



Owing to practical difficulties and the intervening holidays, there was no issue of *Tribune* on 22nd December. For the same reasons there will be no issue of *Tribune* on 5th January. The next issue will appear on 12th January. We wish our readers, subscribers and well-wishers

*A Happy
New Year*

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Apollo Eight A Mighty Trailblazer That Marks A Major Landmark In Human History

Much has written and much more will be written about the saga of three US astronauts who flew to the moon, looped round it ten times, and returned to earth safe and sound. The world has yet to know the vast amount of new knowledge about space and the moon these astronauts and their highly sophisticated craft have brought back. In the present context of cold war rivalries much of the new knowledge will probably be treated as "secret and confidential", but even without such information, the success scored by Apollo Eight is so outstandingly great that scientists, historians and writers will hail the feat for a long time to come. It is well to remember that the astronauts took several known and many unknown risks in venturing into space in a craft that will in the very near future be regarded as "frail" and "dangerous". How many are there today who would venture into uncharted seas in a "frail"

boat such as the one that Columbus had to cross the Atlantic. Though the Apollo 8 astronauts, unlike Columbus and his crew, had a great deal of information about the route they were taking, nevertheless the courage and daring of the three men who went round the moon has to be admired.

That Apollo 8 and its crew were able to do what they did is testimony to the technological and scientific advancement in the USA. In the reality of the continuing cold war between the two super-powers, the USA and the USSR, there will be a great deal said about the "supremacy" of the USA over the USSR, but though the USA has now undoubtedly stolen a march over the Soviet Union, which had pioneered in space rockets, scientists are agreed that the USSR cannot be very far behind the USA in the matter of reaching out to the moon. The complete success of the Apollo 8 mission, which Soviet scientists con-

sidered premature and risky, has no doubt brought manned landing on the moon much nearer than was thought possible a few months ago. Apollo 9 and 10, according to earlier schedules, were to be repetitions of the Apollo 7 flight, and Apollo 11 was to be the landing mission, which was supposed to come off by the end of 1969, but there are indications that the schedules may be hastened so that the American landing is effected in June or July next year. The Soviet Union does not publish in advance the details of its space programme, but there is no doubt that Russian preparations for moon landing are also far advanced. It is well to remember that whilst Apollo spacecraft are manually operated, Zond 5 and Zond 6 showed that Soviet spacecraft sent up to the moon, besides being manually operated by the crew, can also be operated by remote control from the earth.

Headlines Of The Week

FRIDAY, December 13 — Two hundred and sixty new manufacturing industries have been approved by the Ministry of Industries and Fisheries. Government's receipts from FEECs have dropped by Rs 58 million. Ceylon's imports exceeded exports by Rs 75.8 million between January and September, this year. South Vietnam troops were placed on alert yesterday fearing a major Viet Cong attack on the city. President Ayub Khan refuting charges that he was suppressing democracy in Pakistan charged that his adversaries were attempting to create chaos, confusion and bloodshed in the country.

SATURDAY, December 14 — The Government is considering a proposal to establish a Tourist Development Fund to assist small hotel projects situated mainly outside Colombo. The number of unemployed in Ceylon is estimated to be 480,000 according to recent estimates prepared by the Ministry of Planning and Economic Affairs. Malaria is spreading at an alarming rate in all the areas affected by the North-East monsoon. Commercial banks have been advised not to honour the signatures of the office bearers of thirteen trade unions in the Railway Department. The United States and South Vietnam have in a bid to break the prevailing deadlock at the Paris talks agreed to discuss new proposals with the Hanoi team dealing with the seating arrangements at the peace talks. The Prime Minister of Singapore said in New York that the outcome of the Vietnam war will decide the future development of Southwest Asia.

SUNDAY, December 15 — The election campaign at Welimada and Balapitiya wound up today. Ceylon's tea crop for this year is expected to be about five hundred million pounds — an excess of thirteen million pounds over 1967, according to current indications. The *Sun* reported that the response of public servants to the Salaries Commission was poor. Ten fibre stores belonging to Jafferjee Brothers at Grandpass were gutted by fire. The Minister of Scientific Research and Housing, Mr. M. D. H. Jayawardena, speaking at the 24th annual sessions of the Ceylon Advancement of Science said that Ceylon could no longer depend on imported technology and that it was necessary for scientific and technological research in a developing country like Ceylon. The Rhodesian Prime Minister in a nation wide broadcast said that Rhodesia was willing to settle its constitutional crisis with Britain but on Rhodesia's terms and that his government had a plan to reach a settlement with Britain. The Brazilian President recessed the Congress in an effort to overcome the revolutionary war and subversive activity in the country.

MONDAY, December 16 — In future, Ministerial permission will be necessary before plays are staged in school halls and Regional Directors have been empowered to decide on the suitability of plays to be

performed in school halls. The Coalition trade unions in a letter to the Prime Minister yesterday indicated their willingness to end the public service strike they began on November 28, if the Government gave them an assurance that strikers would not be victimised. The *Observer* reported that a new racket had been unearthed amongst certain industrialists who have set up projects with foreign capital participation. Strict press censorship was imposed in Brazil amidst rumours that country-wide arrests are being made by the Government to counter subversion in the country. Unconfirmed reports said that many prominent politicians had been taken into custody in a nation wide wave of arrests. Mexican troops armed with machine guns blocked off demonstrating students and warned that an immediate crack down on trouble makers would follow any further demonstration.

TUESDAY, December 17 — Balapitiya and Welimada went to the polls today. Standards have been prepared for forty industrial products by the Bureau of Ceylon Standards, but these are optional which need not be followed unless the Minister of Industries declared them compulsory. Professor K. de B. Codrington, the well-known British Archaeologist, arrived in Colombo to carry out excavations at Anuradhapura and to help guide archaeological research techniques and studies at Ceylon Universities. Mr. Bernard E. de Silva, Chairman of the Ceylon Tea Association, said at the Association's monthly meeting that no meaningful steps had still been taken to solve or stop falling prices of Ceylon tea. The Czechoslovakia Communist Party has revealed its economic plans for the future, but kept secret the men who would fill new government posts. The South Vietnam President said that his government would never accept any Communist organisation on its territory.

WEDNESDAY, December 18 — The United National Party candidate, Mr. Lakshman de Silva, won the Balapitiya seat by a majority of 1,530 votes and the Independent pro-Govt., candidate, Mr. Percy Samaraweera, won the Welimada seat by a majority of 2,952 votes. Mr. de Silva said that the UNP victory was a personal triumph for the Prime Minister and his efforts to make the country self-sufficient in its food. The UNP retained control of the Kurunegala Municipal Council winning seven out of the twelve wards. The Iranian Government is presently drafting a bill for the legalisation of limited poppy flower cultivation for medical use.

THURSDAY, December 19 — In deference to Buddhist objections the fifty-cent stamp bearing the impression of the footprint of the recumbent Buddha at Gal Vihare, Polonnaruwa, has been withdrawn. In a memorandum to the Minister of Trade and Commerce the Ceylon National Chamber of Shipping has recommended the setting up of a National Shipping Company with State participation. The *Sun* reported that the Government's price-control machinery had come to a halt, judging from the unprecedented spate of profiteering and black-marketeering witnessed in Colombo and the provinces, following the strike by workers in the CWE.

In Retrospect

★ Balapitiya & Welimada By-Elections

★ Strike

★ Times, Ceylon Medical Journal & Hope

THE SEVENTEENTH OF THIS MONTH was indeed a big day for the National Government and to the United National Party and Prime Minister Mr. Dudley Senanayake, in particular, when its candidates won the two parliamentary by-elections at Balapitiya and Welimada with impressive majorities. For the record, Mr. Lakshman de Silva won by a majority of 1,503 votes over his LSSP rival, Mr. P. D. W. de Silva in Balapitiya, while the Independent pro-Government candidate, Mr. Percy Samaraweera won over his two rivals Mr. R. M. Bandara (Independent) and Mr. P. B. Ratnayake of the SLFP by a majority of 2,952 votes in a triangular contest. Mr. Ratnayake came last.

Speaking after his victory Mr. Lakshman de Silva said that the victory was not his personally, but that of the Prime Minister and his effort to make this country self-sufficient in its food. There is indeed not the slightest doubt that the Prime Minister played a key role in the two by-elections.

What is particularly significant is that Mr. de Silva's victory at Balapitiya is that this seat had been held by an LSSP-er and that the electorate is largely non-agricultural. Another significant fact is that the two rival candidates are of the same caste, religion and are relatives.

All the pro-Government newspapers did not conceal their delight that the United National Party had recovered from the setbacks it had suffered in the previous parliamentary by-elections and that the Coalition had at last been humbled. This was evident from the manner in which

the newspapers played up the election victory. In its report the *Daily Mirror* quoted Ministerial sources as saying that the verdict given by the voters at Balapitiya clearly reflected a fundamental change that was now taking place in current politics, that they felt that this was a pointer to the fact that the people are fast beginning to appreciate the good work that was being done by the National Government to restore the country's economy.

The *Sun* said that the results were indicative of a major swing in the country towards the Government. It quoted unnamed political sources as saying that the verdict was an endorsement of Government's policy in handling the general strike formented by the LSSP-aligned trade unions as well as that of the food drive policy. These political sources were also quoted as saying that the verdict represented a defeat for the communal politics of the Coalition which had slated the UNP in both the electorates for its collaboration with the Federal Party and that it was significant that the voters of a sensitive Southern electorate and a vulnerable up-country plantation electorate had rejected communal politics.

POST MORTEMs are now taking place in Coalition circles to explain the defeat of its candidates. The *Times of Ceylon* said that the poor organisation of the LSSP election campaign at Balapitiya was one of the main reasons attributed to the defeat by the LSSP's coalition allies, the SLFP, and that the SLFP circles felt that among other factors which resulted in the LSSP's defeat was the poor choice of its candidate, that it was an SLFP seat which

should never have been conceded to the LSSP, that the LSSP had failed to muster the support of SLFP supporters and had discouraged them by not allowing the display of blue flags and banners, and that SLFP leaders who extended their support to the campaign were given only second place on most occasions.

In regard to Welimada, the paper said that the defeat did not worry the SLFP leadership very much, that they had concentrated their forces on winning the Balapitiya election and that they accepted the position that their MPs in the neighbouring areas had failed to pull their weight at Welimada. The paper also reported that the SLFP claimed that it had not lost a single by-election and that even in the elections to local bodies it had maintained its position.

At the time of writing of this column the Coalition weeklies published in English have not appeared. What they will have to say in respect of its defeat remains to be seen.

In an editorial the *Daily Mirror* after lambasting the Coalition warned the National Government that these hard fought victories should not delude it into any spurious complacency or false confidence that it now carried the country with it and that its crusade to achieve self-sufficiency and to free the nation of the crushing burden of stumping out stupendous subsidies year after miserable year must be kept up with unabatable dedication and undiminished drive if it is to turn the evil tide and net the national support the UNP needs to face the forthcoming polls.

THE STRIKE by public service trade unions, which has now been called off, was followed up by a short-lived strike in the CWE with ninety five percent of the workers out. When the Government declared the CWE an Essential Service the strike was called off. It had a bad effect on consumers in that trade crooks resorted to pro-

port liberalization or export promotion. It is also now freely admitted that import substitution, present and potential, has advanced far more than was earlier recognized.

FOR ALL these reasons it must have been clear to Mr. McNamara that the World Bank's role in India as the Western agency to provide and channelise aid is going to be more limited than in the past. Even in his first address as World Bank President, he declared that the Bank operations would have to shift their focus from India and Pakistan to Latin America and Africa, and in Asia to such countries as Indonesia. It is to be expected that his visit to India will confirm this position. It is understandable therefore that in his official level discussions there was less attention to the possible quantum of foreign aid by and through the World Bank. Discussions centered on the terms and pattern on which such aid will henceforth be worthwhile for India to accept. But this proved to be the weak spot for Mr. McNamara. He conceded the need for some modifications but those put forward have been marginal. He was not in a position to agree to any radical departures such as will also help India to enjoy fair terms of trade and promote its exports.

There is, however, one area where the World Bank can still hope to play a large and important role, and that is in the promotion of foreign private investments and also support for Indian private investment in selected and strategic fields. Mr. McNamara's discussions during his current visit were thus more important and probably franker and more intimate with the private big business than with the Planning Commission and other official agencies.

TO THE EXTENT there is reluctance arising from the Government leadership's liability to command resources in the economy, the public sector programmes must shrink and open a much larger field to private enterprise than was the

case in the first phase of our planned development. Mr. McNamara and the World Bank find their opportunity in this context. The same reluctance to raise resources as well as shrinking of official aid from the West is impelling the Government to lay greater emphasis not only on the activities of the local private sector but also of foreign private investments directly or in collaboration with Indian parties. The World Bank can obviously be the most powerful and effective agency to promote such development.

In Pakistan

Is Asghar Khan A Formidable Challenger To President Ayub Khan ?

by Ayub Syed

THE EMERGENCE of ex-Air Marshal Agha Asghar Khan as a formidable rival to President Ayub Khan has suddenly given a new twist to the tense political situation in Pakistan. It has had a sobering effect on the highest ruling circles. Neither the Chief Executive nor his vocal lieutenant, Mr. Mohammed Musa, who governs West Pakistan has reacted publicly to Mr. Asghar Khan's criticisms as they did when Mr. Zulfikar Ali Bhutto threw the gauntlet. Even the controlled information media have treated him and his views with a certain amount of respect. Editorials in the newspapers are invariably restrained. No newspaper, not even the official mouthpiece the '*Pakistan Times*', has called him as 'instigator' opposed to the integrity and existence of Pakistan', the swear-words used against all opponents of the regime. The '*Pakistan Times*' did publish a long, unsigned editorial article criticizing Mr. Asghar Khan but it refrained from maligning him. It avoided replying to his allegations against the regime and merely chided the former Air Chief for starting off on the wrong foot in his political career. If his sweeping attack on the regime had been

blackened out, it said, the reason was that "it had no meat. It was old hat."

It is not merely the powerful personality of the new aspirant to power which has brought about this restraint but the very idea of throwing mud at him appears risky. His image, unlike Mr. Bhutto's remains untarnished. He is known as a man of integrity. And he is believed to reflect the aspirations of a large number of men in the armed forces, especially the junior officers, es-officers, who desire change.

BY INVENTING the system of Basic Democracy, President Ayub brought into being a method by which the employment and exercise of power would remain confirmed to a few sections loyal to the regime. A grand alliance between the chosen army officers, the bureaucracy and the emergent bourgeoisie buttresses this power-structure. The army and the bureaucracy are disciplined and cohesive forces while the bourgeoisie has forged close links with them through bribery or by social connection. The later has also become a part of the power elite. Mr. Bhutto, despite his flamboyance and

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fitting and black-marketeering and the *Sun* reported that the Government price-control machinery had virtually come to a halt.

The Times of Ceylon, which was one of the newspapers which was full of praise for the American hospital ship *HOPE*, published for reasons best known to it an editorial from the "*The Ceylon Medical Journal*" in its latest issue editorially criticised the near ludicrous situation of a private medical project coming several thousand miles for the ostentatious purpose of rendering free medical attention to the indigent people of the country. It is probably not sufficiently known that there are only very meagre facilities available for the poor people of the very country, one

of the most affluent in the world, from which these medical missionaries hail. We have no objection, however, to anyone coming here for the purpose claimed, but it is reliably learnt that the State's coffers are losing several million rupees, by way of berthing charges for this vessel's stay in port. It would have been more useful if monies spent on such schemes are used for the more urgent problems of providing the vitally-necessary science facilities for the young men and women in the educationally underprivileged areas of the country, thus ensuring quality of educational opportunity for people everywhere in Ceylon, a facility which they now do not enjoy."

KAUTILIYA

Further Emasculation Of Public Sector

McNamara's Visit To India To Help The Private Sector

DESPITE THE ANGRY demonstrations in Calcutta where the young students saw in him the man who organised the war in Vietnam and now represented the main institution of international monopolies and finance and the excitement among officials of the Finance Ministry who have got used to surrendering their problems to the World Bank for decision, the present visit of the new World Bank President, Mr. Robert McNamara, need not be invested with too much importance. Indeed, many even in Government and Planning Commission have been quite cool about it and there has been much less concern about it than during previous visit of this kind.

Mr. McNamara has himself been talking of "disillusionment" about foreign aid in certain countries. Presumably he refers to donor countries in the West, principally the USA which has almost frozen its foreign aid operations in face of the mounting costs of its Vietnam adventure and its own balance

of payments difficulties. But disillusionment about foreign aid extends also to the countries receiving aid, and India is among the most important of these.

There is still no dearth among the official managers of our economy of strong advocates of foreign aid as the lever for rapid economic development who would like to plan on that basis. But the official policy, at least for purposes of public proclamations, is for reduction of dependence on foreign aid. The consequences of the policy of "more aid to end aid" have been so tragic for the economy that it has become indefensible. Even more important is the fact that devaluation and a whole host of other policy measures, including reckless import liberalization which the World Bank demanded and secured as the price for massive foreign aid, never fetched the promised aid.

In the year of devaluation \$900 million of non-project aid was given but the aid extended in the next

year was hardly \$550 million and the figure is not expected to cross the \$500 million mark this year. Since this has been inclusive of the mounting repayment obligations net aid from the West has been far less than these figures suggest. Meanwhile, the most attractive of the foreign credits, given by the International Development Association — they have a measure of free convertibility and carry a service charge of only 0.75 per cent — have halted, the actual aid inflow from the West in the last two years has not been much to speak of. There is little indication of any significant improvement in this regard in the near future.

THERE IS increasing appreciation within the country of gains from the first place of our economic development in the form of larger and more diversified industrial capacity which is crying for more purposeful and planned utilization. The specific forms and terms of foreign aid that we absorbed when this country had just embarked on the process of industrialization no longer suit our needs. In fact, foreign aid, being always an instrument of export promotion by the donor country, has now begun to come in violent conflict with indigenous capacities. An important innovation to deal with the new situation was the stress at one time laid on non-project aid for the import of industrial raw materials, parts and components to feed our production capacities. This could make sense only if the non-project aid came on soft terms like that of IDA and if the import liberalization the inflow-implied could be strictly regulated and did not come in the way of import substitution and development of all our available natural resources on which the industrial structure of a large country like India should be essentially based.

Dependence on non-project aid went awry on both counts and in any World Bank credits, which carry an interest rate of 6.5 p.c and more, cannot be depended upon to help us in our non-project requirements and sustain a programme of either im-

rich oratory, could not have challenged this formidable phalanx. His pretensions of socialism, which he purposely never defined, and his total reliance on Peking to browbeat India, antagonized this class. He was indeed, able to capture the imagination of some intellectuals, the shopkeepers and the students whose noisy support to him created a scare among the ruling circles but it was not enough to shake them.

MR. ASGHAR KHAN'S is an entirely a different case. He has entered the political scene with dignity. He is functioning with the precision of a military man. He is not voluble. He is non-committal and he has no ideological inhibitions nor commitments. His aim is not to stir trouble or capitalize on violence but to make the maximum use of prevalent discontent. He is convinced that his entry as a challenger to President Ayub has eliminated all other rivals. He has carefully not aligned himself with any of the existing political parties and he has refrained from giving his opinion on controversial domestic issues including the economic situation, regionalism and the system of Government. On foreign policy he has hardly spoken. He has not criticized the Tashkent Agreement. From his pronouncements he might even appear naive. "I hold neither leftist nor rightist views. My aim is to restore old values such as human dignity and freedom for which the country was created", he says.

Like Mr. Bhutto he is not seeking the overhaul of the order created by President Ayub Khan. He is aware that within the framework of the severely limited electoral system and the superstructure of the military-bureaucracy - bourgeoisie hierarchy it is not possible to talk of a fundamental change. He has therefore emphasized in his speeches that he would not express his view on constitutional issues or "commit myself about the restoration of parliamentary democracy. This is not the immediate problem. Our task is to create conditions in which political

parties can function. At present the whole structure stinks. There is no criticism. The press is completely suppressed, there is no check on the Government. We are bordering on a police state." He did not deny the official claim of stability. But he questioned the virtue of this stability. "It depends on what you mean by stability", he told reporters in his first press conference. "You see the results of stability today — the unrest, the dangerous consequences of suppression of public opinion."

The difference between Mr. Bhutto and Mr. Asghar Khan is that the former's tirade against President Ayub Khan has been the result of frustration and denial of power while the latter's challenge to his erstwhile colleague emanates from confidence that he is the only man who can replace him without upsetting the basic structure of the society. He has won the support of almost all the political parties on his own conditions while Mr. Bhutto is a representative of one party though he enjoys greater popular backing than any other politician in the opposition. With his emphasis on "moral values" and "basic tenets of Islam", Mr. Asghar Khan has also won over the religiously inclined groups who were reluctant to give unconditional support to Mr. Bhutto.

There are other factors in favour of Mr. Asghar Khan. The army is not disturbed by his emergence because, whatever he may say or do, he is after all one of them. The younger officers, who are largely Punjabis, like him, for two reasons. He is a Punjabi and with his advent many of them may be able to reach higher positions until now denied to them. He has won the support of the lower ranks of the bourgeoisie which has had a raw deal. Official corruption and the monopoly of two dozen families of all the trade and commerce in the private sector has deprived these bourgeois sections of profitable business opportunities. Within a fortnight of his challenge to President Ayub, this class of people in Lahore, Karachi, Rawal-

pindi and other cities has demonstratively lent its open support to him.

The support pledged to Mr. Asghar Khan by East Pakistan's ex-Chief Justice Mahboob Murshid is a considerable source of strength to Mr. Asghar Khan. Mr. Murshid, who enjoys great popularity and prestige in the Eastern Wing, was once considered to be the only effective and non-controversial candidate against President Ayub Khan. His swing in favour of Mr. Asghar Khan will facilitate the opposition's task in East Pakistan.

How much will all this support amount to? Mr. Asghar Khan may be a tough opponent to President Ayub but the Presidential election is a long way off. He may believe that Government is merely a business of honesty and values but he has yet to speak out his mind on many crucial issues affecting the lives of the people. Mr. Bhutto tried to capitalize on chauvinism and dissatisfaction. Mr. Asghar Khan is trying to capitalize on his own integrity and people's discontent. He has yet to find out that President Ayub can also be a tough opponent.

Patriot, New Delhi

ARABS IN USSR

Moscow

THE ARABS who have been living on the territory of Soviet Uzbekistan since the 7th century have not forgotten their native language. Though their forefathers settled in the Zerafshan valley some 1,300 years ago after marches through Central Asia, you can still hear Arabic spoken near Bokhara, and in the four settlements inhabited by 6,000, Arabs, among whom are old men who still remember that they come from the ancient Cureish, Shaiboni, Sanvoi tribes, as well as old women still wearing the gizzi, an ancient headdress made of red cloth with decorations.

APN

An Indian Economist On

The Monetary Crisis In the West: Serious Repercussions

by Mohit Sen

AT THE moment of writing it is not yet known what concrete measures President de Gaulle intends to announce to stem the stampede from the franc after his usual, enigmatic and magisterial pronouncement that the franc will not be devalued. But the causes for the latest currency crisis in the imperialist world, barely ten months after the gold rush which led to the *de facto* devaluation of the dollar, are clear enough. And so is its significance.

Around the middle of November there was a sudden flight from the franc. Speculators began to feverishly unload their franc holdings. This time the rush was not so much for gold as for the West German mark.

The special attraction of this paper currency was that there were inspired rumours set afloat that the West German mark was about to be revalued, that is, its parity value with the dollar (and through it other currencies) was to be raised. If this were to happen, then those who held West German marks would automatically have an unearned increase of their wealth.

Processes culminating in the open stampede from the franc on November 17 and the days following have led to a tremendous depletion of France's reserves of gold and foreign currency. These reserves had amounted to 6,700 million dollars before the May-June crisis. These reserves have been cut by half and would now amount to considerably less than 4,000 million dollars—the lowest level for years.

One estimate is that this drop in reserves does not give one the full value of the flight from the franc since France has also more or less used up the 1,300 million dollar worth of standby credit (under

what are called swap arrangements) which was extended to it by the central banks of West Germany, Belgium, Italy and Netherlands as well as the US Federal Reserve Bank and the Bank of International Settlements.

THUS, colossal sums are involved and a colossal crisis is ahead.

What are the reasons for this ?

1. The first and the most basic reason is the unfolding of the inherent contradictions of the neo-capitalist restoration of the post-war period. The so called "miracle" of capitalist recovery and the so called "crisis-free" pattern of growth that capitalism is supposed to have discovered, under the ideological leadership of the Keynesians and neo-Keynesians, has been blown up.

The last worldwide crisis of capitalism burst in 1957-58 and now, just a decade later, we seem to be entering upon another crisis-phase of the world capitalist cycle. The 1957-58 crisis was temporarily overcome because of the renewal of fixed capital, development of new branches and restructuring of the capitalist economy.

All this was done on the basis of taking up, however partially, the application of the burst of discoveries which go by the name of the scientific-technical revolution.

The application of the results of the scientific-technical revolution was done by methods of inflationary financing, so called programming and so called economic intergration. And there is no doubt that there was a measure of success for close on a decade, though the growth was spasmodic and uneven as between different capitalist countries.

But now the contradictions are beginning to burst. The characteristic manifestation of this burst up are inflation, unemployment and payments crises. Apart from the

dollar crisis and the May-June upheavals in France, what do we find today ?

The European correspondent of the *Indian Express* (November 21) draws the following partial picture: "Italy gripped by general strike and a government crisis, the pound gasping for breath on the floor of the foreign exchange market and the franc bleeding away under persistent speculations of the revaluation of the German mark".

The *Newsweek* (November 25) says "the dollar itself is still a sick currency and could come under heavy selling actions again if the crisis continued".

George Moore, chairman of the First National City Bank of New York, points out (*Economic Times* of November 22) that the US balance of payments problem has not been solved. He says that due to the strike of the copper workers and the dock workers and "labour unrest" in the steel industry, the US trade surplus had fallen this year by as much as 3,000 million dollars.

The position of Britain is, if anything, still worse. Despite the 2,000 million dollars standby credit provided to it by the Bank of International Settlements only a few months ago, there is a persistent trade deficit and the pound continues to weaken. The trade deficit has escalated from 28 million pound in August to 33 million pound in September and to 66 million pound in October.

Up to now only the West German mark and the Japanese yen have not shared in the tremors of the world capitalist currency earthquake.

2. The second reason for the present outburst of the crisis is a ferocious inter-imperialist contradiction caused by the operation of the law of uneven development of imperialist countries, discovered by Lenin some five decades ago. *Pravda* was quite correct in pointing not only to the general difficulties

of capitalism but also to "the worsening of contradictions among imperialist countries".

It is quite evident that for some time now the other imperialist powers — notably the USA, Britain and West Germany — were preparing to mount an offensive against France, to cut her down to size, to humiliate her so that she could be made to fall back in line.

The independent position that France was taking, within the general framework of world imperialist strategy, was upsetting the other imperialist powers. They realised that this special position was based on the increased gold and foreign currency reserves that had been built up over the past decade.

The May-June upheaval and the consequent economic policies pursued by the de Gaulle regime provided them the opening they were looking for. It should not cause anybody any surprise if there was an actual conspiracy on the part of the US and West German monopolists, in the first place, to spread the rumour of the revaluation of the West German mark once they knew that for some months francs were moving out of France.

Circumstantial evidence backing this conclusion is there in plenty. The operations of the Deutsche Bank and the meetings of the finance ministers of the top ten imperialist countries all went to mount pressure on France to devalue the franc and to accept another 2,000 million dollar of standby credit. There was hardly any pressure on West Germany to revalue its mark.

EVIDENTLY, de Gaulle has decided not to yield. And the result could be an accentuation of the crisis of the capitalist currency system as a whole. After all, inter-imperialist contradictions have often enough escalated the general crisis of the imperialist system as a whole. The actual manoeuvre he will undertake are not yet known.

3. The third basic cause of the crisis is the mounting offensive

of the anti-monopoly forces in the advanced capitalist countries with the working class in the forefront.

There is no doubt that the present crisis of French imperialism is due to the tremendous May-June upheavals. The electoral victory of de Gaulle was taken by some superficial observers to be the end of the crisis and a final defeat for the Communist Party and the Left. Events have now overtaken these observers.

President de Gaulle had tried to consolidate his electoral victory by a so called expansionary policy in the economic sphere. He had agreed to some wage concessions, increased imports and tried to boost investment through inflationary financing by budgetary deficits. This led to a capital outflow and the beginning of the sucking away of francs from France.

He was attempting a revival of French capitalism as his answer to the demand of the anti-monopoly forces for a democratic structural reform of the economy. His resources were obviously insufficient and he has landed himself and French monopoly capitalism still deeper in the morass.

And some of the cures he has attempted to date—credit squeeze, cut in social welfare expenditure, raising of the bank rate, wage freeze, etc., will only accentuate the political crisis in France.

The Communist Party of France has already declared that it will oppose with all its might the attempt to solve the crisis of French monopoly capitalism at the expense of the working class and the people.

What about us in India? Once again we have been shown the feet of clay of the capitalist colossus. The discrediting of imperialism and capitalism are not only rendered easier for the Left and democratic movement but our national existence demands such discrediting. Those who were awed by imperialism should now regain their self-confidence.

The other point to take note of is that imperialist aid (drying up as it was) has precious little chance of being resumed and that, too, at a time when the currency crisis will

lead to a definite drop in demand for our exports.

If we continue our links with the imperialist states in the way the Congress government has done and is doing, our nation will suffer even more than in the past.

South Korea's Economy

Seoul

SOUTH KOREA imports from Japan 300,000 tons of rice in addition to the 400,000 tons imported from the United States. How to explain this sharply increased import of rice? South Korea has for decades been the granary of the whole of Korea and after the country was divided into two parts, agricultural south has for a number of years exported abroad surpluses of foodstuffs. Now, however, South Korea imports nearly a quarter of the main food product of the population, rice.

The reason for this grave position is primarily due to militarisation of the economy. The best arable lands have been taken away from the peasants for building airfields, military roads, dumps, all kinds of closed zones, and garrisons where more than a 700,000 strong army is stationed. The healthiest and most active section of the rural population is enlisted in the Seoul army and expeditionary troops sent to South Korea.

Furthermore, the Park Chung Hee regime has lit the green light for monopoly capital of the United States, Japan, West Germany. The share of imported raw and other material has sharply grown and the dependence of the national economy upon the imperialist powers has increased still more. This doomed agriculture and industry to stagnation, the policy of the Seoul regime led to the bankruptcy of the national economy and brought hardships and sufferings to the people of South Korea. This is one of the causes for extensive dissatisfaction and resistance of the population to the occupation forces and their henchmen.

APN

An American Economist Examines

Czech "Liberal" Economic Programme—Socialist Planning Denigrated

by Victor Perlo

Dubcek's

FIRST National City Bank vice-president Miroslav Kriz recently visited Prague, talking with bankers and officials amidst rumours of major Western loans and of Czechoslovakia entering the sphere of influence of the U. S. dominated International Monetary Fund (*Metalworking News* - July 29). Heinz Ketchup and Shell Oilbillboard-type signs are now conspicuous on building fronts in downtown Prague.

Was there a threat to socialism? Were the capitalists moving in? Increased business deals with Western companies are not in themselves such a sign. Events such as those cited must be appraised in connection with the general trend of policy.

In Prague in October 1968 many people spoke harshly of Novotny, but all assured me that nobody in Czechoslovakia would dream of giving up their socialist gains and returning to capitalism. Since then no Czechoslovak public figure has called for such a restoration. And yet, when I examined the course of economic action proposed by the new leadership, I was forced to the conclusion that they were proposing some long steps backward indeed.

The basis of a society is its economic structure. Socialism is working class power, public ownership of the means of production, a planned economy directed towards increasing living standards as rapidly as possible through continual technical and scientific advance, and on that basis, a rapid

rise in all-around industrial and agricultural capacity.

Such a structure was achieved in Czechoslovakia as in the USSR and other socialist countries. Big gains were realized. In the 20 years of socialist construction, industrial production increased 4½ times (2½ times in the U. S., 3 times in France, etc.), formerly backward Slovakia became a centre of the most modern industrial installations. The working people attained a much higher standard of living, comparable to that prevailing in Western Europe, but with complete social security not existing in any capitalist country.

During the 1960's the rate of gain slowed down, as the methods of planning and management of the economy lagged behind the requirements of a multiplied level of output, a technologically advanced economy, and the broader scope of people's needs as their purchasing power increased.

The required modernization is being carried out through economic reforms in the USSR, East Germany, Bulgaria and Hungary with marked success. Similar measures have been announced in Romania. The Czechoslovak Party adopted such a program in 1965 but has implemented it only fractionally and with mixed results. This has been blamed on the stand-patism of the former Novotny leadership. However, another factor may have been behind the scenes: arguments over the basic question - reform or

During the eight months of its power the Dubcek regime did not hasten the economic reform. But it did revise the basic approach to the problem. This new approach is expressed in the Action Program of the Communist Party of Czechoslovakia, adopted in April.

I first saw this document early in July, whereupon I wrote in a memorandum form most of what follows in this article. I mention this matter of timing to forestall public criticism that this article is contrived as an *ex post facto* justification for intervention by Warsaw Pact powers in Czechoslovakia.

A NEW ECONOMIC SYSTEM.

The Action Program speaks of "an economic reform based on a new economic system that is an inconsistent expression. A reform, by definition, is a change within the existing system. A revolution, or counter-revolution, as the case may be, signifies a change in the economic system. Is talk of a new economic system merely careless choice of language, surprising as that might be for veteran Communists who certainly know what an economic system means?

Unfortunately, it does not seem to have been that kind of accident. The program projects some sort of mixed economy, with capitalist elements existing side by side with socialist elements. It does not advocate a direct return of large-scale enterprises to private ownership. It does call for encouraging the establishment of private establishments in the service industries.

Experience has shown that such establishments can play a positive role within a socialist society. Provided the working class is strong enough to render harmless politically the capitalist ideology and policy pressure inevitably flowing from the owners of such establishments.

The main difficulty is in an approach which if carried out would assuredly undermine that essential working class leadership and establish fragmented-semi-private, control over large scale industry as well.

A big advance in the literature of economic reforms in the socialist countries has been the substitution of fresh, scientific thought out concrete proposals for vague cliches, while retaining the essence of a Marxist-Leninist approach. This is not the case with the economic sections of the Czechoslovak Party's Action Program.

Most of the paragraphs could have been written by John K. Galbraith, or Paul Samuelson, or Walter Heller. The approach reflects the main ideological and theoretical line of current bourgeois liberalism. True, there are frequent assurances that all this is to be done in a "socialist" way. But we have to examine the content to see whether it will retain socialist institutions and relations.

THE BASIC AIM of a socialist economy is the continually improving satisfaction of the people's requirements through constantly rising production on the basis of the latest techniques. This is stated, approximately, in the Czechoslovak Party Action Program, although, as will be indicated later, other features of the program contradict the aim.

The basic means of accomplishing this is through planned, proportional development of the national economy. This has been universally accepted as a central law of the political economy of socialism. It is, in effect, rejected in the Czech Action Program, and replaced by control by the market. The leading political force in a socialist economy is the working class. The leading force described in the Czechoslovak Party program is "the consumer". Indeed in the whole section on economic questions.

there is no mention of the working class as such but instead there is stressed the capitalist conception of interest groups

The following paragraphs may convey the general flavour and emphasis of the Action Program. **"Enterprise facing a demanding market must be given a free hand in making decision on all questions concerning directly the management of the enterprise and its economy and must be allowed to react in a creative way to the needs of the market. A demanding market, together with the economic policy, will thus put pressure on the production to become more effective and to introduce healthy structural changes. Economic competition, especially with advanced foreign firms, must be the basic stimulus for improving production and reducing costs (pp. 51-51)"**

Socialist policy provides moral and material incentives for workers and specialists to improve quality, to acquire higher skills, cut costs and increase output. The desire to prepare a better life for the next generation, to improve the national and community well-being, to advance the cause of socialism and communism, international solidarity, are the prime moral stimuli. Wage and salary increases linked to performance, bonuses and prizes for successful work, are among the main forms of material incentive. Sometimes these are supplemented by socialist competition, friendly rivalry among enterprises and shops to see which can do the best job, competition in which there are no losers.

THE ACTION PROGRAM would give primacy to the jungle competition characteristic of capitalism, the negative spur of having to nest the other fellow or go under. Here is another section.

"Decision-making about the plan and the economic policy of the State must be both a process of mutual confrontation and har-

monization of different interests, *i. e.* the interests of enterprising consumers, employees, different social groups of the population, nations, etc.. Effective measures protecting the consumer against the abuse of the monopoly position and economic power of production and trading enterprises, must be considered as a necessary part of the economic activity of the State. (pp.56-57)"

There is general recognition in socialist countries that more attention has to be paid to the maturing and growth of the people's requirements, more attention to the worker as a consumer, in addition to the worker as a productive force. Much in the economic reforms represents progress in these directions. But where must the primary drive be in order to accomplish these objectives? In other socialist countries it has been to improve and modernize the system of planning and management, not in subordinating it to blind market forces.

This issue has been argued by economists in the USSR. To my mind, the plan must dominate under socialism. Individual consumption is the vital end-part of the economic process. But it is far from all of it. The needs of development of basic industry, new and improved lines of equipment, have to be given proper weight. The correct proportions of materials and intermediate products must be established. The needs of public services which are not marketed, but form an increasing part of living standards, must be provided. For a country like Czechoslovakia, with foreign trade playing such an overwhelming role, correct planning becomes all the more important.

On the other hand the idea of the consumer as king, of spontaneously developed individual demands as the "natural" determinant of the production pattern is a myth promulgated by monopolists of capitalist lands. Bour-

geois advertising, monopoly pricing and determination of what to produce, priority of the military, and austerity programs, combine to render this theory fundamentally fraudulent.

Of course, under socialism consumer demand—the market referred to—is and must be influenced by the state, considering production possibilities, health factors, and the balance of immediate and long-range needs. For the drafters of the Action Program to claim the contrary is to behave as obedient pupils in, an American college economics classroom. And for the Czechoslovak leaders to promise their people that they can decide everything about the production pattern was demagogic, in that such a promise cannot be fulfilled.

The Action Program clearly specifies the decisive downgrading of planning. There would be, it says, "a profound change in the role of the economic plan which would cease to be an instrument for issuing orders and would become an instrument enabling society to find the most suitable long - range trends of its development by scientific methods; a change from an instrument designed to enforce subjectively determined material proportions into a program of economic policy..(p. 48)"

Aside from the colour adjectives, this would substitute economic forecasting and "programming" as is done today in capitalist France, for example, in place of socialist planning. The great successes of socialist economies have been in considerable measure due to planned material proportions, and assigned production of essential items. The Action Program, by choice of adjectives gives the impression that an economic plan must be "subjective" while an economic forecast can

be "scientific". But of course, there can be good and bad, scientific and unscientific, planning; and the same variations in the quality of forecasts. The economic reforms in the socialist countries aim to make the planning more scientific, and to super-

sede remnants of rule-of-thumb, bureaucratic know-it-all methods.

But the Action Program, by getting rid of comprehensive planning altogether, would violate an essential economic law of socialism.

Soviet Viewpoint

Academic Qualifications: The Need For World Standards

by Anatoly Bogomolov

UNESCO experts from 13 countries recently met in Moscow to compare and try to relate academic distinctions and degrees conferred by the world's universities and similar bodies. Professor Bogomolov gave this Soviet view. He himself holds a good Soviet degree — Candidate of Technical Science — equivalent to a Ph.D.

IN MODERN SOCIETY, science and education are closely interrelated. The more developed countries strive to work together on the solution of scientific problems.

The main task of educational bodies is to provide their graduates with the greatest possible amount of knowledge and fit them to put it to the most profitable use to society.

So obviously there is a need for every degree or diploma to indicate the extent of that knowledge in a way that is clear to all.

My second point is that not all developing countries can yet train the experts and specialists they need themselves. The advanced countries which help them must know precisely what they require: and they must know what the advanced country

Third, a large number of young men and women from one developed country go to another to study, exchange experience and benefit by special facilities.

All these things make it desirable to discover precisely what each country understands by secondary, secondary-technical and higher education, and to ensure that students at the end of their studies receive degrees, diplomas or other documentation which represent internationally recognised educational and scientific standards.

At all stages of his education a student should acquire a definite minimum level of knowledge related to modern achievements in science, technology and culture.

There is a tendency to intensify the process of study, but it must be long enough not only to give him the basic grounding, but also to condition him to creative thinking in his chosen field.

A few words about methods in the Soviet Union. Schools giving a 10-12 period of tuition are classed as general secondary educational establishments. Their curricula must include mathematics, physics, chemistry, natural science; world history and the history of one's own country; geography; one's own language and literature, the world's classics and a foreign language; a course of

subjects in art, and physical education. The content and 'weight' of the subjects obviously has to be determined on the basis of minimum requirements.

The term "secondary technical school" is applied to schools which train technical assistants, either in 2-3 or 3-5 year courses.

By "higher educational institutions" we mean universities, institutes and colleges with a four to six year course of tuition.

These base their curricula on the 9-12 year secondary school, and train highly skilled graduates capable of independent work.

The curricula of educational establishments such as technical colleges must include, besides their special subjects, general scientific and engineering knowledge and the humanities.

Study of special subjects must include independent laboratory work and research assignments by students verified by compulsory examinations.

There is no reason why secondary and other schools in a given country should not add to their curricula subjects that country specially needs.

Every educational body is entitled to organise study in its own way, provided that by the end of their studies all graduates possess an internationally-defined minimum of knowledge.

That means that such matters as the length of studies, number and requirements of examinations, the way these are defended and all other relevant factors in different countries must be collated and compared in order to compare the level of the academic degree and diplomas conferred.

For instance, Britain and the USA have Bachelor, Master and Doctor of Philosophy degrees. In some universities there is little

practical difference between the two last. These countries differ from the Soviet Union in having no "academic titles". In the USSR, the term "professor", for instance, can mean either holder of a post, or the possessor of an academic degree. In the USSR we have both academic degrees (Candidate of Science and Doctor of Science) and academic titles. There are different requirements for each, but also direct interdependence between them. Investigation shows that a Bachelor's degree in Britain and the USA calls for the level of knowledge required from a graduate of a Soviet four-year higher school. Soviet higher educational bodies where undergraduates have to defend theses or projects calls for the level of

knowledge of British and American students taking their Master's degree.

And our Candidate of Science degree is equivalent to that of a P.D. in Britain or the United States. In most countries there is no equivalent to our Doctor of Science degree.

In recent years a number of countries have agreed with these conclusions and reached agreement on equivalence of diplomas, and I am sure more will follow. I hope UNESCO will be able to call an international convention on the subject. If not, the USSR - and many other countries - will certainly continue to settle the matter by bilateral agreements.

Apartheid

The Fight To End The Monster Of Racism In South Africa: Why Armed Struggle?

by Oliver Tambo

The Acting President-General of the African National Congress of South Africa, Mr. Tambo, explains in a paper submitted to the UN Special Committee on Apartheid, the present state of the struggle against racial oppression in his country.

THE LOGIC of an economic policy founded on racial discrimination has forced the South African regime to further tighten the iniquitous Pass laws by enacting legislation such as the Bantu Laws Amendment Act, more completely condemning the African population to the status of cheap migrant labour for white-owned industries. This law, the Suppression of Communism Act, the Sabotage Act, the 90-day and 180-day Detention Laws, the Terrorism Act and numerous sections

and sub-sections all combine to form a repressive umbrella under cover of which a reign of police terror has been unleashed and is sweeping through the towns and rural areas of South Africa. The people are being hunted and hounded out of their homes, from one segregated ghetto to another, deported from towns and cities to the countryside, and in the country subjected to house-to-house raids in the course of which weapons of every description are seized and confiscated. Intimidation and victimization of opponents of apartheid has mounted. In the meantime, the exploitation of people has become more ruthless as the economy flourishes in an unprecedented boom. While such diseases as tuberculosis are being eliminated among the whites in South Africa, they are taking a heavy toll of life among the Africans and other victims of white minority rule, and nowhere is this more evident than

in the Bantustan territory of the Transkei.

IT IS THESE and similar conditions, *inter alia*, that are at once the cause and the effect of the escalating racial conflict between the ruling white minority and the ruled black majority in South Africa, and it is important to warn again and again that this escalation, born of a policy that is strictly inhuman, can only be accelerated, far from being slowed down, by lapse of time. By the year 1961 it had reached a level which led the African National Congress and the oppressed population of South Africa to decide on armed struggle as the next phase of the fight for freedom. That decision which, it can now be said, will always constitute an important chapter in any analysis of the current political situation in the whole of southern Africa, was not taken lightly. The massive loss of life it entailed, the destruction of property, its implication for individual African independent States and for the peace and security of the whole of Africa and the world were not lost to the ANC and its leaders. But no one, familiar with the struggles of oppressed peoples against colonialism and racial discrimination, particularly in the period since World War II, no one conversant with the long struggle of the South African people, and no one who believes whole-heartedly in the United Nations Universal Declaration of Human Rights can seriously question the decision of the oppressed people of South Africa and their allies to embark on a national revolutionary armed struggle for freedom. For any who may still be in doubt, it is necessary only to refer to the countless resolutions condemning and demanding the abandonment of the policies of *apartheid* which have been adopted over a period of at least two decades by the United Nations, by its many committees and agencies, by individual Governments, organizations, conferences and groups of men and women in every quarter of the world.

THERE HAVE BEEN other developments in the past few years

bearing directly on the struggle against *apartheid*. The attainment of independence by Zambia, Malawi, Botswana and Lesotho has occurred side by side with the implementation of an expansionist policy by the Pretoria regime, which has for its aim the establishment of an empire ruled over by the white master race, and consisting of a large number of small black Bantustans extending over the whole of South Africa from the Atlantic to the Indian Ocean. Zambia refused to be part of this empire or to stop to the status of a glorified Bantustan. Instead she threw her weight behind the liberation struggle in Zimbabwe and the rest of South Africa. This led the South African regime to strengthen its ties with the other members of the unholy alliance, particularly Rhodesia. Ian Smith admitted last year that if the South African Government had not gives him assurances of support, he would not have proceeded with UDI.

The rest of independent African States bordering on South Africa are faced with a choice between supporting the racist regime and supporting the liberation movement. The masses of the people throughout southern Africa, however, remain totally opposed to white minority rule and fully support the struggle of their brothers in South Africa. The attempts by the South African racist regime to blackmail and bully neighbouring African Governments into allying themselves with it is a mean and selfish move to involve these Governments in a bloody defence of its inhuman policies in the same manner that it has driven 220,000 whites in Zimbabwe into an unequal war with 4,000,000 Africans.

With the growing scope and intensity of the struggle against the *apartheid* regime and other members of the unholy alliance of Vorster, Smith and Salazar, the pressure on neighbouring States to become actively involved increases, and the conflict progressively takes on the character of a confrontation between colonial and white minority rule on the one side, and

on the other, the combined numerical might of the supporters of minority rule in southern Africa. In this sense the armed struggle against *apartheid* is the struggle against white minority rule everywhere, and had become inseparable from the struggle of the people of Zimbabwe as well as being an essential part of the struggle for freedom from Portuguese colonialism.

IT IS THESE FACTORS, among others, which explain the alliance that has been forged between the African National Congress of South Africa and the Zimbabwe African People's Union.

The armed struggle launched by these two liberation movements in Zimbabwe has exposed not only the deep involvement of the Pretoria regime in the internal affairs of Rhodesia, but also its sinister designs against African States. Already the South African Prime Minister has repeated wild threats against Zambia. These threats have been followed up by the derailment of the trains in Zambia, the blowing up of a bus, the bombing of civilians and very recently the blowing up of an important bridge. The existence of an active unholy alliance of which Vorster is a key member makes it unimportant which member of the unholy alliance is responsible for the attacks.

It is clear, therefore, that even at this very early stage of the armed conflict the situation in Southern Africa, precisely because it now directly involves South Africa, is beginning to have serious international repercussions. When the conflict springs up and spreads, as it soon must, over South African territory, the desperation of the *apartheid* regime can be expected to make itself felt in the rest of Africa. But let it be emphasized that having started the armed struggle, we shall pursue it with increasing ferocity until the monster of racism and exploitation has been completely destroyed. The probability of an international crisis resulting from our struggle will not deter us.

SO FAR we have omitted reference to the role of foreign capital and other financial interests of Western countries in the South African situation. This question, however, has been thoroughly canvassed in statements, memoranda and reports now in the possession of the United Nations. What remains to be considered is action which must be taken to induce these countries to withdraw their support for the *apartheid* regime.

We in the African National Congress have always believed that the honourable task of freeing South Africa rested firmly with the people of South Africa themselves. The task of international organizations was to assist the liberation movement. This still remains the fundamental position of principle from which all international action should be appraised.

We have in the past insisted on sanctions being imposed on South Africa. We believe this demand is more valid now when the armed struggle is in progress than at any previous time. We interpret UN resolutions acknowledging the legitimacy of our struggle and calling for moral and material support for it as meaning, *inter alia*, that member Governments should honour and carry out UN decisions on South Africa, including termination of trade links with that country. The least the UN can do is to enforce compliance with its resolutions by all Member States and to consider appropriate action against those countries which undermine these decisions.

Trade with South Africa by Britain, France, West Germany U.S.A., Italy and Japan is no moral and material support for the liberation movement but a deliberate act designed to perpetuate racist regimes in southern Africa. As such, it is a gross violation of the UN Charter and the Universal Declaration of Human Rights.

Other international pressures have been enforced in the past. It would be absurd for these to be in any

way reduced at a time when the armed struggle of our people requires that they be considerably increased. The impression that South Africa has been totally unaffected by international pressures is one on which the well-financed information service of that Government has spent millions to induce. It is a massive international whistling in the dark which South Africa must not be allowed to get away with.

Whither Indonesia

Jakarta

UNDER pressure of right forces Indonesia's authorities are moving further and further along the road of giving up the gains of the Indonesian people in the struggle against colonialism and imperialism. The earlier nationalized branches of industry are again being turned

over into private hands, and not only into Indonesian hands. Inspired by this policy American, West European and Japanese monopolies greedily eye Indonesia. Already more than 80 large foreign companies and firms have lately opened their offices in that country.

British trade experts are striving not to be behind their rivals. A few weeks ago a delegation from the London Chamber of Commerce arrived in Indonesia's capital to "study matters on the spot." Sir Con O'Neill, the head of the delegation, most clearly explained the aims of this visit. Replying to questions raised by journalists whether the activation of relations with Indonesia would lead to a weakening of ties with Singapore, he said that he represents British interests and had not come to Indonesia to defend the interests of others. The British Ambassador in Jakarta made haste to assure that London next year plans to provide Indonesia two million pounds sterling in aid.

Soviet - Pakistani Co-operation

Karachi

The Pakistani newspaper *Dawn* describes as "fruitful" Soviet-Pakistani co-operation in prospecting for oil and gas in Pakistan. It stresses that Soviet aid to Pakistan was a vitally important factor for its economic development. Joint efforts by Soviet and Pakistani specialists have led to the discovery of natural gas deposits in Jaldi, East Pakistan, and Sari Sing, West Pakistan. Soviet specialists have also explored oil deposits in Kotsarange and Tute (near Rawalpindi). Pakistan badly needs oil because its own resources now meet only 15 per cent of the national demand. Therefore, 280 million rupees are spent annually on oil imports. That is the reason why greater oil output is a vital problem for the country. The Pakistani-Soviet agreement for co-operation in this field expires on December 31 this year. The Pakistani Government has already decided at a cabinet meeting to hold talks with Soviet organisations in order to prolong and expand co-operation between the two countries. The Pakistani Government is now drawing up a five year plan for geological prospecting. In the opinion of *Dawn*, Soviet assistance will make an important contribution to the all-round economic development of Pakistan.

Russian Bank Chief Says

One More Crack In The Currency System Of The West

by **Pyotr Nosko** (Chief of the Currency-Economy Department of the USSR State Bank)

IN THE COURSE of the last 12 months the capitalist world experienced several very acute attacks of currency and gold fever — the crisis in which the English pound landed in 1967, which led to its devaluation along with 26 other currencies connected with it; the weakening of the position of the US dollar, the gold fever of spring 1968 and the collapse of the gold pool; the crisis of the French franc in October-November of 1968, which nearly led to its devaluation; the speculations around the West German mark because of the rumours of its revaluation, and a number of other, less significant crises.

The entire currency system of capitalism is gravely ill and is experiencing sharp shake-ups, caused by its own inner vices and contradictions. The system, created in 1944 at the conference at Bretton Woods, was based on the parity of gold and the US paper dollar. At the time it was the logical outcome of the fact that the USA, which had enriched itself in World War II, had in its hands over 70 per cent of all the gold reserves of the capitalist world, and was the mightiest country in economic respects. Because of its financial power, the USA could dictate its will to all the other capitalist countries.

But, as the saying goes, much water has flown under the bridges since that time. The economic might of the USA is still very great. But it is very much undermined now. The USA has set up a network of military bases on all continents, conducts wars, the gravest of which is the war against the people of Vietnam, organizes plots and coups, and so on.

This results in a tremendous budget deficit and a chronic disruption of the balance of payments which the USA is trying to compensate by issuing paper dollars, using the parity of the dollar and gold which we mentioned above. This parity however, has now become a pure fiction. The purchasing power of the dollar inside the USA has decreased by more than 50 per cent in the last 15-20 years. The trust in the dollar has been undermined on the foreign currency markets. The banks of other countries, firms and speculators want to change the dollars they have amassed into gold and other currencies. The flight from the dollar has assumed catastrophic proportions in the last 10 years, the gold reserves of the USA have been drained of more than 10,000 million dollars.

In the course of 1968 the USA took a number of measures to fortify the position of the dollar. But it cannot manage to eliminate the deficit in its balance of payments.

MANY FOREIGN economists are of the opinion that the present exchange rate of the dollar is approximately 15 per cent higher than it should be in relation to currencies of other countries. As a result, American goods are not competitive enough, and this serves to impede the growth of US exports. Consequently, the active balance of trade in 1968 will be much worse than in 1967, and the trade balance has shown a deficit for several months.

The USA is trying, somehow or other, to strengthen the position of the dollar, trying to shift onto its partners both in the NATO aggressive bloc and in the Vietnam war a part of its own expenditures, and

to impose upon other countries its own ideas on the weakening of the role played by gold in international settlements, and to create a system of "paper gold" within the framework of the International Monetary Fund.

These attempts, however, fail to hit the mark, since they meet with fierce opposition on the part of other countries.

Another "key" (or "reserve") currency of the capitalist world the English pound sterling— is now in a state of peril. In November 1967, the British Government devalued the pound by 14.3 per cent, hoping to improve its export position.

But this devaluation and the measures of strict "economy" inside the country, undertaken by the government, failed to produce the desired effect. The British Government has been forced to resort to foreign loans over and over again, the sum total of which has reached the giant figure of over 6,000 million dollars. Recently Britain had to ask for another loan, which she got from 12 central banks, to the tune of 2,000 million dollars. As a result, the economy of Britain, her finances and currency are now under the control of the International Monetary Fund. In spite of its financial difficulties the British Government is increasing its expenditure in NATO and on the upkeep of military bases and troops "east of Suez", thus weakening its own currency even more.

THE UNSATISFACTORY state of Britain's economy, the inability of its goods to compete on foreign markets, and the tremendous deficit in the balance of payments provide no hope that Britain will be able to overcome her financial difficulties in the near future. In the second half of November the pound sterling was subjected to the great pressures on currency markets, its rate sometimes fell below 2.38 dollars, and that created the threat of another devaluation of the pound.

In the second half of 1968 it was the turn for crisis in the franc.

The economic and currency situation in France became much worse than it had been previously. The tremendous budget deficit, the reduction of exports and the deterioration in the balance of payments undermined trust in the franc. A real fight from the franc began, and capital left France in great quantity. Over several months of 1968, the gold and currency reserves of France dwindled by over one third.

The currency crisis reached its peak in France in November 1968. The rate of the franc fell to 4.974 francs to the dollar. i.e. to the lowest limit allowed by the rules of the International Monetary Fund. Foreign loans could not rectify the situation and there was a very real threat that the franc might be devaluated.

The October-November 1968 currency crisis was complicated by the stand taken by the West German Government. It must be said that in recent years West Germany has had a favourable balance of payments, and in large sums, too. In 1967 and 1968, the excess of receipts over its payments in foreign trade alone reached more than 4,000 million dollars per year. This was the result of the lower cost of West German export goods, their greater competitive value, and the lowering of the rates of West German currency as against the other currencies.

CAPITALIZING on the rumours (and, maybe, supporting them) about the forthcoming revaluation of the mark, the West German financial monopolies launched a fierce attack on the pound sterling, and especially on the franc. Besides that, the desire on the part of the French capitalists to profit from the possible revaluation of the West German mark, proved stronger than the interests of their own country, and they hastened to transfer their capital, huge sums, to West Germany. The capitalists of other countries followed suit. As a result of this, the influx of foreign capital to West Germany on some days in November was, equal to 100-150,000,000 dollars. The mark rate soared sky-high.

The Finance Ministers of the 10 leading capitalist states tried to find at their conference in Bonn on November 20th-22nd, the means of solving the currency crisis. It was decided to credit France with 2,000 million dollars to support the franc. The West German Government decided not to change the parity of the mark, but to introduce a tax on exports and to lower the customs duty on imports instead. That was not enough to lessen the currency crisis. Everyone was waiting for the devaluation of the franc, and nearly all the papers said that the devaluation was supposedly decided on, and the only question left was how large it was to be.

However, on November 23rd the Government of France decided not to change the parity of the franc. Measures to support the franc were introduced, including freezing of wages, slashing of budget deficits from 11,500 million to 6,500 million francs, rigid limitations on bank loans, advantages for exporters, and the introduction of strict control over currency deals.

Describing these measures of the Government, democratic circles in France say that the measures will place a heavy burden on the working people, will reduce their incomes and will lead to an increase in prices.

These measures taken by the Government of France met with support, though not immediately, on the part of the Governments of the USA and West Germany and tended to calm down the currency markets. But that does not mean at all that the causes of the currency crisis have been removed, because the main economic hardships in the leading capitalist countries, budget deficits, unequal balances of payments and inflation continue to exist. This predetermines the weakness of the leading currencies and of the overall currency system of capitalism, which has been based for so long on the recognized equality of gold and the paper dollar.

When appraising the prospects of the currencies of the main capitalist countries for the near future, we must take into account the following. It may happen that this half solution of the problem on the nonconformity of the parities and the real values of the West German mark and the French franc might extend the currency crisis and intensify the speculation against the dollar and the pound sterling. This might lead to a new flare-up of the currency crisis, because, as we said above, the comparative calmness which has set in on the currency markets is only a temporary one.

A Lesson To Developing Countries

U.S. Currency War Aim To Keep West Germany in Check

MR. MORARJI DESAI'S statement in Parliament that the speculative pressures developing in the Western monetary system were not likely to have any significant impact on the Indian economy reflects a "dog in the manger" attitude towards what may prove to be a turning point in economic, and not only economic relations among the leading Western countries. Already there are indications of the United States shifting its affe-

ctions from its protege, West Germany, to France which had been its *bete noir* in recent years, while General de Gaulle, conveniently forgetting his differences with Washington, even talks of "dovetailing their efforts in the economic and monetary fields". Britain, reflecting its new devalued position, is obviously not called upon to make any independent moves except a few aimed directly at saving the pound from further

devaluation. Even though the situation is still fluid, it is evident that the Western countries are engaged in an agonizing reappraisal of their economic policies, and what will emerge from their assessment will certainly not leave other countries unaffected.

BUT LET US begin at the beginning, which was when the second World War ended and a vanquished West Germany lay prostrate at the feet of the victors. It was, however, not an ordinary adversary whom the combined might of three leading capitalist nations and a socialist one had brought to heel, but one which had the unique privilege of having been not so long ago the favourite of leading capitalist powers who, although sometimes unhappy at its boorish ways, had looked benignly at its totalitarian pursuits. They had even encouraged it to develop the powers which could be used to contain communism.

It was only when it tended to turn on them recognizing its incompatibility with their own democratic ideals, that they considered it expedient to form the grand alliance to defeat it in battle. But this was only an interlude in their struggle against communism, as became evident when Winston Churchill, not given to pretensions, gave a call for resuming the fight in his notorious Fulton speech. Again, West Germany, whom they had managed to bring under their occupation, offered them fertile soil to nurture elements which could be used to subvert and if necessary openly oppose the socialist world. It was the same in the East where they helped Japan to overcome its post-war difficulties expeditiously and regain its earlier clan. To this end, they poured capital and other resources through the Marshall Plan into West Germany — with the result that West Germany, which had seemed to have eaten the dust 20 years ago, has now reserves which, at 6,000 million are, more than twice those

of the Sterling Area, are second only to the USA's in the Western world.

IT IS NOT that Bonn's own economic policies had nothing to do with its remarkable recovery and growing ascendancy in the economic sphere but these, important as they were, could be effective only because Washington was for a long time acting as its godfather till — and this is recent history — it began to grow into a Frankenstein at whom Washington could not possibly look without being reminded of not-so-very-old history. The clamour for revaluation of the Deutsche Mark in which, their protestations to the contrary notwithstanding, all leading Western countries joined at the recent "Group of Ten" meeting, is the outward expression of an apprehension which all of them entertain about the implications of West German buoyancy.

It cannot for example be a pleasant experience for Britain or France to have seen its currency tumbling down (from 403 cents to 240 cents in the case of the pound, and from 84 cents to 20 cents in that of the franc) in the course of the last two years while the Deutsche Mark, which was revalued only seven years ago, should be pressed to seek a still higher level. And while the pound and the franc, especially the former, have suffered this decline, it is only because of Washington's political supremacy and control over international monetary authorities that the dollar has been able to escape a similar fate. But none of them has been able to prevent a flight to Deutsche Mark whose growing strength, and not any extraordinary deterioration in the French economy, precipitated the latest crisis.

THUS, while the other Western countries have been finding it difficult to improve, and in some cases even to maintain, their rates of growth, West Germany has been registering uninterrupted growth. According to the October report of

its Central Bank, its industrial production in the third quarter of the current year had risen by 4 per cent over the previous quarter, and was 14 per cent higher than in the same quarter in 1967. Similarly the volume of industrial orders rose by 6½ per cent from the second to the third quarter of the current year, while export orders were 8 per cent higher than in the second quarter and 20 per cent up on the same period last year.

Significantly, the buoyancy in exports was caused by the "extraordinary and continuing demand of the US market". No wonder West Germany managed to have a trade surplus of over 5,000 million dollars in 1967, when Britain had a deficit of 1,500 million dollars. And this is not a freak phenomenon but typical of West Germany which, except for 1965, has never recorded a deficit in trade balance. A part of the credit is no doubt due to its concern for price stability which helped it to attain a rapid rate of economic growth without excessive inflation, but that it could pursue this objective successfully was in no small measure due to assurance of stable offtake of its products by other Western countries, especially the U.S.A.

VIEWED IN THIS CONTEXT, the latest crisis appears to mark a turning point in the sense that now the USA too seems to be awakening to the implications of West German buoyancy for itself and the group it leads. While it had been preoccupied so far with defending the dollar and had not felt compelled to help other currencies, except to the extent necessary to save the international monetary system from utter disruption, it now considers it imperative to help out even France whose President had given it many pin-pricks in the past few years. On the other side, General de Gaulle who, with characteristic grit, has decided to defend the franc, also seem to realize that Washington may after all turn out to be not an adversary but an ally against the Deutsche Mark. He may also

be feeling that the affinity thus gained may help him to persuade the coming Nixon administration to re-open the issue of reforming the international liquidity system in a manner nearer to his approach. But all this is long-term perspective, and not the immediate objective of the new moves which appear to relate mainly to strengthening the domestic economies to prevent the flight to the Deutsche Mark.

Where do we, or other developing peoples, come into the picture? It will hardly be wise of us to pretend that it is all rich men's business and we do not have to be concerned. Already Britain, a member of the club, has introduced an imports deposit scheme whose effect on our exports, particularly of textiles, is bound to be adverse. France's new curbs will also affect us, even if not in the same measure. But what may hurt us considerably are the changes that the new US administration may effect in that country's trade policies as a result of the latest developments. On the other side, our gain from the relaxation in West Germany's import policies may, to a considerable extent, be cancelled out by increase in the cost of imports from that country.

All these are important portents which we have constantly to keep in mind while formulating our trade policies. What is required is constant vigilance to compare the prices in various markets and strike the best bargain. But this is possible only if the Government is alive to national interests and is prepared to safeguard them against all pressures, overtures, or blandishments. Similarly, on the political plane, it should not undermine the significance of Bonn's effort to achieve a political status in conformity with its economic might, and should strive to strengthen forces which, like itself, are keen to prevent the revival of German revanchism.

S. N. in *Patriot*

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Brief Reply To a Question

Revaluation of The West German Mark — Its Implications

In view of the talk about the possibility of a revaluation of the West German mark in connection with the latest currency crisis in Western Europe, readers have written in asking what the implications of such a move would be. The following is a brief reply to the question.

REVALUATION means increasing the gold content of the currency—and hence raising the official exchange rate—either by legislative act or as a result of spontaneous processes. It is the exact opposite of devaluation.

Capitalist countries have been increasingly resorting to devaluation because of payments difficulties. The Articles of Agreement of the International Monetary Fund, which sets the official parities for its member countries in terms of gold or US dollars, allow the exchange rate to depart from the official by no more than 1 per cent. Yet between 1949 and 1967 the capitalist world witnessed 369 instances of devaluation.

THERE HAVE BEEN only two cases of revaluation since the war—in Federal Germany and Holland, both in March 1961. The exchange rate of the mark was raised from 4.2 to 4 marks to the US dollar (the gold content was increased from 0.211588 grammes to 0.222168 grammes). In other words, the revalued mark bought more foreign currency than it had before.

An instance of spontaneous rise in the exchange rate is afforded by the Canadian dollar. With the rate fluctuating freely, the value of the Canadian dollar increased as compared with the US dollar in the period between October 1, 1950,

and May 1, 1962. On May 2, 1962, the Canadian government returned to a fixed official rate, setting the gold content of the Canadian dollar at 0.822021 grammes instead of the 0.807883 grammes at the end of September 1950.

While devaluation tends to stimulate export, restrict import and thereby improve the trade and over, all payments balance of a country—revaluation has the opposite effect. It is because of this that the rumours started about the possible new revaluation of the West German mark.

The point is that the monetary and financial position of many capitalist countries, including the United States and Britain, remains strained despite the measures taken to reduce payments deficits. The devaluation of the pound sterling, the withdrawal of the 25 per cent gold backing of banknotes in the United States, and the discontinuation of official sales of gold on the private markets failed to ease speculative pressure on the capitalist world's reserve currencies (the dollar and the pound)

UNDER the circumstances both Washington and London are exerting pressure on countries with a favourable balance of payments, and in particular on the G.F.R., to induce them to reduce their trade and payments surpluses and thereby help the United States and Britain to balance their payments. Both of these countries point in justification of their position to Federal Germany's substantial trade surplus, which last year exceeded 21,200 million marks (\$5,300 million). Revaluation could reduce this surplus.

If the G. F. R. were to raise the exchange rate of the mark by, say, 10 per cent (from 4 to 3.6 marks to the US dollar) its competitive capa-

city on the world market would be considerably reduced. For example, if at present West German exporters net 4,000 marks for goods valued at \$1,000, after revaluation they would get for the same goods only 3,600 marks. Export trade would become less profitable.

Importers, on the contrary, would gain, for to pay for \$1,000 worth of foreign goods the West German buyer would need not 4,000, but 3,600 marks.

Revaluation, then, tends to reduce exports, stimulate imports, and weaken the trade balance.

Revaluation also has an effect on another important balance of payments item — the movement of capital. Above all, it stimulates the wholesale outflow of the "hot money" (short-term free capital) previously attracted by revaluation rumours. The unprecedented flow of speculative capital into West Germany in November is a case in point. In the course of only three days, November 14, 15 and 16, the influx was nearly \$1,800 million, or 7,200 million marks, as speculators hurried to put their money into West German marks in anticipation of a profit after revaluation. It is the wholesale exodus of short-term capital to West Germany that placed France on the brink of insolvency.

The flow of long-term capital too is affected by revaluation. Export of such capital from the revaluing country is stimulated and inflow retarded. In the event of a 10 per cent revaluation of the G.F.R. mark, the West German investor would need only 3.6 million marks to buy out a foreign enterprise valued at \$1,000,000, and not 4 million marks as at present. For a similar operation in reverse \$100,000 more would be required than at the present time.

IN OTHER WORDS, revaluation is a measure tending to reduce the balance of payments surplus. Both devaluation and revaluation have a damaging effect on wage earners, for both tend to reduce in-

vestments into the economy and thereby increase unemployment.

The principal economic partners of a country revaluating its currency are the ones to gain the most. For revaluation is tantamount to simultaneous devaluation of all foreign currencies in relation to the given coinage, and this, as mentioned above, would tend to stimulate their export trade and curtail imports. For this reason the 1961 revaluations in the G.F.R. and Holland were undertaken only under heavy pressure from the USA and Briatin.

Now too London and Washington have been trying to induce West Germany to revalue, since this could

alleviate the currency crisis to some extent, and in particular strengthen the franc, pound sterling and dollar. But this time they have not succeeded. Instead of revaluation, Bonn decided to revise its foreign trade taxes. Federal German exports are now 4 per cent more expensive and imports as much cheaper.

The 1961 expedient thus did not work out. What further steps the capitalist countries will essay in the search for a way out of their monetary crisis only the future will tell.

E. Karatsev

in *New Times*

In Defence of

The Pope Turning Thumbs Down On The Pill

by Richard Greenleaf—in the *Daily World*, new US Communist daily

PARDON ME if I was somewhat delayed in commenting on the Pope's new encyclical. I thought may be it might be helpful if I first took the time to read it. This consideration does not seem to have troubled some commentators, who waded right in as soon as they heard His Holiness had turned thumbs down on The Pill.

They missed something. For example: "The only possible solution to this question"—that is, the question of the earth's resources being sufficient for its population — "is one which envisages the social and economic progress both of individuals and of the whole of human society, and which respects and promotes true human values. Neither can one, without grave injustice, consider Divine Providence to be responsible for what depends, instead, on a lack of wisdom in government, on an insufficient sense of social justice, on selfish monopolization or again on blameworthy indolence in confront-

ing the efforts and the sacrifices necessary to insure the raising of living standards of a people and of all its sons".

Most of the capitalist press has been condemning the Pope as an old reactionary ready to lead us all back into medieval darkness. But the passage I have just quoted doesn't sound to me like the writing of such a person at all.

Indeed, if the press lords of the capitalist world could be converted to such views as Paul expresses, we'd have it made. For it is *they* who try to convince us that hunger is the work of Divine Providence rather than the product of human greed. And now they are having a field day exporting revolution to the middle and lower echelons of the Roman Catholic Church. I predict that this phoney revolution—which has much in common with the one they are trying to export to Czechoslovakia — will flop.

United Pres; International says the Pope "called on world governments to outlaw contraceptive devices." I have not found any passage in which he did this. But he *did* condemn any government which might attempt to impose limitations on the size of families. So would I.

We ought not to forget that Paul VI has taken a pretty good position on the Vietnam war. U.S.

imperialists already have their knives out for him on that score, but he doesn't seem to have retreated an inch. Now comes a beautiful opportunity for the imperialist press to smoke up the issue, and they are pouring it out from all their stacks.

Paul VI is taking on some of the enemies that Marx and Lenin had. I have no doubt he will be worthy of them.

Committee removed. The Central Committee practically does not function. In the provinces local Party bodies have been stripped of all authority by self-appointed Maoist "revolutionary committees" and the commanders of army units. Thousands of Chinese Communists have been victimized in the course of the "cultural revolution".

FOR MONTHS now the Maoist press has been waging an offensive against Liu Shao-chi. The papers alleged that he worked for the "restoration of capitalism" in the Party, government, army, trade unions, the youth and children's movement, agriculture and industry, literature, science, history, journalism education, cinematography, trade and sports — in a word, in all spheres of life. It is said that Liu Shi-chi, who is now 70, was a "traitor" and enemy of Mao already in his youth.

In August 1966, soon after the beginning of the "cultural revolution" Mao ordered fire to be opened on Liu. An analysis of this press campaign made by the prominent Soviet Sinologist Lev Delyusin throws light on the factors underlying the conflict between the erstwhile colleagues. "Judging by the Chinese press", Delyusin writes, "from 1960-61 onward Liu Sha-chi and his supporters began pressing more and more for a fundamental re-examination of Mao Tse-tung's erroneous policy. Liu considered the experiments with the people's communes and the big leap a failure, and wanted the peasants' household plots restored to them and a return to the principle of material incentives".

Liu thus fell into disfavour and was proclaimed the chief internal enemy of Maosim. Mao not counting on the support of the Communist Party, the working class, the peasantry and the intellectuals, struck at his opponents through the politically immature youth, the army and the security authorities.

A Soviet Viewpoint

On The Removal Of Liu Shao-Chi

by I. Andronov

FOREIGNERS attending official Peking dinners have learned to tell in advance where Mao Tse-tung will sit; by the dish of red peppers invariably placed beside his plate. For Mao is fond of highly seasoned foods, and red peppers that burn the mouth and bring tears to the eyes he dispatches one after the other without as much as a sip of water. At one such function in the fifties he turned to a foreign guest as he applied himself to his favourite peppers, and said: "I am now building a red pepper party".

If he had in mind the Communist Party of China, his dubious jest turned into a tragedy for the Chinese people in the late fifties when, having surrounded himself with votaries of a highly seasoned political cuisine, he imposed on China his ill-starred "big leap" policy and the "people's communes" with the resultant economic dislocation and hunger. The notorious "cultural revolution", the main purpose of which was the suppression in the Communist Party of all those who did not agree with Mao's gambles, spelt more misfortunes for the Chinese people.

IN MID-OCTOBER the Peking political journal *Hungchi* carried a lengthy article calling for a "purge of the class ranks among the masses

of factories and mills, in shops, people's communes, offices, educational establishments, residential blocks and elsewhere...in order to admit new members into the Party". The same article states that Liu Shao-chi, President of the Chinese People's Republic, Vice-Chairman of the Central Committee of the Communist Party and member of the Standing Committee of the Party Central Committee's Political Bureau, "has been stripped of all power and all posts in and outside of the Party". *Hungchi* likewise announced that Liu Shao-chi's supporters had been "deprived of all posts in Party, government, financial and cultural bodies...". All this has been done in accordance with Mao's latest directive: "The Party must discard the refuse and take in the new".

Evidently Mao's long-nurtured operation to create a "red-pepper party" is nearing culmination. For a long time now the Communist Party of China has been in effect paralyzed by the Maoists. Although the Party Rules call for the convocation of Congress at least once in five years, it is ten years since the last Congress was held. The leadership of the Party has been usurped by Mao's hangers-on. He has had more than half of the members of the Central

IN THE COURSE of the "cultural revolution" Liu and his supporters were anathematized time and again at *hung-weiping* (red guard) meeting and demonstrations. During this summer *hung-weiping* mobs massed on Peking's Central Square demanding that the President of the republic be "pulled out into the street" for them to deal with. They attacked Liu's wife; and his son and daughter, in deadly fear of the *hung-weiping*, publicly condemned their father. But this did not save them; the son was arrested and the daughter branded a "counter-revolutionary".

On October 15, when it was announced that Liu had been ousted and that Mao had issued his "latest directives" for putting the party "into order", Peking Radio burst into song and music to spread the news. Poems and ballads on the same theme followed. And the same evening columns of young people carrying portraits of Mao marched up and down Peking streets. Particularly jubilant were the *tasofans* — the "revolutionary rebels" — to whom the "great helmsman" is now assigning the No. 1 role in the coming new party purge. According to *Hungchi*, the "best rebels should be admitted into the Party" first of all.

The journal adds that functionaries who have proved their loyalty to Mao will be allowed to remain in the Party, but not without complete "re-education" in correction camps. On this score Mao issued a special order early in October: "The mass of cadres must be sent down below for physical labour". In Shanghai, according to the local radio, 40 per cent of the regular personnel of offices and enterprises have already been sent for "re-education", in Tientsin 70 per cent, and in other cities the process is in full swing.

HOW THE PARTY and government workers are to be "re-educated" can be judged from the description given in the Chinese press of some of the correction camps. One of these reformatories for those who "committed mistakes in the past", as

Hsinhua puts it, is the model "school for cadres" in Liuho, Heilungkiang Province. The inmates are used as unskilled labour. "They rise before the sun is up and return after dark". One "old cadre, a participant in the War of Resistance to Japanese invaders", who recently held a responsible urban post, has been made a swineherd. "I am carrying on the revolution in the pigpen", he is quoted as saying.

According to Mao's plans only those who have gone through this brainwashing and the fanatical *tasofans* are to make up the core of the Party. Outlining this design of the "great helmsman", *Hungchi* nevertheless anticipates that there still will be many "intermediary elements", "harmful elements" and "unprincipled go-dooders". It complains that there still are in Party

organizations "tendencies to return to the old", many "stubbornly cling to their mistakes" and "constantly seek to impede the establishment of the new order by invoking old rules and customs".

Tendencies of this kind are evidently widespread, and this seriously alarms the Peking leaders, judging by the condemnation by *Hungchi* of the principle of electing leading Party bodies. "Blind faith in elections is a manifestation of conservatism", it says. Mao and his followers have clearly failed to crush all opposition in the ranks of the Party and fear to engage it in honest struggle. Already last year Public Security Minister Hsieh Fuchih made it known that the delegates to any Party Congress that may be held in the future will not be elected but appointed from the top after careful screening by Mao himself.

To Enrich The Private Sector

Plans Are Afoot For The Great Atomic Energy Robbery

THE U. S. POWER TRUST has launched a campaign to appropriate the multi-billion dollar government-owned plants producing atomic energy.

These plants represent the power resources of the future. That is why the power trust is grabbing for them now. Billions of dollars spent by the government of taxpayers' money have gone into the facilities which will "enrich" - increase the decisive component of uranium which is U 233. Uranium is key to atomic energy. The campaign has been in the planning stages 15 months. It is now being shifted into the operative stage with the publication in the June issue of "Nuclear Industry" monthly magazine of the Atomic Industrial Forum of a report by the Forum's "Study Committee on Private Ownership and Operation of Uranium Enrichment Facilities". These facilities

consist of the three existing gaseous diffusion plants in Paducah, Ky., Portsmouth, Ohio, and Oak Ridge, Tenn.

Their total cost of construction was almost two and a half billion dollars. Cost of the individual gaseous diffusion facilities, according to the Atomic Energy Commission office in New York, were: Paducah, Kentucky \$ 755.1 million Portsmouth, Ohio \$ 764.4 million Oak Ridge, Tennessee \$825.9 million Total 3 plants: \$2,345.4 million

Publication of the Forum report at this time is undoubtedly a pressure move to influence the conclusions of a study by the Atomic Energy Commission which is to be completed later this year. The target of the power trust as stated in the report is: The sale of "all three plants" at the "earliest feasible date". The takeover would include: Expropriation

tion of a huge mass federal public property: extorting extra profits by hiking the price exacted for the "separative work" performed by the three diffusion plants, compelling the federal government to continue to bear the cost of research and development in atomic energy.

An idea of the stakes for which the power trust is playing can be seen in the fact that, while the cost of the three plants to the people was more than \$2.3 billion, "Nuclear Industry" says the private capitalists should be willing to pay \$1 billion. At that price their take would be \$1 billion. At that price their take would be \$1.3 billion.

AS A MEANS of taking over the property at the least possible price, the power trust hints, vaguely, that a low price for the property would cut the cost of the "separative work". However, the power trust does not intend even to pay for the plants outright. It proposes that the AEC sell the plants on an instalment basis. Then, the power trust could pay for the plants out of the exorbitant profits which they intend to extort from the users of enriched uranium.

The power trust's plan to appropriate this huge public property is bulwarked by the Forum groups argument that "private ownership and operation" of the three plants is "preferable to continued government ownership and operation because existence of a profit incentive will enhance the advancement of technology, improve efficiency and reduce costs". The study Committee says that "the profit incentives of private ownership will insure efficient operation of the plants as well as the stimulation of R & D (research and development) toward further efficiencies and economies".

"The profit motive is very real. The carrot and the stick are so visible and effective under private ownership and operation that they must necessarily stimulate long-term economic progress to an extent not achievable under government opera-

tion". The truth is, however, that the present level of technology, was not attained under the profit incentive: private capitalist enterprise shifted the billion-dollar burden of constructing the facilities to the federal treasury, and the research and development was accomplished under government auspices.

The tremendous scientific and industrial advances in the socialist Soviet Union, including those in the development of atomic energy, have made "profit incentive" a less than credible argument to hundreds of millions of people in all continents. The committee argues also that "private entrepreneurs may find it easier than a government agency to obtain financing for additional facilities because of the delays inherent in action by the bureau of the Budget and Congress. But the \$2.3 billion of federal property which they propose to appropriate were financed through these self-same channels."

PUBLIC EXPERIENCE with all other capitalist monopolies does not inspire confidence in the study groups' vague promises that prices will be reduced under private ownership. It leads inevitably to the conclusion that there are any cost reductions they will go into the coffers of the power trust.

The study group has already indicated, in its perspective of "upward escalation" of charges, that it intends to exploit private ownership of these facilities to the utmost. The plundering of the public wealth in these three facilities

will be carried out, if the power trust has its way, in the guise of "competition". Thus, the Study Group proposes that the plants be sold through "competitive bids". "Operation... by three different operators will provide a competitive environment", the study says.

A FORECAST of what this would mean in practice is hinted at in the Study Group's suggestion that the power trust would Study Group's suggestion that the power trust would charge the AEC \$30 ceiling price per kilogram unit of "separative work" — but "subject to escalation", "upward escalation". The present AEC price is \$26. Increase to \$30 would mean a 15 percent price hike, and an even greater relative increase in profits. The Study Group discarded, not only the \$26 price, but the \$30 price as well. It demands that the \$30 ceiling be "adjusted to reflect changes in construction and operating costs above the 1965 basis". The power monopoly demands also that the cost of future research and development in the field of atomic energy should be paid for by the Federal government.

The Atomic Energy Commission "should vigorously pursue its R & D work on alternate enrichment processes". What's more the fruits of this research should continue to be fed to private industry, the study group demands. The AEC should continue its efforts "to make accessible... technological and economic information on the capability and performance of the enrichment plants.

Adage Of The Airlines In The USA

Honesty Is The Worst Policy

by Erik Bert

THERE IS A STRONG presumption that the major airlines of the U.S. have been lying about their relations with the biggest banks, and a strong suspicion that in lying they have been violating the law.

The charges of lying and lawlessness have been made by the staff of the subcommittee on Domestic Finance of the House Committee on Banking and Currency.

The vehicle for the charges was widely publicized in the daily press just a few weeks ago. It was the subcommittee's "Staff Report on Commercial Banks and Their Trust Activities: Emerging Influence on the American Economy". The report is in two volumes, of almost 2,000 large size pages of text and documents. It is only when one gets to page 384 of Volume I, that the ties of the airlines and the banks are revealed. The Civil Aeronautics Act prohibits the acquisition of control of any air carrier by person controlling another air carrier.

The subcommittee staff, in an effort to learn whether such illegal controls exist, asked the Civil Aeronautics Board to furnish information on the stock ownership of major U.S. airlines. It learned that American, in reports to the CAB on Dec. 31, 1966, and Dec. 31, 1967, indicated that it has "no stockholder with more than five percent of the capital stock".

The significance of the five percent figure is that the House subcommittee in authorizing the Commercial Banks study, decided that "a five percent of larger holding of one class of stock was significant in judging the potential influence of a bank trust department's stockholding on a particular corporation".

While American Airlines told the CAB that no one stockholder held five percent of its stock, the subcommittee's staff learned that "in fact, the Morgan Guaranty Trust Co. of New York City, held as of July 21-1967, 7.5 percent of American Airlines stock". The same pattern existed for the other airlines. Eastern Airlines told CAB, on Dec. 31, 1966, and Dec. 31, 1967, that it had no individual stockholders holding more than 5 percent of its capital stock. But Chase Manhattan Bank reported to the subcommittee staff that, as of June 30, 1967, it held 6.4 percent of Eastern Airlines common stock. Trans World Airlines reported to

CAB that, "there are no persons holding more than 5 percent of Trans World Airlines, Inc. capital stock as of December 31, 1967".

BUT Chase Manhattan told the subcommittee that as of June 30, 1967, it held 7.8 percent of Trans World Airlines common stock. And Morgan Guaranty Trust Co. told the subcommittee it held 7.4 percent of TWA common stock as of July 21, 1967. United Airlines presents what the subcommittee staff calls a "peculiar situation". It confessed - but not the whole truth.

United Airlines in its report to CAB at the end of 1966 and 1967 listed several bank agents and insurance companies as stockholders of more than 5 percent of its preferred stock. It listed no one as the holder of more than five percent of its common stock. But Morgan Guaranty reported to the subcommittee that as of July 21, 1967, it held 8.2 percent of United's common stock.

Western Airlines reported to CAB that as of Dec. 31, 1966, Cade & Co., representing the New York Stock exchange, was the only stockholder holding more than five percent of its stock. But on June 30, 1967, Chase Manhattan told the subcommittee it held 6.7 percent of Western Airlines common stock. Then, on Dec. 31, 1967, Western Airlines reported to CAB that a Chase Manhattan agent held 8.1 percent of its common stock.

These contradictory reports of the airlines and the banks do not prove that airlines are dishonest and lie, while banks are honest and tell the truth. Few people harbour such suspicions about the big banks. The banks just have to be more careful, because of the federal and state regulations to which they are subjected.

The whole business would not be worth mentioning if it were merely a question of honesty — a remote quality in capitalist enterprise. The House subcommittee staff suggested mildly that since the airlines had probably been lying in their reports

to the CAB it was up to the CAB to do something about it. Said the staff: "Since the Civil Aeronautics Board has the legal responsibility for determining who controls the airlines and for preventing the same entities from controlling more than one airline with approval, the Board should review the current situation in light of the data presented here".

A number of the big banks, the subcommittee staff revealed, also, have loaned large sums of money to the airlines in which they are major stockholders and have participated in agreements to lease aircraft to these airlines. Several major insurance companies have large loans outstanding with the same airlines and in some cases these insurance companies have also participated in aircraft leasing trusts along with major commercial banks.

Take the tangled ties of Trans-World Airlines. Equitable Life Assurance Society has an \$87.8 million loan to TWA. Metropolitan Life Insurance Company also has an \$87.8 million loan to TWA. Morgan Guaranty Trust Company has a \$20.3 million loan to TWA. Then TWA is one borrower end of a lease trust agreement involving 23 Boeing jet liners. Equitable has a 20 percent share in that lease trust agreement. Metropolitan has a 20 percent share. First National City Bank has a 20.9 percent share. Prudential Insurance Co. has a 20 percent share.

THESE HUGE financial enterprises are not only fellow-participants in TWA but have more intimate ties to each other. Chase Manhattan and Equitable have five "interlocking directorships", the subcommittee staff reports, that is, five persons are directors of both Chase and Equitable. Chase also has three interlocking directorships with Metropolitan. First National has two interlocking directorships with Metropolitan. Morgan Guaranty and Prudential have one director in common. "In total", the staff reported, "there of the largest banks in the United States, along with

three of the largest insurance companies in the United States, having substantial interlocking directorships among them, hold a total 16.08 percent of the common stock of Trans World Airlines, have total loans outstanding of \$195.5 million and are together participants in a lease trust agreement for 23 Boeing jet liners with TWA to the extent of 82.5 percent”.

From Washington

No Magic Or Miracles In Nixon

by I. F. Stone

IN ONE respect the election campaign of 1968 was standard. In most elections the rival candidates try to sound as much alike as possible. This is true even of campaigns which proved turning points in American history. No one could have been more equivocal on slavery than Lincoln. FDR in the 1932 campaign sounded like Herbert Hoover. The voice of the people was no more blurred in 1968 than usual. To get a majority under most circumstances in a big country with a wide range of opinion, it is necessary to get down to a pretty weak and ambiguous common denominator.

The lack of a clear choice on Vietnam reflected the fact that both parties, like the country, were agreed in a desire to get it over with, but divided as to whether the best means was an all-out military effort or negotiation. The close vote reflected the toss-up character of the decision, and the campaign ended with all three candidates agreed on pursuing negotiations for an “honorable peace”, whatever that means.

The other decision ratified by the election is not so pleasant. If you add the Nixon vote to the Wallace vote to Humphery's metooism on law and order, you are forced to conclude that the white majority is for tougher action to deal with black unrest, though the country is still far from a new irreconcilable conflict.

The facts disclosed by the subcommittee staff, especially those about which the airlines lied in black and white, reveal that these big airlines are not independent capitalist enterprises, but represented one sector of the huge complex of industry and banking which is U. S. capitalism. It has been built and sustained by huge pilfering from the Federal Treasury.

Except in the deep South, Wallace proved to be a fringe phenomenon. On the other side the heavy black vote for Humphery shows that the power of the black nationalists and extremists has been even more exaggerated than that of the Wallaceites. It is clear that the overwhelming majority of the blacks are ready to participate in normal politics if it offers any meaningful choice at all. Meaningful choices often turn out to be lesser evils, and at the last moment to blacks, as to many disaffected white radicals, Humphery looked like a lesser evil than Nixon and Agnew. Cleaver and Gregory picked up only a handful of black votes. **This Humphery vote means that there is still time and room for racial reconciliation.**

We do not think Nixon is the man who can bring it about. Let me put the problem in large terms. What the French call “immobilism” is characteristic of human society everywhere, irrespective of the social forms. Most rulers of human societies find themselves hemmed in by the circumstances under which they took power. Little changes. There isn't much elbow room in Washington or Moscow, for example, without radical measures. But radical measures require a willingness to take risk.

Khrushchev showed it when he made his secret speech on Stalin, Pope John when he transformed the

Roman Catholic Church, de Gaulle when he got out of Algeria. Each had the courage and insight for fresh directions. This is what America needs to deal with the twin problems of the urban and racial crises at home, and with our over-extension abroad. Nixon hasn't got what it takes.

THE FIRST OBSTACLE is the strategy which brought him to power. His base is the South, the small towns and the comfortable. This does not necessarily rule out radical measures. De Gaulle was swept into power by the very forces, military and colonialist, he was soon to “betray” by his magnanimity in Algeria. Khrushchev's constituency was a Communist party hierarchy matched in its unimaginative stuffiness only by the College of Cardinals which elected John. But those who looked closely at de Gaulle's past and John's, if not Khrushchev's, could see that they were innovators. There is no sign of that quality in Nixon.

Nixon is the first real Republican to win the Presidency since 1924 when Coolidge was elected. People have forgotten that Hoover, like like Eisenhower, had been so apolitical that he was once suggested for the Democratic nomination in 1920. With Nixon we are back to the genuine article. He is of the same bland, banal and Babbitty breed as Coolidge and Harding.

Like them he symbolizes the desire of the well-to-do and of small town America for “normalcy”, for an end to emergency and experiment for a Canute that will somehow hold back the tides of change. **Like Coolidge and Harding, he is inescapably insipid, the type that vice presidents of banks regard as solid fellows. That kind of leadership ruined the Republican party before and will do so again.**

There is no cheap way out. The first choice is between urban-racial requirements and the upper class welfare system which is the military-industrial complex and aerospace. This is the gray train of the sub-

urbs, the technicians and the new millionaires of Texas and California whose gilded old age pensions depend on militarism and the space race. *These are the richest and easiest sources of the contributions a Presidential campaign requires; Kennedy tapped them in 1960 with the "missile gap" nonsense, Nixon has done so again with a "security gap", a "research gap" and a "submarine gap", all equally nonsensical.*

Nixon knows it, as Kennedy knew it, but that won't keep Nixon from stepping up the arms race just as Kennedy did. The key point to watch is what he does about the anti-ballistic missile; only a programme of this size can support the complex and aerospace in the style to which they have become accustomed. It is hard to see Nixon breaking loose from his constituency on that one.

So the course is set for a lot of nonsense about letting free enterprise solve the problems of the ghetto. He will try to win over a thin upper strata of Negro leadership, but without alienating his base. It is the unexpected outbreak which is to be feared; then we are likely to see resort to force and a revival of witch-hunting-old-Nixon style. Both will intensify racial antagonism and crisis.

This is the danger on which a new opposition should focus. Humphrey's flabby joint post-election appeal with Nixon against "divisiveness" shows that he is as incapable of leading it now as he was before the election. If there is no "divisiveness" there is no two-party system and there is no real choice again. To deny choice is to provoke and extend the really dangerous divisiveness of alienation among the youth and the blacks. A real opposition is necessary if orderly change is to be possible.

But Humphrey in the campaign showed himself constitutionally incapable of leading such opposition. To follow him will only ensue another defeat. Only McCarthy began to open up the real issues. If he

could develop a rapport with black aspiration, he could lead an effective opposition, inside or outside the party, but preferably within it. There is no substitute for that coalition the Democratic party represents. To capture, broaden and educate it seems to me essential if the country's problems are to be solved peacefully.

McCarthy is right when he says the narrow returns show that Humphrey might have beaten Nixon if the bombing halt had come earlier. But there is reason to doubt that Johnson wanted a Humphrey victory. **A Humphrey defeat may have suited his vanity and calculations. Johnson worked well with Eisenhower in the 50s, and may hope to work as closely with Nixon.** The extraordinary pact reached between them at their first White House conference after the election must encourage the ambitions Johnson may nurture to be an elder statesman of of the bipartisan Establishment. The Nixon-Johnson agreement may seem at the moment to safeguard the Paris talks from upset by Thieu. But when two such tricky operators agree, the pro-peace forces had best be on guard.

There has rarely been such an opaque con game as the Paris talks, and it is not surprising that all sides are suspicious. Hanoi paid an unexpected price. It did what it said it would never do, submit to conditions for a bombing halt. It agreed to sit down at the peace table with the Saigon government. "It is absolutely out of the question," Wilfred Burchett told Tokyo *Sbimbun* in a Phnom Penh interview Oct. 30 on his return from Hanoi, "that North Vietnam and the NLF would talk at conference with representatives of the present Saigon regimes." To agree to sit down with the "puppets" as Hanoi has done and to scale down the fighting, must seem to the NLF a repetition of 1954 when Hanoi bought its independence at the expense of the South.

THE LULL around the DMZ has made it possible for the US First Cavalry to be moved southward into

the Mekong Delta for "pacification" operation. "We are not taking any inhibitions in South Vietnam", Walt Rostow said on ABC *Issues and Answers* Nov. 10, specify that we had not agreed to a cease-fire and that US and ARVN forces were "moving out into the country side; pacification is accelerating." While US bombing of the countryside is stepped up, the NLF, is expected to give up the bombardment of the provincial towns and outposts from which the "pacification" forces operate.

It is enough to make one wonder whether those "certain outstanding matters" between the US and the USSR to which Nixon referred after his White House visit might possibly include an agreement to let the Russians finally "pacify" the Czechs while they let us "pacify" South Vietnam in the Korean-style peace Johnson had always wanted.

In this murky game Thieu is as fearful of a sell-out by Johnson as the NLF may be of a sell-out by Moscow. Johnson's troubles with the South Vietnamese regime recalls Eisenhower's with the South Koreans. The peace talks on Korea were dragged out for two years because the South Korean regime, with support from the US military, kept upsetting the apple-cart. Syngman Rhee, like Thieu, didn't want the war to end until we had reconquered the North for him, and he exacted concessions which still keep US troops in Korea 15 years after the case-fire, with no peace treaty in sight. The Rhee dictatorship repressed all those who wanted a peaceful settlement, as the Thieu dictatorship does today.

In Saigon we locked ourselves in by rigging elections which give die-hard Catholic refugees from the North control of an unrepresentative legislature while majority Buddhist and pro-peace elements are gagged. In the last few days no less than ten Saigon papers have been shut down or suspended for pro-peace views while Truong Dinh Dzu, the peace candidate who came in second in the presidential elections,

has been taken from his Saigon prison to a notorious penal island as if in fear that he might escape and become the leader of a compromise regime. Hundreds of Buddhists are in prison for advocacy of peace, and only the die-hards are allowed to speak. Thieu obviously feels so weak that he thinks even sitting down at the same table in Paris with the NLF may fatally undermine his regime at home. He fears his popular Forces in this unpopular war may begin to melt away.

The No. 1 business of a new opposition must still be to watch these tricky and precarious peace talks. Even if they don't break up, they may still leave US troops bogged down indefinitely as in Korea, with the danger of another major war in the Asian quicksands.

—From *I. F. Stone's Weekly*.

Washington, Nov. 18, 1968.

The Brain Drain

A New Product On The Imperialist Market

by Roberto Alvarez Quinones

Havana,

The concept of the world as an international market for products is an idea as old as capitalism itself. But the idea of the world as a market for human talent is entirely new and is today causing considerable concern.

For what we are suddenly observing is the phenomenon of the 'American maelstrom', which not only encompasses the sphere of capital investment in other countries — amounting to enormous sums — but which also includes the draining off of thousands of highly trained men and women whose education has been financed at a great expense to these countries"

This is the beginning of a highly interesting article in the British *Financial Times* on the stepped-up pirating of technicians and scientists, a practice that has been, and is being practised with greater and greater intensity by the United States. The brain drain, as it is referred to in Western economic circles, quite logically, has its most catastrophic and dramatic consequences among the underdeveloped countries, since these are precisely the nations with the greater need for technicians, scientists and professionals in general

faced as they are by the pressing necessity of overcoming the extreme backwardness that characterizes them.

ACCORDING to statistics published by a number of periodicals — and by the US Government itself — from 1949 to 1967, more than 97,000 scientists, engineers and doctors arrived in the United States from foreign countries. And of this number, 53,000 came from underdeveloped countries. But the most alarming trend of all is that from 1962 to 1967. In those six years alone, the number rose to 53,666. This can be broken down into 10,686 scientists (mathematicians, physicists, chemists, biologists, etc.) 27,877 engineers and 15,103 doctors.

If we add to this the fact that — as estimated by the Soviet news agency *Novosti* — at the present rate of increase — which may easily rise even more — in the next three years some 48,000 doctors, engineers and scientists will receive permission to enter the United States, it is clear that by 1970 this total number will probably surpass 100,000 emigrants, in just nine years' time.

Oddly enough, it was Professor Titmuss of the University of London

who pointed out — although in purely factual terms — one of the most damaging and singular characteristics of this new market: "The United States receives 'human capital' as other countries receive financial aid. But no payment is made to the country which provides this 'human capital', no interest is forthcoming, nor is there any intention of reimbursing this loan at any time whatsoever.

IN OTHER WORDS the production costs of this "talent-product", or "human capital", are borne completely by those nations which can least afford such expenses, those that are in the greatest need of this talent. Nonetheless, those countries are ruthlessly plundered of this talent, in exchange for more hunger, poverty, sickness and backwardness.

According to French magazine, *La Nation Européenne*, the cost of training a scientist is approximately 80,000 dollars (the cost of laboratories, universities, advanced study, etc.). The cost of training a doctor according to reports from the Pan-American Health Office, is some 20,000 dollars. And the training of an engineer, according to estimates from various sources — estimates which are not very exact — also costs about 20,000 dollars. This gives us some idea of just how extensive this Yankee robbery is in terms of money alone. Thousands of millions of dollars are involved and even though this money is never actually "seen", the loss has disastrous effects.

For the nations of the Third World, as we have said, and especially for those of Latin America, this this plunder of the precious few technicians is particularly criminal.

In 1966 the Immigration and Naturalization Service of the US Department of Justice announced without any qualms whatsoever — that "28,714 professionals, technicians and workers in related fields", from all the nations of the Americans excluding Canada and Cuba, entered the United States in the five-

year period from 1961 through 1965. Of these, 11,552 were university graduates and the rest are nonuniversity technicians — what they term “workers in related fields” — who can be included with the first group because of the nature of their training (surveyors, electrical and electronic technicians, draftsmen, airplane pilots, radio and television operators, nurses, etc.). In 1966 the Office of Migratory Movements in Latin America also reported that “every year some 300 Latin American doctors migrate to the United States.

THIS NUMBER, equals, according to this same source, the annual number of graduates from three major US medical schools “that would cost at least 60 million dollars to build and some 15 million dollars annually to maintain....”

It should be pointed out, moreover, that these figures do not include emigrants from Jamaica, Puerto Rico and the Virgin Islands, nor those who come via other countries, as France or Spain, for example, which would bring the total to almost 40,000 in five years. And it is worth noting that among these emigrants there were 10 mathematicians; 36 physicists; 269 specialized scientists in biology, agriculture and other branches of the natural sciences; and 409 chemists and that the majority of these were eminent scientists.

To fully understand the scope of this crime, it is necessary to survey the sad situation that prevails in respect to what little training there is available for technicians and professionals, to observe the great difficulty in training each and every one of them in Latin America, quite apart from the lack of vocational guidance, the absence of opportunity and other difficulties.

In this matter both UNESCO and the Economic Commission for Latin America have stated that “the structure, orientation and content of education at all levels in general reflect the concept held by small sectors of the population on the needs rather than any careful and

balanced study of the overall needs of the culture and contemporary life....”

However, as the height of irony it was someone from the United States itself, the late Senator Robert Kennedy, who was one of those who most accurately analyzed this aspect of the continent’s educational problem. “The uneducated”, Kennedy stated, “are condemned to live as outsiders, excluded from the 20th century, like strangers in their own countries.... But education, the key to progress, is deplorable lacking in Latin America. There are not enough trained and educated people there to run the machinery of modern society. Illiteracy rates of 50 percent among Latin Americans social political....”

“Of every 1400 Brazilian children for example, 1000 enter first grade and 396 second grade. Of the number, 169 finish fourth grade, 29 high school, and only 7 enter any type of institution of higher learning. And of every 1000 that entered first grade, at best, only one actually graduates from a university. That is, one out of every 1400 Brazilian children.

“Some 20 percent of the university students study law. A like proportion studies medicine, while others enter the customary fields in the liberal arts. Less than one twentieth of the students prepare for work in the critical field of agriculture and far too few are willing to work as engineers or teachers....”

However, Kennedy did not point out that those few engineers were lured away through the wide portals of the dollar world, nor did he mention that 50 percent of the doctors—“even fewer in number” — emigrate through the gates of the same imperialism he himself represented. Of course, it is obvious that the motivations for emigration among the intellectuals of the underdeveloped countries are primarily economic ones. Most of the few who do manage to graduate from the universities do not find work suited to their backgrounds, or those who do

are paid salaries they can scarcely live on.

The assassinated presidential candidate himself noted in that same speech — delivered in the US Senate on May 10, 1966, after his tour of Latin America — that “even in the universities all over the continent the professors can only teach part time and must rely on other work in order to live....”

AND IN OTHER parts of the suffering Third World, the situation is much the same. In Burma 40 percent of the engineers who graduated in 1961 had not found work in their profession 18 months after graduation. In Thailand 1000 persons, among them many university graduates, applied for three office positions. In India, a country which lost 3225 specialists to the United States through emigration last year, according to an Egyptian paper. *Al Ahram*, a recent census showed that 18.6 percent of the nation’s total scientific and technical personnel were employed at jobs unrelated to their professions. And the picture is much the same all over Asia and Africa.

It is all too clear that the outlook is extremely bleak for the less developed countries. In addition to their blood and sweat, these nations must now sacrifice their most highly trained men, since the only alternative for these specialists is to remain underutilized, and thus these nations are unable to take advantage of the inestimable creative force which they constitute.

Thus the imperialists to the north continue sharpening their claws so as to step up their brain drain to the utmost degree, since it is an operation incomparably less expensive than the expansion of their own universities. Their greed is so great that they are not in the least disturbed by openly proclaiming their goals:

“Immigration, when it is well administered”, Dean Rusk said with his customary brazenness some time ago, “can be one of our best resources....”

A statement made by Dr. Parkins, special adviser to His Highness LBJ added more fuel to the fire: "It is no longer a question of making the appeal 'Give me your tired, your poor, your humble masses yearning to breath free', but rather, 'Give me your most brilliant, your intelligent your talented citizens, our machines will do the manual work'".

There is no possible doubt then that confronted with such an outlook for the future — as the *Financial Times* once more points out when it says, "We are witnessing a new type of poverty, the poverty of

the mind...which contains the very seed of violent revolution" — the only solution in the revolutionary destruction of today's social and economic structures. That solution can be brought about, above all, by cutting the very umbilical cord that binds these countries to Yankee imperialism, thus closing the "wide portals of the dollar world" through which, unfortunately, unlimited possibilities for development are now escaping, possibilities which our cybernetic and atomic age could offer mankind in today's society.

PRENSA LATINA

For the Record

Statement Of The University Of Ceylon Teachers' Association (Peradeniya) On The Question Of Salary Conversion

SINCE 1962, that is, five years after the last salaries revision (1957) the U. C. T. A. (P) has taken up the question of salaries of University staff on three compelling grounds:—

1. The serious disparity between university salaries and salaries of comparable grades outside (see Table I).

2. Difficulties in recruiting staff as evidenced by the large number of vacancies in the present cadre (see Table II).

3. The consequent drain of staff out of the University of Ceylon, Peradeniya to other institutions to the detriment of our academic standards and to the reputation of the University: as witnessed by the resignation of 12 members of the Science Faculty, 4 members of the Engineering Faculty, and 15 members of the Arts Faculty within the last five years.

IN 1966 THE N. C. H. E. recognised the inadequacy of the present salaries of University staff and proposed a new salary scheme that, despite some defects, bore a more realistic relation to salary scales

outside. The U. C. T. A. (P), while drawing attention to the defects of the scheme, accepted the new scheme on the understanding that the conversion would be on a point to point basis. This has always been the practice in the past in salary conversions affecting University staff.

A point to point conversion of salaries on the proposed salary scales was approved unanimously by the Board of Regents of the University of Ceylon on the 25th September 1968.

The U. C. T. A. (P) was naturally led to expect that the matter would receive the serious attention of the N. C. H. E. and the government. As the implementation of the new scales was to be from October 1968, our Association was deeply disappointed to be met with vacillations and uncertainty despite reminders addressed to the N. C. H. E. seeking to know their mind on this matter.

At last in reply to a request for an interview on this subject on the 25th November 1968, we were granted an interview by the Chairman of the N. C. H. E. which was suddenly changed to a meeting with the Mi-

nister of Education and Cultural Affairs, the Chairman of the N. C. H. E. and officials of the Ministry.

At this meeting our delegation was simply confronted with the decision that the conversion to the new scales was to be on a "next point (step)" basis instead of a "point to point" basis. This retrograde measure completely violates the spirit and purpose of the new proposals and brings a host of anomalies in its wake: for example, (a) A grade II lecturer after three years in that grade (that is, after eight years of service in the University) will earn the same salary as a person newly appointed to that grade; (b) A difference in seniority of one month can result in a salary difference of about Rs. 180/-.

IT SEEMED to our delegation at this meeting that the matter was beyond discussion. The officials did not appear to have given any serious consideration to our proposals and the grounds on which a "point to point" salary was necessary: viz. difficulty of recruiting staff, disparity between University salaries and salaries in other institutions in the public sector, and the drain of staff. It also appeared to our delegation that the officials had not made an adequate study of the financial implications of the "point to point" conversation with that of "next point (step)" conversion.

It was left to our delegation to provide figures (which were not refuted) to show that the difference in the total expenditure between a point to point conversion which the U. C. T. A. is requesting and a next step conversion is only Rs. 350,000/- per year for the U. of C., P., a figure that will decrease year by year. The figures for each of the other Universities will be still less. In fact, the Permanent Secretary of the Ministry of Education was labouring under the misapprehension that the figure would be double (that is, 100% more than) the amount involved in the "next point (step)" conversion.

This amply demonstrates the attitude of the N. C. H. E. and the Mi-

nister towards responsible university bodies. In protest against this attitude and the decision to implement a "new point (step)" conversion, the U. C. T. A. (P) felt compelled to pass the following resolutions on the 13th December, 1968:—

(a) In pursuance of the U. C. T., A. (P) resolution passed on 1.12.1968 it was resolved that members should suspend work for one day on 20.1.69, and

(b) Boycott the Convocation which is to be held on the 20th December, 1968.

These two measures were taken after careful deliberation as *token protests* — gestures which are meant to indicate the strength of feeling on the issue without causing serious harm to the students or to the interests of higher education.

S. Y. Kodikara,
Secretary,

University of Ceylon Teachers' Association (Peradeniya)

16th December, 1968.

TABLE I

The Basic Salaries paid to University lecturers are LESS than those paid to others in comparable employment by the amounts shown in the following table.

	Average for Corporations	C. A. S. Class II	C. A. S. Class II	Dept. of Inland Revenue	Central Bank
After 5 yrs. service:	320	—	—	130	250
" 10 " "	320	—	—	160	340
" 15 " "	—	550	—	140	300
" 20 " "	—	—	500	220	350
" 25 " "	—	—	650	300	—
" 25 " "	—	—	650	300	—
" 30 " "	—	—	650	400	—

TABLE II*

	Cadre	Number of posts filled	Vacancies
Science Faculty	70	42	28
Arts Faculty	187	158	29
Engineering Faculty	74	33	41
Agriculture, Vet. Sc. & Animal Husbandry	39	28	11
	370	161	109

* The Faculties of Medicine and Dental Surgery have been excluded because they do not come within the salaries scheme under discussion.

SALINE WATER IRRIGATION

Crops that will grow under saline water irrigation are changing the pattern of agricultural production in the arid zones of Tunisia and demonstrating the possibility of opening up previously uncultivated land areas. This is the result of research programme launched in 1962 by the Government with assistance from UNESCO and the UN Development Programme to determine the concentration of water salinity which can be used on different Tunisian soils for different Tunisian crops.

Local demonstrations attracted much attention when they showed that it was possible to increase by up to three times the yield of date palms in sandy soil where the annual rainfall averages eight cm a year and irrigation water contains two parts of salt per thousand. At one station, the harvest of dates was 20 kilograms per tree in 1965; the following year, using new methods the yield was increased to 85 kilograms per tree. At the same time, the team was able to grow substantial quantities of fodder grass under the palms.

Another team of experts found that in poor soil representative of that prevailing in other arid zones — with an average annual rainfall of about 15 cm and using water containing four grams of salt per thousand — it is possible to grow a wide variety of crops, such as fodder grass, tomatoes, artichokes, pimentos, wheat and sugar beet. The secret was proper irrigation and drainage.

—UNESCO FEATURES

FILM PAGE

● **ONE MILLION B. C.** (Technicolor), Hammer Film Production, released through Warner-Pathe Distributors Ltd. now showing at the *NEW OLYMPIA*, tells of man's early battle for survival at the dawn of civilisation. At that time man fought, not only the gigantic prehistoric monsters that roamed the earth, but the earth itself, still heaving, bubbling and boiling in its volcanic state. The movie was shot on location in Canary Isles, volcanic islands off the coast of North East Africa. There on Tenerife and Lanzarote the backgrounds were real and settings perfect for the film. The special visual efforts were created by Ray Harryhausen. The highlight of the Studio scenes is a savage battle between Rock girl Nupondi (MARTINE BESWICK) and Shell girl Leana (RAQUEL WELCH).

The story tells of two tribes, the Rock people and the Shell People, the former filthy savages, the latter a more intelligent and beautiful race. The leader of the Rock People Akhoba (ROBERT BROWN), has two sons, Sakana



M. G. Ramachandran and Jayalitha in a romantic scene from Padmini Pictures Tamil espionage movie **RAHASYA POLICE 115**, Ceylon Theatres Ltd. release now at **SELLAMAHAL** and other centres.

(PERCY HERBERT), a jealous seeker after power, and Tumak (JOHN RICHARDSON), whose finer features indicate a more than primitive intelligence. A fight with Akhoba results in Tumak banished from the tribe. As Tumak wanders he comes into conflict with the terrible creatures which roam the countryside. A giant lizard attacks him and he escapes after a desperate struggle. Then he stumbles into the path of a Brontesaurus and he runs in panic in the opposite direction. Bruised, exhausted, starving and riddled with thirst, Tumak roams until he sees the son, then staggers forward and collapses on the sand. Leana of the Shell People drags him away when a huge turtle looms nearby, and the people force the turtle into the sea, and Tumak is taken to their camp. Ahot (JEAN WLADON) leader of the Shell People, a handsome, blond giant is eager to claim Leana for his wife. But she is fascinated by Tumak, and when a huge, flesh-eating Allosaurus crashes into the camp, it is Tumak who fights and eventually kills it. When Tumak fights Ahot for possession of a spear, he is once again banished. Leana decides to go with him and Ahot, in farewell, presents Tumak with his spear. Tumak and Leana set off together, on the way they are trapped when a fight develops between a fearsome Triatorops, a horned creature, and a massive Certesaurus. Desperately they watch as the two monsters fight to the death and both escape when the Certesaurus is speared on the Triatorops' tusks. The two wanderers finally meet Sakana and others. Tumak now takes over the role of leader armed with his spear. All live happily together for sometime, then one day Leana is attacked and carried off by a flying Pterodeotyl and dropped into the water when another Pterodeotyl fights the first one in mid-air. Injured, Leana arrives back to her people who join with her returning to the Rock Tribe where a fight between the two factions develops. Suddenly the air is filled with a rumbling and the nearby volcano begins to erupt. Molten lava pours down the moun-

tain, the earth heaves and splits. In a frantic fight to the death Tumak spears Sakana and carries Leana to safety. When the earth

2nd Popular Week

AT

**GAMINI
SAPPHIRE**

2. 6 & 9.30 p.m

And at 18 other centres

CINEMAS'

**ATAVENI
PUDUMEYA**

4th Week

**KINGSLEY
PLAZA**

2, 6 & 9.30 P.M.

Sivaji. Devika. Rajshree

in

Neelavanam

23rd Week

AT

LIDO

9.30 a.m. 2. & 6 p.m

WEMBLEY—Kandy

9 a.m. 1, 5-30 & 9-30 p.m.

Raj Kapoor's

SANGAM

(Technicolor)

Next Change:

**President's Gold Medal
Winner**

CHEMMEEN

(Eastmancolor)

2nd Week

CAPITOL

2, 6 & 9.30 P.M

M.G.R. Bhanumathi in
**Alibaba & Forty
Thieves**

Gavacolor (Brant New Print)

EMPIRE Air-Conditioned
Dirk Bogarde-Syvla Koscina in
Hot Enough For June
in Colour

2nd Week
MAJESTIC Air-Conditioned
Walt Disney's
Mary Poppins
in Colour

2nd Week
REGAL Air-Conditioned
Columbia's
BORN FREE
in Panavision & Colour

Extending 3rd Week
ELPHINSTONE—ROXY
Supriya Films'

Wahal Dupatha

Produced & Directed by:
Shanthi Abeysekera

Extending 3rd Week

SELLAMAHAL

M G.Ramachandran in

Rahasiya Police 115

in Eastman Colour

Extending 7th Week

CROWN

Asha Parekh—Dharminder in
AAYE DIN BAHAR KE
in Eastman Colour

SAVOY Air-Conditioned

Elvis Presley in
Frankie And Johnny
In Colour

subsidies again the survivors, led by Tumak, emerge into their changed world.

The movie produced and scripted by Michael Carreras is directed by Don Chaffey.

● **MAJOR DUNDEE**, Jerry Brosler production, in Panavision and Eastmancolor by Pathe, released through Columbia Pictures, now showing at the **EMPIRE THEATRE**, is a powerful story of brawling action and strong emotion, partially based on historic fact. Pure adventure and lusty action, along with some superb characterization of men in battle can be found in this exciting and entertaining movie set in the flaming Southwest in the time of the Civil War. Charlton Heston plays the title role, that of a cigar-smoking fight loving Commander of Troop C, a man who enjoys war. Harris plays the embittered Confederate officer. Jim Hutton appears as a fresh young Lieutenant who discovers the fine art of killing. James Coburn is seen as an Indian scout whose one arm has made it necessary for him to be twice as good at the art of survival as any man with two Michael Anderson Jr., also stars, as the baby-faced bugler who learns from his fellows how to kill, and to kiss. Co-starred are Mario Adorf, as a knife throwing Mexican sergeant; Brock Peters, as a Negro volunteer who fights besides the Confederates, and with them, and Senta Berger, as the widow of a Mexican doctor. The movie was shot on location in Mexico. Produced by Jerry Bresler, the film was directed by Sam Peckinpah from a screenplay by Harry Julian Fink, Oscar Saul and Peckinpah. The brilliant cinematography is by Sam Leavitt, A.S.C., and the music was written by Daniele Amfitheatrof.

In the last month of the Civil War, "B" Troop, 3rd U. S. Cavalry stationed at Fort Benlin, New Mexico, which also serves as a Federal prison, is massacred by Sierra Charriba (MICHAEL PATE) Apache Indian chief who escapes into Mexico. Major Dundee

(CHARLTON HESTON), commanding disorganised "C" Troop goes after Charriba, augmenting his force of misfits and renegades, with Confederate Army captain Ben Tyreen (RICHARD HARRIS) and a few other hand-picked rebels to whom he offers a choice; fight Charriba or face a murder charge for killing a prison guard. Once friends at West Point, Dundee and Tyreen now hate each other; Tyreen makes it clear that he will kill the Major as soon as their mission is successfully completed. With them on their trek into Mexico are Samuel Potts (JAMES COBURN), one-armed Indian scout; Lieutenant Graham (JIM HUTTON), who is new to battle; Tim Ryan (MICHAEL ANDERSON Jr., fresh-faced bugler boy; Sergeant Gomez (MARIO ADORF), a knife-throwing Mexican; Aesop (BROCK PETERS), a Negro who volunteers to fight alongside the Confederates, and sometimes fights with them, and a crew of frontier thieves and murderers, as well as the Feds and Rebs.

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Arab Commandos In Athens And The Logic Of Guerilla Warfare And Terrorism

THE WORLD is so full of violence at the present time that many people do not pause to think of the implications of the different kinds of violence that emerge from time to time. There is first the violence exercised by authority to maintain its power and the *status quo*, and, in this case, quite often, the minions of law and authority under the pretence of discharging their duties misuse their strength and inflict physical violence on innocent people. The events in a Jaffna church on Christmas day was a wanton display of such police violence.

Sometimes violence is used by landlords and other owners of property on helpless wage-earners who ask for more (wages). In Thanjavur, in South India, a few days ago the head of the local landlords' association has been taken into custody for allegedly setting fire to the huts of landless agricultural labourers who were clamouring for more wages — as a result of which 42 of them had been burnt alive.

There are so many different kinds of violence in the world today that it is virtually impossible to examine the ethics of each of them in the space of a short article, but the headline news that Arab Commandos a few days ago had attacked an Israeli civilian passenger plane at the Athens airport, killing one innocent passenger and injuring an air hostess, calls for special attention. This act of terrorism has, according to newspaper reports, been fully approved by the Front for Liberation of Palestine in Cairo. This organisation is popularly known as Al Fatah and claims to operate in Israeli-occupied territory on the West bank of Jordan. According to accepted political convention nowadays, it is legitimate for the population in enemy-occupied territory to resist the occupying power through guerrilla action. Individual terrorist acts by guerrillas are regarded as part of the violent armed struggle organised by the guerrillas.

But, the action of the Arab commandos at the airport in Athens and the enthusiastic support given to it by the Al Fatah headquarters in Cairo seek to extend the logic of guerrilla warfare to new frontiers — and this must cause serious concern to all thinking people. Because, if the logic of the Arab Commandos is accepted, then it would be unsafe to travel in civilian aircraft in any part of the world. The same issue had arisen when Arab commandos hijacked an Israeli Air Lines plane when it took off from Rome and landed it in Algiers where the government impounded the plane and imprisoned the Israeli passengers. World opinion and action by the UN Secretary-General together with the threat of a boycott of Algiers airport by the International Pilots' Association had compelled the Algerian government to release the plane, and later the Israelis (in exchange for some Arab prisoners in Israeli hands).

HIJACKING a plane is a difficult operation, but attacking a civilian plane is not so difficult. These planes can be attacked on the ground as in Athens or in the air by fighter planes. (reputedly belonging to the guerilla movement). But, if this kind of action is permitted to recur, international air traffic would become impossible. Vietcong guerillas will be entitled to launch such attacks on the ground as well as in the air on the civilian planes of the USA and all countries which are helping the Saigon regime to wage war against the NLF. These attacks need not then be confined to the area and territory of Vietnam, but can be carried on in every part of the world. Viet Cong commandos could appear in Singapore, in New Delhi, in London or even in Katunayake and seek to destroy the civilian planes belonging to countries they dislike.

If this logic of terrorism on an international scale against civilian passenger planes is condoned it will spell

disaster. Latin American guerillas, African guerillas, Arab guerillas, Vietcong guerillas, Naga guerillas and a whole host of others who claim to be guerillas will invade the airports of the world and also commit individual acts of piracy in the skies — all under the plea that they are waging a war of liberation.

IT IS one thing if the war is confined to a territory in dispute, but it becomes a totally different matter if it is carried to the territory of other nations. Moreover action against military personnel or military objectives is one thing, but attacks against innocent civilians is another matter.

Even those who sympathise most actively with the cause of the Arabs will not find it possible to support the action of the Arab Commandos' act of terrorism on Greek territory against an Israeli passenger plane. Israel has herself pointed out that it would not be difficult for her to retaliate against Arab civilian passenger crafts in a similar way. The extension of the post-ceasefire tensions in the Middle East will make peace-making more difficult.

It is true that violence cannot be completely eliminated from the world at the present juncture, but organised violence whether by governments or guerillas should be conducted according to certain rules. The police whether in Chicago or in Jaffna should conduct themselves according to a code, and guerillas fighting for their country's liberation should play the game according to the rules. They should not intrude into the territory of other countries to fight their battles against civilian aircraft.

The Arab cause will be greatly strengthened if the Al Fatah commandos do not alienate world opinion by such acts of terrorism which come outside the purview of legitimate guerilla warfare. Neither Ceylon nor any other country which sympathises with the cause of the Arabs should encourage commando action such as that witnessed in Athens. On the other hand, such action should be condemned without any reservation or equivocation.

SERENDIB