalition was committed to eliminating capitalism and capitalists in instalments, in easy stages through parliamentary democratic processes, but the ideological aberration, which led to the creation of CRA capitalists through over-haste in wanting to develop additional frontiers to our export sector, went completely counter to one of the main objectives of the United Front.

But even this aim of liquidating capitalists and capitalism, and landowners (even in the non-feudal plantation sector) and landlordism (feudal and absentee) becomes difficult to accomplish because the United Front's Common Programme is pledged to a mixed economy (with an allegedly happy blending of the private and the public sectors). The Five-Year Plan, now in operation, formulated under the personal guidance of the Prime Minister, is an exercise in harmonising the private and public sectors in order to achieve maximum production.

Under the specious plea that the traditional landowners and old time capitalists were UNP-inclined, the UF government came down heavily upon them, and in the process weakened or destroyed even the bulk of pro-SLFP national capitalists. However, under the ostensible excuse that the private sector had to be sustained in our mixed economy, special areas were carved out in exports (gems, non-traditional goods, etc.), tourism, hoteling and the like in which old capitalists were permitted to transform themselves into new CRAs and in which also gem smugglers and other underworld operators were permitted to acquire partial legality for their operations in the tax world and also new respectability in political circles.

A few of the big traditional (and national) capitalists have survived (and some have flourished) through CRA-ism, but most of the traditional landowners and landlords have been destroyed root and branch—and this has had the most depressing effect on agricultural production in the plantation as well as the agriculture sectors. Not all the colourable propaganda of the SLBC about production can hide facts which are manifestly obvious. And it is also a demonstra-



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ble fact that the public sector organisations now entrusted with running and managing the estates and the agriculturally developed lands taken over—except in rare uxational instances which do not make the rule—have not come up to scratch. And about the land distributed in small parcels to the landless—all involved wallowing in the misconception that free land plus enthusiasm plus voluntary labour power (not wage slavery) would automatically produce mountainous miracles in production—the less said the better.

Tribune has been critical about land reform because the whole exercise was motivated by political considerations without due consideration for basic economic objectives, and which *Tribune* therefore believes will result not only in immediate loss in production but also in long-term dislocations in production and productivity.

The Minister of Finance, in his Budget Speech, however, painted a totally different picture about land reform. "The spectacular achievement of the year 1974 was the successful completion of Land Reform. Within the stipulated period of two years, over half a million acres of privately owned land passed into the hands of Government. Absentee landlordism such as we have known for centuries ceased to exist almost overnight. And the ordinary villagers came into their own.

"It was not a mere transfer of land. It was the beginning of an agrarian revolution. It was a mental shake-up of rural Sri Lanka. Its socio-economic repercussions were felt throughout the country.

"More than anything else, it is the land reform that has given the biggest boost to the food drive towards self-sufficiency. It has given a new status and a new meaning to agriculture. It no longer subserves to fatten the idle rich. It is an act whereby self-preservation of the peasant and his country is assured. He is no longer a foreigner in his own land. He is part and parcel of his country, and an important part at that. He has now found his identity. This process will now go on. It cannot rest there."

Tribune hopes that its apprehensions and fears about the outcome of land reform are proved

wrong, but it is yet to be seen whether the results hoped for by the Government in the matter of production and productive activity through the current agrarian "revolution" (revolving around Productivity Centres and Political Authorities) will be achieved, even partially. Time alone will show whether there will not be rethinking on this subject in the same way as there has been rethinking about CRA capitalism. Will the new owners of the land (public sector organisations and small time landless) be able to achieve the utilisation and productivity that is possible and which is urgently needed?

THE SECOND MAJOR POLITICAL FEATURE of the latest Budget is near-total reliance placed on land reform for the food production drive. Whether this faith in the outcome of land reform will be justified by events is yet to be seen. This is coupled with reliance placed on the existing and growing (by take over) public sector to increase the revenues of the government. This is as it should be. The country must get a reasonable return for the investments made from the Treasury in public sector undertakings. Dr. N. M. Perera spoke about financially "disciplining" public corporations and co-operative unions and societies. This is no doubt essential to make them operate efficiently and profitably.

But one discipline that must not be forgotten is to ensure that prices of goods and services are not jacked up to cover mismanagement, corruption and waste. World price increases are, no doubt, good excuses for inflating prices, but poor and middle class consumers should not be penalised by irresponsible price hikes because corporation chiefs want to show profits in spite of wasteful expenditure arising from inefficiency. The proposal to establish a Price Fixing Commission is an excellent one. Such a unit has been long overdue. Nobody wants public sector organisations to provide goods and services below cost, but it will negation of nationalised enterprises for consumers to pay unrealistically high prices in order to sustain an inefficient bureaucracy and a lazy labour force.

In this connection, it must be mentioned that the Minister of

Finance revealed deep concern about the working of co-operative unions and societies, and very correctly has proposed to levy taxation from their productive activities. So much of public funds have been invested in these organisations which have now taken over much that had been done by the private sector before, that it is only fitting that the Treasury should recover not only profits but also taxes—to make up for what has been lost in taxes from the private sector engaged in similar activities earlier.

This is what Dr. Perera said: "A significant development over the last few decades has been expansion of the co-operative form of enterprise into areas of economic activity hitherto occupied exclusively by the private sector. The Multi-Purpose Co-operative Societies are now engaged in a large number and variety of enterprises which mostly fall within the category of production and not merely that of commerce. The implementation of the Land Reform Law has brought co-operative enterprise into the major plantation industry in a large way. From the purely budgetary point of view this shift in the form of ownership has meant that economic activities which have hitherto made substantial contributions to revenue by way of direct taxation have slid away from the tax net into the tax shelter granted to the co-operative movement. The tax structure must necessarily adapt itself to these social changes and I propose to bring the production activities and certain other activities of co-operatives into the tax net.

"I fully share the concern of my colleagues, the Minister of Foreign and Internal Trade and the Minister of Agriculture and Lands, that the co-operative form of enterprise should be given every encouragement. I shall therefore permit the general exemption granted to co-operatives to remain but provide that income tax be imposed on the profits of those activities which are made taxable from time to time. The list of activities that would become taxable would be worked out in consultation with the Ministry of Foreign and Internal Trade.

"I believe that bringing certain activities of the co-operatives in-

to the tax net will introduce a greater element of financial discipline into this sector."

Apart from co-operative societies, the bulk of the public sector undertakings consist of corporations. A number of corporations have recently earned profits and transferred them to the Government's Consolidated Fund, but it is not clear whether these profits were made on reasonable prices or on over-inflated prices for essentials on a monopolistic basis.

This is what Dr. Perera said in his speech on this question: "Mr. Speaker, you will recall that in my last Budget Speech I emphasised the need for financial and supervisory control over activities conducted by public sector corporations and indicated that their budgets would be tabled in this Assembly. Most corporations have furnished their budgets for the financial year 1975 to the Treasury. As an alternative to presentation of individual budget for each public sector corporation, which documents would tend to be voluminous, I am consolidating into one document the budgets of corporations approved by their respective Ministers and this document will be tabled in the Assembly by the end of this year.

"On a preliminary examination of the financial performance of public sector corporations in the financial year 1974, it is my great pleasure to state that notwithstanding supply scarcities and operational difficulties, these corporations will be paying in a sum of Rs. 128 million to the Consolidated Fund out of their 1974 profits. This contribution will be payable in four quarterly instalments on or before 31st March, 30th June, 15th September and 30th November in 1975. The amount payable has been computed on a case by case basis depending on the circumstances of each corporation and of their capacity to pay. In the revenue estimates presented to this Assembly contributions by corporations reflected in head 5 sub-head 3 item 1 is shown as Rs. 60 million. The increased contribution by the corporations over the estimated revenue is thus Rs. 63 million.

"A list of corporations showing their proposed contributions to the Consolidated Fund in 1975,

and for comparative purposes their contribution in 1974, has been compiled. This document has been placed before this Assembly and is now available for the information of Members."

THE ECONOMIC ASPECTS OF THE BUDGET will be dealt with separately, but a political analysis will not be complete without reference to what Dr. Perera said in the concluding parts of his speech. Discerning observers will note that, among other matters, it contained a genteel and courteous reply to what the Prime Minister Sirimavo Bandaranaike had told the SLFP trade unions about nationalisation a few days before she had left for Iran. Referring to the constant demands from the trade unions for an accelerated programme of nationalisation she had said that it was imprudent to press for more and more nationalisation when some of the existing nationalised ventures were badly and inefficiently run and managed. She had said that the existing ventures should be streamlined and made to run profitably before there was more nationalisation. She had also mentioned that noisy demands for total nationalisation was scaring potential, foreign investors from Japan, West Germany, France and even the oil-rich Arab states.

It was clear that the Prime Minister wanted a slow down in the immediate nationalisation programme. She had emphasised that the SLFP had been a pioneer in nationalising some of the biggest undertakings in this island—transport, petroleum, ports etc. etc.—but she felt that the time had come to halt briefly, consolidate what had been taken over, revive the economy with infusions of foreign capital and then go forwards.

Dr. N. M. Perera posed the contrary view: "Much has been done: but much remains to be done. Where do we go from here? We must chalk up our programme of action that will bring us to our declared objective; socialist democracy.

"Socialism cannot be achieved by standing still and prating about consolidation. The path to socialism is not dotted with halting places. The march forward has to be pushed ahead with determination. It has to be a continuous

process of liquidation of the economic power of the capitalist class, a class that has shown remarkable power of resilience and regeneration in league as it is with the imperialist powers abroad.

"The process of building always involves hardships, privations and sacrifices. It is the toiling masses that ensure these painful austerities in order to build for the future. They would not bear these sufferings with equanimity if they see no visible signs of meaningful action by Government that invites them to suffer for socialism. They cannot and will not understand socialism in dribbles. They cannot be made to stomach hard work and austerity with ostentatious living by a handful of wealthy, vulgar pleasure-seekers."

This is obviously a sermon primarily meant for the benefit of the Prime Minister and those of her colleagues who think like her on this matter. He concluded his speech on a rhetorical note stressing that more and more of socialism was the prime need of the hour. "In the remaining period, therefore, bold steps have to be taken to enlarge our frontier to socialism. We must take a firmer hold and control of the economy. Vacillation and half-heartedness are an invitation to disaster. It would be a betrayal of the trust the youth

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Tribunania

PM's TRIP TO RUSSIA

THE PRIME MINISTER, Mrs. Sirimavo Bandaranaike, left for Moscow last Sunday, November 10. She is expected to be away for a week. The Soviet Government took the unprecedented step of placing a special Aeroflot Illyushin-18 luxury plane at the disposal of the Prime Minister and her party—to take them to Moscow and to bring them back. This plane will not take the usual commercial route of Karachi, Teheran and Moscow, but will fly direct to Tashkent, capital of the soviet central Asian Republic of Uzbekistan—the state from which the USSR Ambassador in Sri Lanka, Mr. Rafik Nishanov, hails. After a stopover for the night at Tashkent, the Prime Minister and her party will fly to Moscow on the next day to reach the soviet capital in the early forenoon. With the short winter daylight hours in that part of the world, the schedules have evidently arranged that she can receive a red carpet welcome with the sun still in the sky, in Moscow.

For a time after Mrs. Bandaranaike had come to power in 1970, political observers had felt that there was a little strain and uneasiness in the relations between Sri Lanka and the USSR. Some attributed it to suspicions entertained in some quarters that some of the April 1971 insurgents had derived clandestine support or inspiration from Moscow. Others felt that Sri Lanka was far too close to Peking for Moscow to be happy. Yet others felt that the "tilt" Sri Lanka had allegedly displayed towards Pakistan especially after the Indo-Soviet Treaty of Friendship and Co-operation, had a flavour of anti-Indianism salted with disguised anti-Sovietism.

All these suspicions had probably arisen in the minds of those who misunderstood Sri Lanka's attempts to be non-aligned but time has shown that Mrs. Bandaranaike has successfully demonstrated that Sri Lanka is truly non-aligned. In the course of 1973 Mrs. Bandaranaike had taken positive steps, after two

of this country have placed in us. We have witnessed the amazing response evoked by the incipient agrarian transformation.

"How much more creative activity would be generated by the bold advance towards the socialist transformation of our society. Impatience is written on the faces of our youth. We cannot falter nor afford to fail."

The latest Budget is a budget of the United Front Government, but the punch and logic in its political make-up comes from the radical LSSP with backing from the CP and other radical elements in the UF. The political motivation of this Budget is leftwing radicalism within the context of a mixed economy, with the constant determination to push to more and more towards public sector activity whilst eliminating the power, strength and prestige of the private sector.

Whilst the political motivation is leftwing radicalism verging on eclectic revolutionary thinking drawn from all the different trends of Marxist orthodoxy, often put together in a mechanical conglomeration of contradictory irreconcilables (nationalisation and land reform check by jowl with CRA capitalism and tax holiday hoteliering), the mainspring for the economic programming and fiscal logic stems from post-IMF Keynesian conservatism tempered with the liberal positivism of Kaldor, Myrdal, Seers and even McNamara. Each budget of the UF from 1970 has edged closer and closer to the guide-lines of the IMF (which are also changing in the critical times of this era). It has also become clear that IMF and the IBRD are no longer scared about "socialism" so long as it is nothing more than a hotch-potch of the private and the public sectors—an amalgam which in all developing states has resulted in economic stalemate or stagnation. An economic breakthrough has come in this century only to countries which have planked down completely either for straightforward honest-to-goodness capitalism or gone the whole hog to Marxism to transform the economy into a completely "regimented"

(it is no longer a dirty word) state system where the priorities are based on the imperatives of revolutionary socialism.

Whether parliamentary democracy, (with the freedoms which are part and parcel of such a system), can successfully transform a mixed economy by easy stages into a socialist society to effect a breakthrough out of economic stagnation (and bring better standards of life to the common people) is yet to be demonstrated. Different countries in the Third World are seeking to transform their backward economies through the lever of a mixed economy into something more dynamic and more fruitful, but none of them seem to have succeeded in their efforts. Only the countries which, (in the victorious flush after the second world war), had opted out of capitalism and private enterprise have succeeded in achieving a breakthrough into a better economic life based on socialist principles. All the other countries liberated into political freedom in the post war period are stagnating in various stages of their mixed economy experimentations. Even countries in the developed world, like Britain and Australia, where Labour Governments have sought to reach out to socialism, through juggling a mixed economy by means of parliamentary democratic processes, now find themselves caught up in certain insoluble economic difficulties which fully orthodox capitalist or socialist countries have avoided.

Can Sri Lanka through the budgets of the United Front hope to secure an economic breakthrough into a socialist millenium by manipulating the different ingredients of a mixed economy—pushing forward here (land reform), backtracking there (CRA capitalism), and balancing budgets in the best manner and style of IMF-Keynesian doctrines—by squeezing credits, boosting exports, cutting imports equalising incomes through pragmatic and positivist distributism glorified by Kaldor, Myrdal and McNamara.

NEXT WEEK

FIFTH U. F. BUDGET
—ECONOMIC ASSUMPTIONS

summits with Mrs. Indira Gandhi, to establish that Sri Lanka had close and friendly relations with India, and the "tilt", if any, to Pakistan was imaginary. Mrs. Bandaranaike has also been able through word and deed to convince even the most suspicious that Sri Lanka had no special "tilt" towards or affinity with China.

THE SOVIET INVITATION was a long standing one. The fact that she was willing to make this trip after her other prolonged trips in recent months is indicative of the importance she places on improving political relations with the USSR. The fact that the USSR has shown extraordinary cordiality in making the visit possible—by placing a special plane at her disposal—is a clear sign that Moscow is convinced that Mrs. Bandaranaike is non-aligned without any special bias towards China.

P. Unnikrishnan, the PTI man in Moscow now, (he was PTI's man in Colombo for nearly ten years in the second half of the fifties and early sixties), had sent a despatch about the forthcoming visit which was reproduced in the Sunday edition of the Observer of November 10. It was datelined Moscow, November 9. "Sri Lanka Prime Minister, Mrs. Sirima Bandaranaike's talks with Kremlin officials are expected to cover specifically the situation in Asia.

"It is recognised here that Sri Lanka maintains good relations with China as well as with its other neighbour in the Indian sub-continent thus enabling it to play an important role in promoting international understanding and co-operation.

"Sri Lanka's initiative in calling for making Indian Ocean a zone of peace has been well received in Moscow.

"Personally Mrs. Bandaranaike enjoys high prestige in Moscow as a leader of the non-aligned world who seeks to put through important socio-economic reforms at home in alliance with all progressive forces. Moscow's goodwill towards the Sirima Government came to focus when it faced the threat of subversion from left wing extremists in 1971. The Soviet Union was among the first to offer help in meeting the situation.

"Though it is true that the Soviet Union readily responded to the call from Mrs. Bandaranaike to meet

the armed military threat from the insurgents, it must be stressed that the USSR has from 1958/59 has been assisting this country to establish some big industrial and agricultural projects: iron and steel, tyres and tubes, sugar plantations, cotton plantations, etc. Unnikrishnan recalls the moral support and assistance, Russia had extended to Sri Lanka when this country had nationalised the entire petroleum industry. This is how he put it: "Earlier in 1962 when foreign oil cartels cut off supplies enraged by the take-over of import, and distribution of oil by Sri Lanka, the Soviet Union stepped in to ensure continuity of supplies."

The despatch also very briefly set out the other highlights in the relations between Sri Lanka and the USSR, and drew pointed attention to likely subjects of discussion at the possible talks. "According to knowledgeable sources she will also discuss the possibility of securing some supplies of rice this year from the Soviet Union to tide over difficulties in domestic production created by pest infection.

"Sri Lanka produces only about 70 per cent of her needs in rice the balance being made up from imports, chiefly from China under their rice-rubber deal and lately from Pakistan.

"She will also seek new areas of co-operation so that credit utilization and trade with this country can pick up swiftly.

"Lately trade had dropped for a variety of reasons from its peak point of 200 million rupees. Sri Lanka has also been unable to fully exhaust the credit of 120 million roubles offered to it in 1958."

Unnikrishnan concluded his despatch on a note of optimism and indicated that the talks would be most fruitful. "Sri Lanka it would appear is ready to sell higher quantities of tea and offer products of the island's tyre and tube factory and in return will seek larger supplies of machinery and equipment as well as oil products.

"The Soviet Union is already collaborating with Sri Lanka oil exploration off the shores of the island. Under bilateral co-operation deals the Soviet Union helped Sri Lanka to build an iron and steel mill, a rubber tyre and tube factory and pre-fabricated housing construction facilities."

It must be mentioned that this is the first time after Mrs. Bandaranaike raised the question about an Indian Ocean Peace Plan that she will personally meet Mr. Brezhnev and the Soviet leaders. It will also be the first time that she will meet them after the Soviet leader had outlined his suggestion for an Asian Collective Security Scheme.

SIGNIFICANCE is also attached to the fact Mrs. Bandaranaike goes to Moscow very shortly after the National Day celebrations in the USSR on November 7 when a message had been received from Peking expressing a willingness to open talks to resolve some border problems, (especially about withdrawing troops to some distance away from the disputed borders), and more importantly about China's willingness to negotiate a non-aggression treaty. Russia had been wanting talks on these matters for many years now, but Peking had been silent. The sudden change in Peking's response to these overtures from Moscow for such talks has caused surprise in international circles. Whether this matter will come up for discussion when Mrs. Bandaranaike is in Moscow is not yet known.

It must be recognised that peace in Asia would become a reality only when there is a detente between the USSR and China and also when the state relations between the two countries become normalised to a degree more than what it is today.

There are speculations in political and diplomatic quarters in Sri Lanka whether Mrs. Bandaranaike will not play a major part in bringing about better relations between China and the USSR? And it must be also realised that better relations between India and China will be possible only when a detente between China and Russia becomes a concrete fact.

It is recognised that Mrs. Bandaranaike is singularly well placed to help in the process of bringing about better relations between Russia and China and also between India and China. Will the present trip become the starting point of new diplomatic activity by Mrs. Bandaranaike to bring about a greater normalisation of relations between China and her big neighbours, Russia and India?

INTERNATIONAL-AFFAIRS

BY ARIEL

Kissinger's Visit To
New Delhi

REPORTS FROM NEW DELHI immediately after the visit of Mr. Kissinger had stressed that as a result of the discussions a new beginning had been initiated in Indo-US relations. It was said these talks had helped the two sides to gain a better understanding of each other's viewpoints and problems and had also served to assure each that "the other has no evil intentions towards it."

It is also admitted that there was no agreement about the setting up of a military base in Diego Garcia or about India's plans for nuclear developments. But these matters have not stood in the way, according to Dr. Kissinger, of creating a "mature and good basis for the future relationship" between India and the USA. It was generally felt among political circles in New Delhi that the Kissinger talks had laid the groundwork for a happier relationship between India and the USA. But it has been emphasised that this could lead to more fruitful collaboration only if the necessary "follow-up steps are taken by both sides to translate the goodwill expressed into concrete action. Even the joint high level commission that has been set up to promote closer economic, technological, educational and other ties could fizzle out if it was activated quickly and purposefully."

Certain political quarters in New Delhi believe that India could gain much from US cooperation in the political sphere as well. American good offices, it was felt, could contribute significantly to India's efforts at normalising relations with Pakistan and China. It has also been pointed out that if the hurdles and misunderstandings between India and the USA were removed, India could more easily obtain food-grains for current consumption from the U.S. India would also welcome substantial sums of development capital from the US from public

as well as private sources. There are of course very great difficulties in establishing such close or cordial co-operation between the two countries. It was said that such cordiality was difficult of achievement "between a country like the US with its global interests and still functioning within a power bloc and another like India whose development needs are colossal but the orientation of whose foreign policies is very different". In his talk to the Indian Council of World Affairs, Dr. Kissinger had said that India and the USA were "inching towards common ground", with the US "following a policy of detente with the communist powers on the one hand and beginning to appreciate Nehru's policy of non-alignment on the other". Kissinger had stressed that when detente was fully realised, non-alignment, of Nehru's concept, would become largely obsolete.

The only concrete agreement that was signed in New Delhi by the External Affairs Minister, Mr. Y. B. Chavan, and the U.S. Secretary of State, Dr. Henry Kissinger, establishing a joint Indo-American Commission for economic, commercial, scientific, technological, educational and cultural co-operation. The joint commission, which will be headed by the External Affairs Minister and the Secretary of State, will meet at least once a year and is empowered to set up sub-commissions and other bodies for exploring the possibilities of mutually advantageous co-operation in various spheres.

It will initially have three sub-commissions—one dealing with economic and commercial matters, another on science and technology and a third on educational and cultural activities—and they will hold their first meeting within the next three months in New Delhi and Washington. The Commission and the sub-commissions which are entitled to draw on the knowledge of non-official experts and advisers in their respective fields of concern, will largely consist of representatives of the two Governments.

The United States has named the Assistant Secretary of State for Commerce, Mr. Thomas Andrews, as its chief representative on the sub-commission dealing with economic and commercial co-operation,

and the Assistant Secretary of State for International Co-operation on Science and Technology, Mr. John Granger, as its nominee on the second sub-commission. But it nominated a non-official, Mr. Robert Goheen, a former President of the Princeton University and presently Chairman of the Council of U.S. Foundation, to the third sub-commission which will be responsible for educational and cultural co-operation.

AT THE CONCLUSION, of Dr. Kissinger's visit to a Joint Communique was issued. The political Correspondent of the *Hindu* had summed up the communique in a way that brought out the highlights in a concise manner.

The joint communique issued at the conclusion of the United States Secretary of State, Dr. Henry Kissinger's talks in Delhi, expressed the satisfaction of India and the United States at the improvement of their relations and declared that there was considerable scope for further strengthening them in consonance with their democratic traditions. The United States supported the Simla Agreement and welcomed the steps taken by the Prime Minister of India for establishing durable peace and co-operative relations among the countries of the sub-continent and the efforts of the other leaders of South Asia for bringing about regional peace and co-operation. The two sides agreed that "it was in the interests of all the countries of the region to live in peace and harmony on the basis of sovereign equality and without intervention by outside Powers or attempts by such Powers to gain positions of special privilege in the region." They affirmed in this context that there was no conflict of national interest between India and the United States and declared that their relations should be based on the principles of equality, mutual respect and mutual understanding which provided a solid foundation for their co-operation.

Though there was no specific mention of any commitment on the part of the United States not to give any more military equipment to Pakistan, the wording of the references in the communique to its unqualified support to the endeavours of the South Asian countries for establishing peace and

stability in the region was being interpreted as sufficient indication of the American resolve not to start a new arms race in the sub-continent. On the nuclear question, too, the United States merely welcomed India's affirmation to develop its nuclear technology only for peaceful purposes, without getting involved into the politics of non-proliferation.

The communique concentrated by and large on bilateral issues and viewed the wider regional and global problems which had a direct relationship to peace and stability in the sub-continent only in this limited context. The whole emphasis was on discussing Indo American relations in their global perspective instead of attempting to review the world developments from a bilateral angle.

It was stated that the "cordial and frank" nature of the discussions that had taken place during Dr. Kissinger's visit reflected the keen desire and interest of both countries in broadening the basis for their relationship and strengthening the many contacts and ties between the Indian and American people. It spoke of the mutual desire for increased co-operation and considered the setting up of the Indo-American joint commission as a "significant step forward" in building a framework for more natural and meaningful relations. The two sides agreed to exchange views and technology on bilateral and multinational basis to achieve an increase in national food production and for ensuring the necessary inputs of energy, fertilizer and technology.

The communique said that the discussion covered in addition to bilateral relations, the situation in South Asia and neighbouring regions and a review of the global situation including the world economic scene. In the course of this discussion on the international situation, the two sides welcomed the process of decolonisation in Africa and hoped that lasting peace would be achieved in West Asia and Indo-China on the basis of the relevant U.N. resolution. Paris agreements and respect for the independence and sovereignty of the States concerned without any outside interference. They also noted with satisfaction the series of agreements which had helped to reduce tensions in Europe.

In reviewing the international situation, both sides expressed satisfaction that relaxation of tensions and development of co-operation are becoming the main characteristics of international life. They expressed strong support for further efforts to reduce international tensions and build a global detente. On disarmament matters Dr. Kissinger described current U.S.-Soviet efforts to accelerate progress in reaching agreement on strategic arms limitation. Both sides expressed their support for the realisation of concrete measures in the field of arms limitation and disarmament.

The communique said that Dr. Kissinger also discussed U.S. concern over the implications for regional and global stability of nuclear proliferation. The Indian side reiterated its consistent position that the higher priority in international efforts should be accorded to nuclear disarmament and that in order to achieve international peace and stability, all proliferation of nuclear weapons should be stopped. The Indian side also affirmed India's policy not to develop nuclear weapons and to use nuclear technology for peaceful purposes only. The U.S. side welcomed the Government of India's affirmation in this regard. There was mutual recognition of the need of putting nuclear technology to constructive use, particularly for developing countries, and of ensuring that nuclear energy does not contribute to any proliferation of nuclear weapons.

In reviewing the current international economic situation and the rising prices of food, fertilizer, fuel, industrial materials and technology both sides agreed that co-operative efforts by Governments were called for to prevent further deterioration of the world economic structure to the detriment of both the developed and the developing nations. The two sides noted the serious situation developing in the most seriously affected countries as a result of rising prices and the paucity of resources now available to them. They expressed the hope that the coming World Food Conference in Rome will find a way to conserving food stocks and making them available to the most seriously affected developing nations on more favourable terms.

The U.S. Secretary of State thanked the Government of India for its cordiality and warm hospitality and invited the Minister of External Affairs to pay an official visit to the U.S. The invitation was accepted with thanks. The Prime Minister Mrs. Gandhi conveyed an invitation for President Ford to visit India in 1975, and Dr. Kissinger accepted the invitation on behalf of the President.

Whilst the Joint Communique indicated the general outlines of the scope of the discussions, the comments made at the conclusion of the talks by Dr. Kissinger on the one hand and Mrs. Indira Gandhi on the other provided insight into the discussions but only from a limited angle. Each cannot very well comment on the talks in a free and frank manner. Even political commentators cannot discuss the matter in a way that future memoirs of the participants or analytical historical studies can do.

THE BEST INTERPRETATIVE ANALYSIS that has become available on the visit is the despatch of the wellknown and wellinformed commentator G. K. Reddy in the *Hindu*. This is how he evaluated the talks:

The main achievement of Dr. Henry Kissinger on this visit to Delhi is the resurring impression he has left behind that the new Indo-American understanding he has established is not a fragile one-man accomplishment, but something that can become the corner-stone of future U.S. policies in the South Asian region. There was a refreshing directness and fine urbanity in the talks he had with the Prime Minister, Mrs. Indira Gandhi, who was equally interested in his general assessments and valued judgements in giving a new direction to the American thinking on the problems of the sub-continent.

Neither of them indulged in diplomatic terminology beyond a point in removing the past misunderstanding to clear the way for better understanding, as one well placed observer put it. They were more interested in reflection and clarification, not negotiation, since Indo-American relations did not revolve round any single issue that stood in the way of normalisation. The two talked of many things that held out the promise of a

better understanding without ignoring the points of divergence which could not be removed overnight. But they realised that differences over issues like export of nuclear technology, Great Power rivalries in the Indian Ocean and the American attempts to brow-beat the oil producing countries were no real impediments to the improvement of Indo-U.S. bilateral relations.

Dr. Kissinger tackled the problems of Indo-American normalisation at three levels with a forceful articulation of the new U.S. doctrine of interdependence, which blended well with the Indian concept of non-alignment. In his talks with Mrs. Indira Gandhi, he projected himself as a forward-looking statesman who was interested not only in undoing the damage done to Indo-U.S. relations in the past, but also recognising the major changes that had taken place in the sub-continent. During his discussions with Mr. Chavan, he did his best to remove the frictions, isolate the differences and identify the areas for increased co-operation. In his arrival remarks at the airport, address to the Indian Council of World Affairs and his carefully worded replies to questions at his press conference, he gave the impression that he had come to open a new era in Indo-American relations.

The two sides realised that tilts and untilts in international diplomacy were basically the aberrations of an absence of well-defined policy, not acts of deliberate wickedness on the part of any particular nation. Now the U.S. had a policy which accepted India for what it was and recognised its primacy in the region, it no longer attempted to equate India with Pakistan, and it acknowledged for the first time publicly the validity of non-alignment. In declaring quite unreservedly that the U.S. would welcome the emergence of a world community of free, independent, sovereign States, he wanted the spirit of international detente to extend to the sub-continent so that none of the Big Powers could gain any special privilege in the region.

A significant feature of the Indo-American talks was that neither side attempted to conduct the dialogue on the assumption that one was right and the other was wrong, and no regrets were expressed or sought for their past postures and actions. When Dr. Kissinger readily conceded that India had contributed

considerably to the restoration of peace in the region, Mrs. Gandhi accepted the compliment with good grace without harping on past events. As one who was not interested in scoring small points, she conducted her talks with him on a higher plane focussing attention on the future rather than the past. At no stage of these exchanges did either of them exhaust, what one might call the vocabulary of hope.

Though Dr. Kissinger had repeatedly declared during this visit that the United States had no intention of precipitating another arms race in the sub-continent, one big question that remained unanswered was what it proposed to do as a world power interested in the peace and stability of the region about a country like China which was bent on keeping up the Indo-Pak tensions. This question was posed to him on more than one occasion during these talks, and the redoubtable Secretary of State offered no credible solution to this problem. If peace was indivisible, it was not possible to localise regional tensions and talk of a global detente in the face of such continued provocations.

In a historic dialogue of this kind, what matters most is that the top leaders on either side must have the initial courage and firmness of purpose to commence the process of reconciliation and subsequent fortitude to create the correct atmosphere for it. It goes to the credit of both Mrs. Gandhi and Dr. Kissinger who had the necessary sense of determination and vision to salvage Indo-American relations step by step from the 1971 nightmare. The scars on the Indian minds have by and large been removed in the wake of the latest normalisation and the country has rapidly moved away from the days of strident anti-Americanism and sterile suspicions.

A WEEK AFTER THE KISSINGER VISIT, India and the United States are heading for another futile controversy over Diego Garcia which will only revive the old suspicions over their respective approaches to the problems of better relations between them. "A U.S. naval task force consisting of the 84,000-ton giant aircraft-carrier *Constellation*, three destroyers and a support ship passed through the Straits of Malacca to-day on what was described as a rotational assignment for establishing a pattern of

regular visits to the Indian Ocean. From the American side, there could have been no worse timing for despatching this task force on a flag-showing mission which would only focus attention on the growing concern of the littoral States over the Big Power rivalries in the region. At a time when Dr. Kissinger was talking about a new era of global stability based on interdependence, the U.S. was displaying its capability to deploy its military power to demonstrate its ability to influence events in an area of growing strategic importance."

However, the Indian policy hitherto has been to make its opposition known in the most unequivocal terms through appropriate national and international forums without taking upon itself the responsibility of organising a concerted campaign by the littoral States against the growing Big Power rivalries in the Indian Ocean. "Apart from giving expression to the policy in Parliament, the Government of India has been utilising the relevant committees of the non-aligned countries and the United Nations for decrying these Big Power rivalries in an area which the littoral States wanted to treat as a zone of peace. And it has not associated itself with the attempts of Sri Lanka to convene a special conference of the littoral States for this purpose, since there were other international bodies in existence for voicing collectively their strong opposition to the proposed establishment of foreign military bases in the Indian Ocean."

A report from Washington in the *Hindu* set out the position: "The arrival in the Indian Ocean of a U.S. naval task force, composed of the aircraft-carrier "*Constellation*" and three destroyers, so soon after Dr. Kissinger visited

Record

A new world football record is claimed by New Zealand's Roslyn Wakari club. Two of its teams played with each other for 31 hours and 30 minutes and scored 168 goals. They thus topped the former record, held by an English club, by two and a half hours.

Delhi in a major effort to revitalise Indo-U.S. relations, is regarded here by observers as being to say the least, 'untimely.' Reports of Dr. Kissinger's conversations with Indian leaders have noted that the one subject on which Dr. Kissinger and his hosts had politely agreed to disagree was with regard to the question of Big Power presence in the Indian Ocean and the U.S. decision to go ahead with the expansion of its naval base in Diego Garcia. But no one here believed that these differences would be highlighted by the despatch so

soon of a fresh carrier force into the Indian Ocean.

"The U.S. explanation is that since October last year and especially after the West Asian war, it is publicly committed to maintaining a naval force in the Arabian Sea to protect its vital interests and the oil lanes leading from the Persian Gulf. According to the plans then announced, it was to send a force about every three months on a rotational basis. U.S. officials now say that therefore there is no particular significance in the despatch of the Constela-

tion at this time because it comes three months after the last task force was withdrawn. Though U.S. officials won't say so themselves, it probably could be assumed that Dr. Kissinger who must have known about the impending U.S. naval foray into the region, may have explained the routine nature of the latest visit to the Indian leaders in Delhi and thus tried to minimise its impact."

Diego Garcia is likely to figure in a big way in all talks about the Indian Ocean and Asian security in immediate future.

CHRONICLE

OCTOBER 5 — OCTOBER 14

A DIARY OF EVENTS IN SRI LANKA AND THE WORLD
COMPILED FROM ENGLISH-LANGUAGE DAILIES
PUBLISHED IN COLOMBO.

SATURDAY, OCTOBER 5: The special plane carrying the Prime Minister is expected to land at 8.45 a.m. today at Palaly Airport: this is the first official visit of a Prime Minister to Jaffna since Sir John Kotelawala paid an official visit to Jaffna in 1954: Mrs. Bandaranaike who visits the Peninsula for the specific purpose of opening the Jaffna Campus of the University of Sri Lanka is expected to be received tumultuously in several parts of the peninsula. Mr. R. Premadasa, first MP for Colombo Central and Chief Opposition Whip, while addressing the plenary sessions of the Inter-Parliamentary Union Conference now being held in Tokyo has said that the fact the world is over-shadowed by two super-powers, each possessing terrifying and overwhelming concentrations of military strength does not mean that they can police the world effectively. According to the *Daily News*, in a study carried out by a group of University teachers, it has been told that the age of militant, and sometimes violent, undergraduates in Sri Lanka is now a thing of the past and more moderate groups appear to be gaining influence in University life. According to the *Daily Mirror*, the Chairman of the Development Finance Corporation has urged that Convertible Rupee Account system be made more attractive to industrialists to encourage expansion of the export sector. Mr. Henry Pieris, who was re-elected Chairman of the Employers Federation of Ceylon said yesterday that it is unfortunate that most of the strikes by employees have been in clear violation of the obligations cast on the trade unions and their members by Collective Agreements. Mr. J. R. Jayewardene, Leader of the Opposition and President of the United National Party, at a mass rally held in Kollupitiya yesterday said that just as free elections were held in the past he expected the general elections in this country to be held in 1975. The UNESCO called on oil-rich Arab countries to increase their aid to poor countries. The Shah of Iran said in New Delhi yesterday that his country would not

supply weapons to Pakistan nor would Iran support Pakistan in an aggressive war against India. The Shah yesterday returned to Iran from a tour of Singapore, Australia, New Zealand, Indonesia and India.

SUNDAY, OCTOBER 6: According to the *Sunday Observer*, and the *Sunday Times*, there were vast crowds present at Palaly Airport to receive Prime Ministerial party which visited Jaffna yesterday: the Prime Minister, Mrs. Sirima Bandaranaike, addressing the crowds at the Airport is reported to have stated that she nor her Government will be daunted by threats and Opposition by certain political factions in the North from coming to Jaffna to do what they consider as their duty: according to the *Times* despite the inclement weather the crowds at the Airport were amazingly large unprecedented at any time in the past: according to the *Observer* the approach road to the Airport and the streets through which the motorcade passed through were decorated with flowers and pandals, The Prime Minister participated in two religious functions first at the Naga Vihara and then at the Kandasamy Temple, Nallur: in the evening the Prime Minister unveiled a statue of the late Sir Ponnambalam Ramanathan in the Jaffna Municipality premises and addressing a meeting at the reception accorded to her by the Jaffna Municipality, the Premier said that this was her first visit to Jaffna as the Prime Minister and hoped that this visit even in a small way be an instrument for bringing about greater harmony peace and progress among all communities of this country. The *Sunday Observer* in a correction carried states that Rev. James S. Mather, well-known churchman and former Chairman of the Methodist Synod was not dead: two of the Lake House publications, the *Daily News* and *Thinakaran* yesterday published a news item which said that Rev. S. Mather had died. Former President of American, Mr. Richard Nixon, left hospital yesterday. The Soviet Union indicated that it hoped U.S. Secretary of State Henry Kissinger's visit to Moscow would lead to an early meeting between Communist Party Chief Leonid Brezhnev and President Ford: the indication came in a statement issued by the "Tass News Agency" on Dr. Kissinger's visit for talks with Mr. Brezhnev during which the Kremlin clearly hopes to hear concrete assurances on the continuation of detente. Cuban Premier Fiedel Castro has said that the U.S. must lift its 13-year economic embargo against Cuba before discussions on improving U.S.-Cuban relations can begin.

MONDAY OCTOBER 7: The Prime Minister declared open the Jaffna Campus of the University of Ceylon at Tinnevely yesterday; the Prime Minister addressing a mammoth public meeting in Jaffna yesterday said that the choice before the people of Jaffna and the Tamil community of this country was whether they are to enter into the mainstream of national life and the arena of national politics or to conduct their policies in the present backward manner: warning against the canker of communalism, negative thinking and unrealism, Mrs. Bandaranaike said that she thought much more could be achieved by the Tamil community supporting the major established political parties in this country, and not parties which had been established on narrow communal considerations, but on national platforms: the Premier yesterday drove into the Nallur agricultural areas where she praised the Jaffna farmer for his magnificent efforts to make the self-sufficient in food: Mrs. Bandaranaike was given a cordial reception by the farmers: the Premier gave an assurance that Kankasanturai by-election will be held soon. Sixty seven suspects who are facing charges in connection with the April 1971 insurrection will be produced before the Criminal Justice Commission today. According to the *Daily Mirror*, Mr. D. W. Bradley, Secretary General of the Institute of Book-Keepers and Related Data Processing Ltd., London will arrive in the island on October 8 and will be here till the 16th. In keeping with firm Government policies India will not play South Africa in the Davies Cup Lawn Tennis tournament and will concede the title. World financial leaders after a week of talks have failed to resolve basic differences on how to keep with the global economic crisis triggered by the four-fold increase in oil prices: Finance Ministers from leading oil-producing nations came away from the joint annual meeting of the International Monetary Fund and World Bank in Washington without even reaching agreement on the dimensions of the oil problem. President Ford will demand sacrifices from the American people in the fight against inflation, unemployment and the economic situation, the White House said. Labour Prime Minister Harold Wilson and Opposition Conservative Party Chief Edward Heath cast politeness aside to launch bitter attacks on each other's campaign for Thursday's by-election. India firmly rejected Chinese charges in the United Nations General Assembly that it has annexed Sikkim and made it clear that India's relation with Sikkim are not a matter for discussion at the United Nations.

TUESDAY OCTOBER 8: According to the *Daily News* Sri Lanka will have 223 megawatts of excess power in 1980 with the completion of the Kotmale, Samanalewewa and Canyon (Maskeliya) hydro projects: the estimated maximum utilisation of power in that year is 413 MWs and the estimated output will be 636 MWs. in accordance with an agreement reached with the Indian Government, Sri Lanka will supply South India with electricity from the Kotmale Oya Project. According to the *Daily Mirror*, the authorities in Sri Lanka have been informed through Interpol that recently attempts had been made in the United Kingdom to destroy certain vital documents relating to a foreign exchange fraud now under investigation: following this information the Criminal Investigation Department has commenced inquiries: the CID is also expected to arrest several persons for questioning. According

to a news item in the "Colombo Plan News Letter" world population will be nearly 4,000 billion in 1975 and over half of this number will be Asians. The Prime Minister returned from Jaffna last morning and according to the *Daily Mirror*, it was a "triumphant visit". According to the *Daily News*, there has been a marked increase in the incidence of Malaria: over two lakhs of people have been affected by the disease during the first nine months of this year: according to the Health Ministry there will be an increase of 40 per cent during the next three months. The Investigating Branch of the Inland Revenue Department collected Rs. 750,000 in a weekend raid on a business establishment outstation. According to the *Daily News*, attempts to smuggle gold from Sri Lanka to India have increased after the Indian Government introduced strong measures to combat smuggling: customs headquarters in Colombo has alerted all ports of exit to be on the lookout for gold smugglers. A fertiliser store containing forty seven tons of coconut fertiliser has been sealed off by the Colombo Frauds Bureau pending further investigations into what the Bureau believes could be massive misappropriation of these stocks carried out over a long period. The Director General of the United Nations Food and Agriculture Organisation (FAO) warned that food shortages were threatening a large scale human disaster in some developing countries including India. America cancelled a 500 million dollar worth grains deal to Russia to keep the local prices down.

WEDNESDAY OCTOBER 9: According to the *Daily News*, the majority of senior administrative officers due to sit for the Diploma in Public Management examination which began yesterday kept away: the Joint Front of the Association of the Administrative Service said yesterday that about two-thirds of the Class II officers who should have sat the examination did not do so: the Joint Front is seeking a meeting with the Prime Minister and the Minister of Public Administration to raise certain issues including the salary payable to Class II officers of the C.A.S. According to the *Daily Mirror*, many gem traders in Hong Kong including Ceylonese are returning to Colombo following a slump in the gem trade there and also to take advantage of the incentives given by the Government to the local gem trade. A press release from the Society for International Development and the Asia Society in New York, Dr. N. M. Perera, Minister of Finance, received a standing ovation after addressing a joint meeting of the two societies: in his speech the Minister called for a new concept of economic justice in which the poorest nations of the world would not suffer from the problems of the past or the recent dislocation in the global economic order. According to the *Daily Mirror*, the Overseas Telecommunication Service (OTS) which is under the Ministry of Posts and Telecommunications will shortly call for bids for the setting up of an international Telephone Switching Centre: the International Telephone Switching Centre is expected to provide the final link between the OTS Satellite Earth Station and the National Telephone Network. According to the *Daily News*, over half a million citizens of Sri Lanka have emigrated during the past: the migration rate has increased from 0.8 per thousand population in 1970 to 3.8 per thousand in 1973. The Land Reforms Commission has settled 15,000 youths on new co-operative settlements on 35,000 acres of land taken

over in Colombo, Kurunegala and Puttalam districts: the Commission announced yesterday that it plans to establish 250 settlements for 25,000 youths on 50,000 acres. Mr. S. M. Rasamanickam, former MP for Paddiruppu and one time President of the Federal Party died on Monday. Prime Minister Harold Wilson fiercely attacked proposals for a coalition Government put forward by the Conservative leader Edward Heath in his campaign for the British elections tomorrow.

THURSDAY OCTOBER 10: According to the *Daily News*, the Government and the commercial banks will help estates that need financial assistance to pay Indian labour now being repatriated under the Sirima-Shastri Pact: the objective of the scheme is to ensure that the rate of repatriation will not slow down because some estates are unable to pay the returning workers their gratuities. According to the *Daily Mirror*, funds from the decentralised Budget for 1975, provided under the Ministry of Planning and Economic Affairs will be allocated to districts only on the basis of priorities determined by the Prime Minister: this is stated in a circular addressed to all Government Agents by the Director of National Planning: the circular states that a plan for investment for each district should be formulated by November 5, and that it should contain proposals that reflect "the needs at the grass root levels." According to the *Daily Mirror*, nearly 1000 cases of foreign whisky have been seized by the Customs from freighters berthed in the Colombo Harbour during the past few days: the latest seizure was that of 750 cases from a Panamanian vessel. According to the *Daily News*, the National Union of Workers has sought an interview with the Lands Minister, Mr. Hector Kobbekaduwa, to discuss what it described as the withdrawal of trade union rights in certain estates vested in the Land Reform Commission. Two major conference lines, the Ceylon-UK-Eire Conference Line, and the Ceylon-Continental-Conference Line, have accepted a principle that the Currency Adjustment Factor (CAF) in the computation of freight rates (introduced in September 1971) should be subject to monthly review: the Ceylon-UK-Eire Conference Line has also decided to reduce the CAF from 16.66 to 9.81 per cent a reduction of 6.85 per cent. Conservative leader Edward Heath yesterday pledged that if he won Britain's election today he would invite the other main parties next weekend to discuss co-operation: Mr. Wilson, Labour leader has told his supporters, though the opinion polls have indicated a 14.5 per cent lead for his party, yet "the election is not in their pockets." President Ford of America has asked Congress to approve a five per cent surtax for one year on corporations and on Americans earning medium and upper-level incomes as part of his fight against inflation.

FRIDAY OCTOBER 11: According to the *Daily News*, there will be no more imports of textiles of any category: instead, the Ministry of Industries has planned to push local production to its maximum capacity which will exceed local requirements by 35 million yards of cloth. Sri Lanka's UN Ambassador, Mr. Shirley Amerasinghe, told the General Assembly that the critics of the Organisation of Petroleum Exporting Countries (OPEC) and its price policies had "short memories": Mr. Amerasinghe stated that the critics of the OPEC were employing elastic economic theories doctored to suit their particular predicament and to absolve

themselves. According to the *Daily Mirror*, admissions to the University of Ceylon have increased by 2000 per cent during the 32 years of the University's existence: this is revealed in a survey conducted by the Ministry of Education. The United National Party in a statement yesterday told that its Parliamentary group, Municipal Council group and the Working Committee had decided to hold meetings throughout Colombo protesting against the action of the Mayor of Colombo in seeking to give allowance to certain municipal councillors. According to the *Daily News*, the main emphasis will again be on Agriculture for the Decentralised Budget for 1975: funds for the decentralised budget will be allocated to the districts on the basis of priorities determined by the Prime Minister and Minister of Planning and Economic Affairs. According to the *Daily News*, a proposal to set up Central Pricing Authorities to check the prices of all essential commodities produced by the private and public sectors has been accepted by youth organisations of the three constituent parties of United Front Government: representatives of these organisations met at the SLFP headquarters to discuss proposals to be submitted to the Government urging it not to burden people of low income bracket in the Budget to be presented on November 6. They had also discussed ways and means of checking the spiralling cost of living. Indian Prime Minister, Mrs. Indira Gandhi, yesterday announced a major reshuffle of her Cabinet, switching Foreign Minister Swaran Singh to Defence: Mr. C. Subramaniam has been appointed as Minister of Finance. The ruling Labour Party had a massive lead in opinion polls published yesterday as Britain's election campaign drew to a close and the public prepared to vote for the second time this year.

SATURDAY OCTOBER 12: According to the *Daily News*, the nation's housing program will be doubled next year: the allocation for housing is expected to be more than a 100 million rupees, twice the amount available this year. Dr. N. M. Perera, Minister of Finance who returned to the island yesterday told the press that he successfully negotiated with the Mauritius Government for the purchase of 10,000 tons of sugar for Sri Lanka and this consignment could be expected in January: on his return after attending the Commonwealth Finance Minister's Conference in Ottawa World Bank and the IMF conferences in Washington, Dr. Perera paid a tribute to the Prime Minister of Mauritius for coming to the assistance of Sri Lanka. According to the *Daily Mirror*, Iraq has decided to purchase 65 million pounds of Ceylon tea this year—21 m lb. more than purchases in 1973. Nominations for the Kalawewa seat in the National State Assembly will be accepted on October 31, according to the *Daily News*, the Nomination Board of the United National Party meets next week to select a candidate for the Kalawewa seat. According to the *Daily News*, posters are appearing in the city and main provincial town announcing the publication of a new Sinhala weekly named *Adha*, means "Today" in English. Prime Minister, Harold Wilson won the Britain General Election but with only a slender margin of power to tackle the nation's deepening economic hardship: the Prime Minister in an announcement said that Britain can ride crisis, but after "hell of a fight": the Labour Party had won 319 seats and according to political commentators

on the B.B.C. there would be very little difference with six more results to be declared: the overall majority of the Labour Party was then only nine--the other party positions being: Conservatives 275, Liberals 11, and others 24. An Israeli made machinegun accidentally went off near US Secretary of State, Henry Kissinger, in the rear cabin of his Boeing 707 as it was about to leave Cairo to Damascus yesterday: the gun, inside an attache case, fell off a rack and went off, wounding a secret service agent, as Dr. Kissinger chatted with reporters. Director Genreal of the UN Food and Agriculture Organisation told in Rome yesterday that the world was facing a grave and deterioration food supply situation and special financial help will be needed to avoid disaster in some developing nations.

SUNDAY OCTOBER 13: According to the *Sunday Times*, the recently created multi-million dollar Iraqi Fund for Foreign Development has offered to help Sri Lanka: Mr. A. F. Abdul-Kadir, Charge d' Affairs of the Iraqi Embassy in Sri Lanka has briefed Foreign Office of the facilities that are available from the Fund for investment and development in Sri Lanka. According to the *Sunday Observer*, the Minister of Education has appointed a committee to select a suitable place to site the proposed university campus in the south: several educationists of the south has told the Ministry that Uda Walawe will be the ideal site for the campus: the Minister has told the *Observer* that the immediate environment of the Jaffna Peninsular—its towns, villages and people, will largely influence the new courses of study to be introduced at the Jaffna campus: these courses will be closely geared to the current technosocio-economic changes in the Northern province. The M.P. for Katana, Mr. K. C. de Silva, died yesterday: Mr. Silva was 61 years of age and was elected to the then House of Representatives on the Sri Lanka Freedom Party ticket with a majority of over 10,000 votes. Minister of Health, Mr. W. P. G. Ariyadasa, declared open an Ayurvedic hospital and College in Jaffna yesterday and addressing the gathering the Minister said that top health facilities would be provided to the farmers of this country who help to feed the nation. "Operation Missing Children" was launched yesterday jointly by the Armed Services, the Police, the Probation and Child Care Service authorities and the Social Service Department: it is reported that over 4000 children are missing since last year and only 40 have been traced. According to the *Observer*, Air Ceylon's rupee tickets to Bangkok have not sold as briskly as the national carrier expected: sales had been extremely slow and only seven tickets had been sold on this facility since the system was introduced last month. Defeated British Opposition leader, Edward Heath told that he was immensely disappointed at the result of the election: he called on Labour to abandon the Labour Party's decisive policies and to recognise that 60 per cent of the voters had rejected their socialist policies: meanwhile Prime Minister Harold Wilson who returned to power in the general election with only a knife-edge majority faces the absence task of steering the country through its economic crisis.

MONDAY OCTOBER 14: According to the *Daily News*, the exodus of doctors from Sri Lanka continues unabated: they have been leaving this country at the rate of almost three per week: nearly 94 have resigned

during the first five months of this year in favour of jobs abroad and 186 have left the Department of Health Services last year. Commenting on the British General Elections, Dr. N. M. Perera, Ministry of Finance, said that Sri Lanka should welcome the return to power of the Labour Government. The Ministry of Education has stated that next year's school holidays in the out-stations will be adjusted to fit in with the main cultivation seasons: the Ministry has now authorised adjustments which will enable farmers children to help in the fields. According to the *Daily Mirror*, the Government is now actively considering the question of reducing at least by a few rupees the price of Lakspray—the full cream milk powder distributed by the Milk Board: it is also considering the possibility of reducing the price of condensed milk. According to the *Daily Mirror*, big-time industrialists and business tycoons who have made a fortune under Convertible Rupee Account funds will have to show their level of profits to the Department of Inland Revenue: already the Department has initiated action to find out the extent to which industrialists and businessmen have made profits under the C.R.A. scheme. According to the *Daily News*, students co-operative societies will be opened in a number of schools to distribute school text books next year: next year's textbooks will amount to around 500,000 new books and reprints. The total quantity of tea offered at this week's auction was 5.9 million pounds. Chinese Prime Minister, Chou En-Lai, back in hospital with a heart ailment, has been told by doctors not to receive any visitors: this has been told by the visiting Australian Deputy Prime Minister Jim Cairns to *Reuter*. Prime Minister Harold Wilson is confident that he will solve the economic crisis facing Britain. Soviet newspaper readers are being told that America's Watergate scandal was a conspiracy by influential monopoly capitalists against President Nixon. The Soviet Union is bringing in what will probably be the second largest grain crop in its history this year: the crops was largely unaffected by droughts and frost of the kind that hit the United States.

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"Old Soldiers Never Die...."

by R. C. Thavarajah

No—He did not strut about with a cavalier, swashbuckling gait, sport an Errol Flynn or 'Ronald Colman' moustache or even attempt the chipped and polished accent to flaunt an officer training in any prestigious Military Academy. He was a meek, law-abiding civilian, very much the epitome of Tennyson's gentle and perfect knight. He fought his many battles single-handed with unrivalled courage and fortitude and was, in the eyes of all those who knew him, a warrior 'par excellence'.

NANAYAKKARAWASAM PALLIGE ALFRED DE SILVA was laid to rest on the 12th of October, 1974 in the Gampaha burial grounds. There was no gun carriage, no martial band to play the funeral march, no volley fired over the grave or the plaintively poignant and soul stirring strains of the Bugler's Last Post. His relatives, friends and above all, the humble common folk of Asgiriya, were there in numbers to pay their last respects and observe all the traditional and religious obsequies to their dear departed friend. With tear-dimmed eyes they saluted the man "who talked with crowds and kept his virtue and walked with kings but did not lose the common touch."

Having had his entire education at Richmond College, Galle, where he excelled in cricket having contributed his share to the many victories of his 'Alma Mater' with his regular performances of accurate spin bowling, he took a slow boat in search of new horizons. A *challenging spirit of adventure, boundless energy and self-assurance found him in the city of Rangoon where he was posted to a trusted position in the Port Headquarters. He later wooed and won the heart of LOUISA, one of the pretty and petit daughters of bright and sunny Burma.*

CAME WORLD WAR II and in its wake the inevitable senseless devastation of the city by enemy bombers which rained their high explosives taking a heavy toll of human lives. This was Alfred's "finest hour". Equalling the resourcefulness of a seasoned campaigner under difficult and adverse combat conditions, he displayed a lion-hearted courage and steel nerve to secure the safety of his family. A lesser man might have panicked and disaster would have ensued with tragic results.

That was not to be the end. The astute Japanese Army Intelligence Units sought him out, subjected him to a severe interrogation and forced him to draw a map of Sri Lanka with the places of strategic importance and security value marked on it. Under threat, he was asked to be in readiness to accompany the advance commando units by submarine and, on reaching the shores of Sri Lanka, his task was to lead the way to Colombo through Hambantota and Galle. Their formidable Naval fleet was poised for attack on our Island. It is said that "In the clear mind of virtue, TREASON can find no hiding place."

To betray his dear Motherland even under duress was furthest from the mind of this brave patriot. It was Plato who said "There can be no affinity nearer than our Country". In the teeth of the most rigid security and surveillance, Alfred risked his life to effect a successful escape only to suffer the most gruelling ordeal of concealment in the jungles of Burma infested with unfriendly animals and deadly reptiles.

Salvation, like the welcome sunshine after the dismal rains, came after many days when the Allied Forces recaptured Burma. In recognition of the bravery and loyalty he was appointed Chief Quarter Master General in charge of all the food supplies for the entire City. Not all the luxury, the "Dolce Vita", and the surfeit of idle comfort could keep Alfred away from his native Sri Lanka.

He was exhorted by Sir Walter Scott's immortal lines:—

*"Breathes there a man with soul
so dead*

*Who never to himself hath said
'This is my own, my native land,
Whose heart had ne'er within
him burned*

*When home his foot steps he had
turned*

*From wandering in a foreign
strand."*

Seizing the first opportunity, he brought his family and settled down within view of the Royal Botanic Gardens, Gampaha.

It was here that I had the singular privilege of making his acquaintance.

If Thoughtfulness for others, generosity, modesty and self respect are the qualities which make a real GENTLEMAN, no one can deny that Alfred De Silva had these and more. He did not wait for extra-ordinary circumstances to do good actions. He used ordinary situations and, in his own way, put to shame the degraded parsimony of opulent misers. He abided by the profound religious precept which enunciates "He only does not live in vain who employs his wealth, his thought, his speech to advance the good of others".

During his tenure of office as Chief Inspector in the Automobile Association of Ceylon for fifteen years, he instilled into his proteges the real spirit of service and efficiency. By his own example, he taught them that the greatest happiness of life was not only in the regular discharge of one's duty but also in the simple delight of 'living in a house by the side of the road and being a friend to Man.'

In the later years, in the "changing scenes of life", it was with the most commendable Spartan stoicism that he faced the vicissitudes of life, and in spite of everything, maintained his equanimity and 'sang froid' to continue to be the perfect husband, the ideal father and the most loyal friend.

At 72 Alfred has closed his faultless innings. Those of us who knew him intimately know how well he played the game—sometimes despite "a bumping pitch and a blinding light". We have not lost him because he will always live in our hearts and minds to teach us how to take the rough with the smooth and fight the strange and sometimes bitter skirmishes of life.

I was not too depressed that evening—in the silent, unspeakable moment of the last parting. I was consoled by the comforting truth of that Time-honoured Tribute to great heroes—

**"OLD SOLDIERS NEVER DIE,
THEY ONLY FADE AWAY."**

IN SRI LANKA

Is There a Place For a Third Force?

BY SPARTACUS

Mr. Prins Gunasekera, MP for Habaraduwa, has taken the initiative in forming yet another political party in Sri Lanka. Named the Sri Lanka Vimukthi Balavegaya or the Sri Lanka Liberation Force, he has told the *Daily News* that it will function as a 'third force' in local politics between the UNP on the one side and the United Front on the other. Major-General Richard Udugama who resigned from the SLFP sometime ago and O.L. de Kretser, a retired Supreme Court Judge, are reported to be associated with Mr. Gunasekera in founding the new party.

The question arises whether there is a place for a so-called 'third force' in local politics. A cursory glance backwards at recent history would tend to suggest a negative answer.

WITH THE BIRTH of party politics at the time of the inauguration of the Soulbury constitution, there were quite a few political parties here—the Ceylon National Congress, the Sinhala Maha Sabha, The Ceylon Muslim League, the Ceylon Labour Party, the Lanka Sama Samaja Party, and the Ceylon Communist Party being some of them. D. S. Senanayake who had no party of his own at that time, having left the National Congress in 1944 when that organisation opened its doors to the Communists, knew that a proper parliamentary system as that envisaged by the Soulbury constitution could not be operated with such a multiplicity of parties. He took the initiative in welding the various Right of Centre parties like the National Congress, the Sinhala Maha Sabha and the Muslim League into what was called the United National Party in preparation for the elections to be held for the first Parliament of Ceylon under the new constitution in 1947.

The main force opposed to the UNP in the 1947 elections were the left parties—there were three at that time—the LSSP, the CP and the Bolshevik Leninist Party led by Dr. Colvin R. de Silva. There was also the All-Ceylon Tamil Congress (which soon joined the UNP-led Government) and the Ceylon Indian Congress (later renamed the Ceylon Democratic Congress which split into the Ceylon Worker's Congress and the Democratic Workers' Congress). But the main antagonists in the political field was the UNP (uniting the forces of the Right) on the one side and the disunited Left parties on the other. Because of the Left

disunity, the UNP was able to romp home in the 1947 elections.

When Mr. Bandaranaike left the UNP and formed the SLFP in 1951, it was openly declared that he would function as a third force between the Rightist UNP and the various Left parties. It was on this cry as his main election issue that he contested the 1952 general election. He did not succeed. He polled a mere 361,000 votes compared with over 1 million polled by the UNP and won only 9 seats. The LSSP by itself was able to win this same number of seats (9) and itself poll over 300,000 while the total poll of the entire Left exceeded 430,000.

Mr. Bandaranaike, shrewd politician that he was, was quick to draw the necessary inference from the 1952 result. He fought the next election not as a 'third force' but as the leading force of an anti-UNP alliance into which he had succeeded in getting all three Left parties—the LSSP, VLSSP, and CP.

IN OTHER WORDS, the strategy of Mr. Bandaranaike was not to appear as some third force between the Left and Right, but to identify the Right as the main enemy of the people, to enter into an alliance with all forces opposed to this common enemy, and himself emerge as the leader of this alliance.

With the break-up of the MEP coalition which he had forged for the 1956 election and his own assassination, a confused situation arose prior to the March 1960 elections. Mrs. Bandaranaike on whose shoulders had fallen the mantle of her late husband as leader of the SLFP was faced with a situa-

tion similar to that faced by Mr. Bandaranaike in 1952—a host of political parties fighting each other. Again, the UNP romped home to form a short lived minority government.

Like her husband before her, Mrs. Bandaranaike too was quick to learn from her own experience. She faced the July 1960 elections just like her husband did in 1956—as the leader of an anti-UNP front into which she had drawn the LSSP and the CP. She emerged the winner.

Under Mrs. Bandaranaike the SLFP-Left alliance entered into a new stage. From a limited no-contest pact, it matured into a political alliance that resulted in the formation of the SLFP-LSSP Coalition Government in 1964. By that time or soon afterwards those elements in the SLFP that did not like this look of things and wanted to maintain what they called the "pure Bandaranaike policies" which they wrongly identified as that of a 'third force'—Dahanayake, C.P. de Silva and others—found themselves, ironically enough allied with the UNP.

IN FACT, their re-entry into the UNP was itself a negation of the 'third force' doctrine in whose name they had quit the SLFP when it allied itself with the Left parties. By 1965, the polarisation of political parties round the UNP on the one hand and round the SLFP on the other had gone so far that Prof. Calvin A. Woodward reported in his book *The Growth of a Party System in Ceylon*:

"Contrary to their multiparty appearance, elections in Ceylon are pre-eminently two-way contests. This has been true ever since 1947, and, except for March 1960, when the number of candidates competing in the election rose sharply, the biparty nature of political contests in Ceylon has become ever more firmly stabilised. In spite of the fact that a large number of candidates compete in Ceylon's elections, the electorate has divided its votes, for the most part, between only two candidates. Recent elections have only confirmed this voting pattern at the constituency level and further stabilised the biparty

character of electoral contests. In 1965 every province except the Northern and Eastern gave over 90 per cent of its vote to the first two candidates in each constituency."

Prof. Woodward's conclusion was more than confirmed in the 1970 elections too.

It must also be remembered that while the polarisation of political forces was going on in Sri Lanka, there have also been various minor parties shouting 'a plague on both your houses' and trying to emerge as an alternative to both. But they have achieved very little success. On the contrary, they have even lost whatever little influence they had before.

Thus, the LSSP (R) which broke away from the main LSSP when the latter teamed up with the SLFP to form the Coalition Government in 1964, lost both seats it had in the former Parliament during the 1965 elections. The Peking-wing Communists did no better, forfeiting their deposits in all four seats they contested. The 1970 elections further underlined their complete isolation from the mainstream of politics in the country.

This being the case, only the most optimistic would dare predict a future for the new party formed by Messrs. Richard Udugama and Prins Gunasekera. They might gatecrash into the headlines of newspapers for a short time. But as to their political future, they can be few doubts.

At his first press conference, Mr. Gunasekera had threatened to "definitely contest" the forthcoming by election at Kalawewa, even saying that they had found a young candidate for the contest. The fact that nomination day has come and gone without the new party fielding a candidate even for this by-election is an indication of the difficulties that 'third force' parties face in a country largely polarised between two big political coalitions.

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IN SRI LANKA

Problem Of Unemployment -youth must take initiative-

by Jepharis

THE PROBLEM OF UNEMPLOYMENT in Sri Lanka could be directly traced to the fact that the island has one of the highest birth-rates in the world, together with a correspondingly low death-rate, which has been held in check by new scientific discoveries in global fields of medicine reaching these shores, together with improved medical facilities and local health services, such as the anti-malarial campaign (which has almost completely wiped out all traces of this once deadly scourge from the island), the TB and Cancer units.

These and other factors, when coupled with the fact that the poor, the lower middle-class, rather than the rich, are still in the habit of (very unwisely) breeding large families when they can hardly afford to do so, has resulted in a "population explosion" which is always one jump ahead of all attempts made by the State, particularly by the Department of Planning, through its Employment Exchange Bureau, for instance, in finding jobs for the masses. The problem of unemployment and under-employment, like the problems, of food, housing, pollution, transport, medical and sanitary services, is becoming more and more acute throughout the world as 'frightened minds produce more frightened minds' in an ever increasing arithmetical, or even geometrical ratio.

Not least is this problem found in Sri Lanka, where the local population, reared on a long tradition of feudalism, geared to an agrarian economy, now suddenly finds that new political, social and economic trends, such as the fragmentation of estates, the nationalisation of foreign interests, the birth of new State Corporations and the growth of young industries, have only touched the fringe of the problem, and not wholly succeeded in creating new employment opportunities to keep pace with population growth.

NEW DRY ZONE AGRO-IRRIGATIONAL PROJECTS, such as the River Valleys Development Board (Galoya Scheme), the Walawe Project, the Mahaweli Diversion Scheme, the Lower Uva Complex, and the Development of the Wannai have not only promoted the agricultural development of the country particularly encouraging the production of paddy, from which comes the staple diet of the Ceylonese peoples, which like the Indians is rice—with an aim to ultimate self-sufficiency in this food crop by 1975-80; but has also succeeded in absorbing vast hordes of their unemployed youth.

But the new United Front Government, as soon as it came into power in May 1970, took a silly step backwards by disbanding the 'Land Army' merely because it carried the stigma of having been founded by its predecessor, the United National Party; and overlooking the important work it had been doing towards the agricultural development of the country: thereby not only causing a set-back towards much-needed food-production, but also much unemployment and frustration amongst the retrenched youths, who were forced by circumstances to join the Jathika Vimukthi Peramuna, movement which staged an unsuccessful insurgent coup against the Administration, particularly the Police Force and the Armed Services, the following April.

It could be seen therefore, that the disbanding of the Land Army, and the unemployment and frustration that it generated, was one of the chief factors behind, and a direct contributory cause which led to, the abortive insurgent coup of 1971; which fortunately for the sake of the "peace" of the island, and the maintenance of its traditional age-old capitalist social structures(?) was not a success. In fact it was ruthlessly defeated, and the cases of the insurgents are even now, at the time of writing (1974) being heard at the Criminal Justice Commission enquiries still in progress. Like in the case of student unrest, which is an universal symptom of the general turmoil of our times, the frustrated youth, when they found themselves in a situation to which they could neither see nor find any practicable solution, could think of nothing better or more

worthwhile to do than to take a stand against constituted authority by staging an uprising against the powers-that-be. They mistakenly thought that they could give the country a new, reformed administration; and that such a regime could be brought into being by violent means.

What is needed is MORE and not LESS Land Armies, MORE and not LESS Community Development Projects and Shramadana (Self-help, or more literally voluntary donation of labour) Services, which would collectively harness the energies of the unemployed youth, find an outlet for their frustration and provide a means of gainful occupation for them. The development of the fisheries, just as it has touched the fringe of the island geographically, has also just touched the fringe of the problem. Nevertheless, Fisheries Development, and the development of new harbours which has grown hand-in-glove with it, has absorbed a certain percentage of the unemployed sector.

Being members of an island race, the coastal-people, the fisherfolk, instead of seeking forlornly for comfortable, fashionable 'white-collar' jobs in the Public or Mercantile sectors, are learning to fall back more and more on the traditional livelihoods of their forefathers, handed down from generation to generation, by taking to the sea in their catamarans (now reinforced by motor-boats), with their fishing nets and/or rods, and thus utilising the vast natural resources of the tropical waters of the Arabian and Bengallian projections of the Indian Ocean; without however infringing the territorial rights of the nation, which extend just 12 miles out to sea.

However, the shallow waters of the island's "continental shelf" being both safe for fishing and plentiful of fish, the fisherman are satisfied to keep within their rights. Fishing is an important source of food as well.

Besides the premier ports of Colombo, Galle and Trincomalee;

CONCLUDING PART ON LEMURIA, BUILDING A VILLAGE HOUSE—9 AND SHAMBA ARTICLE WILL APPEAR NEXT WEEK.

lesser-harbours and roadsteads anti-clockwise from Colombo, which include Dehiwala-Galkissa, Moratuwa, Panadura, Kalutara, Beruwala, Balapitiya, Ambalangoda, Hikkaduwa, Weligama - Mirisse, Matara, Tnagalle, Hambantota, Kirinda, Arugam Bay, Batticaloa, Mullativu, Point Pedro, Kankesanurairai, Jaffna, Mannar, Puttalam, Chilaw and Negombo, have all grown into important fishing towns and villages which serve the whole island with sea-foods. With their expensive beaches, they are also all centres of the expanding tourist trade, which too is making some slight impression on the problem by providing employment in the several new hotels and inns that are springing up all over the island. Maybe the present Govt. and its predecessor the UNP have been somewhat unwise in rushing into tourism on such a large scale, because how can they be sure of the tourists coming? Many of these hotels are empty shells, and their staff redundant.

CONTEMPLATED DEVELOPMENT projects of the future in the Wet Zone include, the controlled, systematic assault on the virginity of the Sinharaja forest in order to feed the proposed Kosgama plywood complex, the reclamation of the Muthurajawela swamp—once a choice granary in the days of the ancient Sinhala Kings, the restoration of our ancient tanks and not-so-ancient canals (built in colonial times) for irrigation and transport, the inter-planting of coconut estate with subsidiary cash crops, and the exploitation of new land for cultivation. All these would tend to make some slight impression on the growing unemployment problem, without getting down to its grass-roots.

The Public, Private and Banking Sectors are hardly likely to come up with the solution, for most if not all Government and Mercantile Firms, as well as Banks and Insurance Companies, are finding it hard to maintain their status quo in the context of the present backward economical situation prevailing in the country, and have been forced to retrench many of their employees, let alone absorb new ones. By their policy of retrenchment, forced by circumstances, and in some cases even generating strikes and work-stoppages; they

will contribute more and more to the problem, rather than its solution, as time goes by.

The Youth should try to use their own initiative and intelligence in falling back on their own resources, and be their own master in making use of their God-given talents, whether in art, craftsmanship, mechanics, business, industry or anything else; rather than seek enslavement under an alien master, for unless their luck is in, they will never get it.

They ought to be encouraged to help themselves to be useful citizens of Sri Lanka.

IN THE USSR

GROUND WATER transforms arid regions

by IGOR IVANOV

M. Sc. (Geology and Mineralogy)

IF MEN could release heat, thereby cooling the central part of the Earth by one degree Centigrade, the quantity of thermal power would be sufficient to actuate all the electric power stations in the world for 40 million years.

Water can best transmit this energy to the surface of the Earth.

The geothermal survey of the territory of the Soviet Union has enabled hydrogeologists to determine the main laws governing the formation of thermal water and discover most promising reserves thereof.

Water is also a valuable mineral raw material. It is mineral because it is involved in various processes both on the surface and in the depth.

The reserves of fresh water in rivers, lakes and artificial reservoirs in the Soviet Union have long been calculated. Unfortunately, they are unevenly distributed throughout the country. Such major farming areas as the Volga Region, Kazakhstan and Central Asia have an acute shortage of fresh water.

Are there any additional sources of water in these areas?

Hydrogeologists, who made a thorough study of the discharge

of ground water on the territory of the Soviet Union, have developed a theory of the formation of the ground water discharge in various natural and geological conditions and established the routes of ground water migration and the mechanism of its accumulation.

THE RESEARCH made it possible to define the role of ground water in the water balance in the Moscow region, north Ukraine, Byelorussia, the Baltic area, Kazakhstan, Georgia and Azerbaijan. New deposits of fresh water have been discovered in the Urals and the Volga area; researchers have also defined the role of ground water in maintaining the level of Lakes Baikal and Balkash and other large fresh water reservoirs in the Soviet Union.

New methods of mapping and prospecting the reserves in arid areas have started hydrogeological forecasting and search for ground water in deserts and semi-deserts in the Soviet Union and developing countries in Asia and Africa. Thus, extensive research in the waterless areas of Kazakhstan has led to the discovery of seventy vast artesian water reservoirs estimated at 4,000,000,000 cubic metres. This made it possible to supply with water the population and industrial plants in 35 cities and 700 towns and irrigate 75 million hectares of desert.

Special hydrogeological maps have been developed to implement large-scale water conservancy plans aimed at using part of the discharge of Siberian and northern rivers to supply arid areas in the Soviet Union with water and control water discharge in the Aral, Caspian and Azov seas. The maps will provide a scientifically substantiated basis for various methods of transferring river discharge.

Scientists pay a great deal of attention to utilisation of ground water with higher temperature. Thanks to measurements carried out in the heat flow, they have found out the exact amount of ground heat lost through the surface of the Earth. It is estimated at some 272010 calories a year.

Preliminary estimates of the reserves of thermal water with temperature ranging from 40 to 200 degrees made it possible to

calculate their approximate aggregate discharge—more than 19 million cubic metres a day.

One well with a discharge of 1,500 cubic metres per day and temperature of 60 to 65 degrees can supply with hot water a residential area with a population of some 14,000. The rational utilisation of all reserves of hot water will make it possible in the near future to supply more than a hundred million people with cheap electricity, hot water and hothouses.

THE SEA

MAN'S FUTURE DESTINY —even Sri Lanka's—

By Nimal Sarathchandra

FORMER ENVIRONMENTAL MINISTER, Jack Davies, who led the Canadian delegation to the Law of the Sea Conference held in Caracas, Venezuela, has said that Canada was particularly aware that human destiny is inseparable from that of the ocean. He has further stated that with the longest coastline in the world, his country has a direct interest in the wise management of all the world's oceans.

Sri Lanka too is surrounded by the ocean and the continental shelf teeming with marine life is yet unexplored and under-utilized. In the near future, the sea surrounding her will no doubt have a decisive role to play in the destiny of its people.

The fishing industry in Sri Lanka is as old as its long and chequered history. It was the fisherman at Kirinde who saw Queen Kalyanie being drifted to the shores of Kirinde and it is the fisherman of chilaw that provided the massive honey-comb to appease Queen Vihara Maha Devi's longing. Fishing was, even during those times, the main occupation of the people along the sea-board. Men belonging to the Kshastriya clan, emigrated from India and settled along the sea-board at different times and took to fishing as their means of livelihood.

Though much stress is now placed on agriculture and every effort is made to reap rich harvests of the land, the vast and rich ocean is still unexplored. The little effort of those people along

the sea-board has not been able to produce sufficient quantities of fish to meet the demands of the people. We still import dried fish and maldive fish, costing the country millions of money in valuable foreign exchange.

FISHING which is against Buddhist principles, was despised by the people from early times. The fisherman along the sea-board are mainly Catholics. The fisherman who shed martyr's blood for the continuance of the faith; they who toiled and supported the church, were neglected even by the very church they supported and the state which was Buddhist in all its features.

The attention of the Church towards the upliftment of the fishermen who formed the majority of its followers, was focussed only two and a half decades back. What progress that has been achieved has yet to be reviewed.

With the increase in population, the impoverishment of the land, the cost of production and the changes in climatic conditions affecting agriculture, we have in the near future, turn towards the sea in desperation for our food. The sea needs no fertilisers, no pesticides, no demarcation of land or dependency on the climate. The sea is there ready to provide for those who are courageous, enterprising and who are capable of utilising intelligently the resources of the sea, which will consist of not only cheap but also a source of food of a high protein value.

The destiny of men, as Minister Jack Davies said, will be inseparable from the sea and so it will be in Sri Lanka, in the near future.

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IS IT TRUE?

Sherlock Holmes

UNP (JR) LOGIC

IS IT NOT TRUE that the hope, expressed in this column last week, that the failure of the SLFP to nominate Anura Bandaranaike for Kalawewa had saved the UNP from a major inner-party rumpus, has proved wrong? That this hope had been expressed in the belief that JR would let things alone once the crisis was over? That instead of letting sleeping dogs lie JR seems to have taken an aggressive position to bring "discipline" into the ranks of the UNP? That according to the (UNP) Journal, 8/11/74, JR had taken certain steps "with regard certain happenings during my absence from the island"? That he had written to UNP organisers that he had been informed that "during my absence from the island from Sunday, the 20th October, till Monday, the 28th October utterances were made both in public and in private; acts such as obtaining signatures to petitions occurred which were opposed to the Leader and the Party? That he went on to say that he was "investigating these happenings"? That he had sent a questionnaire to elicit information about these happenings? That *The Journal* published the President's (JR's) Letter which sets out the gist of the "conflict" which had arisen in the UNP? That "these incidents arose after an unofficial meeting of the UNP Parliamentary Group and Working Committee, on October 18, two days before I left for Australia? That at that meeting it was discussed whether we should nominate a candidate if Mr. Anura Bandaranaike was nominated by the SLFP?" That JR went to say that the UNP intended to contest the Kalawewa by-election to spotlight the increased cost of living and to campaign against the actions of the government which endangered the proper functioning of democratic institutions and the erosion of

democratic freedoms, chiefly the right of free and impartial elections, the right of free speech, meetings and publications? That as the UNP could not function as a democratic Opposition without these freedoms, it was necessary to consider all measures that could ensure such freedoms? That he (JR) had even thought of fighting for such freedoms through non-violent direct action such as satyagraha? That now he preferred to follow the path of "friendship and conciliation"? That JR felt that "if it is possible to convince the leading members of the government that Parliamentary democracy can have and be of service to the people only when democratic freedoms are preserved, then the nation can once again breathe freely and return to normalcy? That Government and the Opposition and those supporting these two groups can live in peace while disagreeing on economic and social issues? That they can then democratically and peacefully seek to persuade the people to choose one side or the other to govern the country at the next general elections?"

IS IT NOT TRUE THEN that the first part of the President's (JR's) Letter sets out that he has decided to give up "non-violent direct action such as satyagraha" to pressurise the government to follow policies JR believes are "democratic"? That JR has now proclaimed that he would follow "the path of friendship and conciliation"? That the first positive and concrete steps he has envisaged in regard to implementing this new strategy was to offer an olive branch of peace and friendship to Anura Bandaranaike? That he set out his reasons for this thus? That "Mr. Anura Bandaranaike has in his speeches assured the nation of his faith in Parliamentary democracy

and emphasised that this means "the right of the people to express their views privately or publicly, publish their views and ideas, and choose their representatives according to their conscience which necessarily meant that man must not be persecuted for his political beliefs?"

That according to JR "these are principles which are consistent with the original charter of our Party and also of the SLFP founded by the late Mr. S. W. R. D. Bandaranaike? That they need to be refurbished? That they must be made to live again in the contemporary political world of Sri Lanka?" That while the UNP extended the hand of friendship to all willing to strive for the restoration of such rights, the Party will oppose the policies of Government with which they disagreed and seek the co-operation of the people to ensure the return of the UNP at the next general elections? That JR then went on to state that at the meeting on October 18 different points of view were expressed and it was decided to summon a meeting of the Working Committee on October 30 to make a final decision? That "the Working Committee would have had to make a decision only if Mr. Anura Bandaranaike was nominated by the SLFP? That Mr. Anura Bandaranaike was not nominated by the SLFP and the question for decision by the Working Committee did not arise?"

That such was JR's thesis and story about the Kalawewa nomination? That he was obviously angry that during his absence he had been criticised? That he had therefore suspended three electoral organisers and also suspended the activities of all regional organisers in order to review the entire scheme of regional organisation? That JR concluded that he intended to lead the Party to victory at the next general election and the electoral organisers who would be our election candidates should help him to win the election and form a UNP government? That "their victory is my victory. That I am spending my time and energy to see that they become Members of Parliament? If some of them publicly criticise their Leader and the Party and reduce the good image of the Leader and the Party it destroys the achievement of this objective?" That it will be interesting to see what the immediate developments within the UNP will be?