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25TH YEAR OF PUBLICATION



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Letter From The Editor

ON THE COVER this week we have a picture of a Hindu torturing himself to atone for sin in a past or in the present birth. Admittedly, mere austerities alone are not enough for such atonement—just as the Buddha himself discovered that self-mortification and austerity did not lead to enlightenment. That is why he chose the Middle Path and the Eight-fold Precepts. Sri Lanka in its years after Independence has endeavoured to follow a Middle Path in economic development away from the splendours of fabulous riches for a few in the midst of grim hardships for the many. But now, under the baneful diktat of the IMF, Sri Lanka is rushing headlong into a nightmarish world where the overwhelming majority will be condemned to live in a world of hardship, misery and malnutrition—whilst a small elite will revel in a five-star existence of luxury and wealth. The protests against this dangerous course which our policy makers seem determined to pursue have now begun to come from within the bosom of the UNP itself. This week we have published a critical analysis of the 1980 Budget by R. Kahawita who writes regularly in the *Tribune*. He is a loyal and staunch UNPer from the inception of the Party. He is however, a patriot who refuses to accept suicidal policies that are likely to ruin the country. Very aptly, he has called the IMF the Nattukottai Chettiars of today. The British had brought the Nattukottai Chettiars to Sri Lanka—as they did to Burma, Malaysia and elsewhere—as adjuncts essential for successful colonialist-type exploitation of the natural resources of this country. The Chettiars were assisted by British banks to acquire a dangerous stranglehold over the domestic economy of the island. The IMF is the Nattukottai Chettiar of contemporary international finance capital. The British created the Brown Sahibs but the Chettiars kept them in their permanent debt. Sri Lanka's struggle to emancipate herself was not only against the British but also against the Chettiar stranglehold on the economy. The brown sahibs have been replaced by the horrible species of gem-narcotics smugglers made respectable by Tax Amnesties granted by leftwing as well as rightwing governments. Interlocked with them are the exporters of our traditional and non-traditional goods some of whom have become multi-millionaires on Tax Holidays. This new elite has been spawned by IMF policies (FEECs, CRAs, etc.) since the 1950s—based on different development strategies first import-substitution, then of export-oriented industries and or—agriculture and the like. IMF policies, in the ultimate, only help the rich industrialised countries to exploit effectively poor Third World countries producing primary products. In 1977, the IMF insisted on a devalued Sri Lanka currency (40% or 50% over SLFP's invisible devaluation) to "expand" our by making them cheaper and more competitive. As in so many countries devaluation brings inflation. As costs of production increase owing to inflation, our exports will become less competitive. We are reducing export duties to meet the situation. But soon the IMF will insist on a fresh devaluation—to keep our exports competitive. Devaluation will mean more inflation. Prices will increase and so will misery in the land.

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EDITOR'S NOTEBOOK

● Ministerial Responsibility ● Kamburupitiya ● Next Devaluation?

December 4, 1979.

The compulsory resignation or ("the sacking") of M. D. H. Jayewardene—because he made a speech in Parliament critical of the Budget—has produced a spate of learned punditry on "cabinet responsibility". Post-mortem sermons are all well and good. But how many realise that in the Anglo-Saxon dictionary of Constitutional Law and Convention (which this country has followed strictly until the 1978 Jayewardene Constitution borrowed tidbits from the French and the Germans), "Cabinet Responsibility" was based on the more important concept of "Ministerial Responsibility." The government media which has now exhausted itself of all ingenuities available to whiplash M.D.H. Jayewardene for violating the tenets of Cabinet responsibility, should now devote a little time to the fuller exposition of the concept of *Ministerial Responsibility* and tell the public the number (with the names) of Ministers who should have resigned or should have been "sacked" (itemising their sad defaults) for blatantly violating the fundamental principles of "Ministerial Responsibility". There are many aspects and facets of Ministerial Responsibility into which we need not delve in a note of this kind, but all those who are now prattling about the Cabinet Responsibility that threw MDH out of the Cabinet will soon have the even more difficult task of exorcising the ghost of MDHism which has already begun to haunt the inner portals of the UNP.

One of the most important, if not the most important, principles of Ministerial Responsibility is that a Minister should take personal responsibility for the actions of his officials—bureaucrats, technocrats etc. etc. who act in the Minister's name. Theoretically and in constitutional law, officials derive their authority from delegated Ministerial power and the Minister bears the responsibility for all their actions. Hundreds

of examples can be cited from all countries where the Westminster system has been adopted of Ministers who resigned or were compelled to resign because of the actions of officials who acted in their name. There have been instances where zealous Cabinet Ministers, anxious to uphold constitutional propriety, have carried this ministerial responsibility to ridiculous limits, as for instance an Indian Minister of Railways who resigned because a major railway accident was caused by the negligence of his officials.

Ministers in Sri Lanka have conveniently taken the position that their only responsibility is to punish the officials guilty of any misdemeanour. Our Ministers have so far gone on the basis that misdeeds of officials did not cast any personal responsibility on themselves—thus violating the first tenet of Ministerial Responsibility on which Cabinet Responsibility is based.

This is a contorted caricature of Ministerial Responsibility without which there cannot be Cabinet Responsibility. Until the recent MDH episode Cabinet Responsibility in Sri Lanka was observed in the most loose and vaguest form possible. In Parliament, Ministers endeavoured to maintain a conformity that made it appear that the Cabinet was a homogenous one. But many Ministers, in private company and even on a public platforms outside Parliament, made a mockery of the high principles of Cabinet Responsibility. But this was at a time when nobody spoke about Cabinet Responsibility. But now that it has been invoked to throw MDH out, should not Ministerial Responsibility be similarly invoked—to see how many Ministers should resign or be sacked. We can think of no less than eight Ministers who should resign or be sacked if Ministerial Responsibility, like Cabinet Responsibility, is made part of the conventions that give flesh and blood to our Constitution.

THERE IS A GENERAL BELIEF that a major Cabinet Reshuffle is coming at the end of this month or early in the New Year. The Galle by-election will be over. The axe may also have fallen on about half a dozen UNP MPs because of allegations of corruption. In their place, the President will no doubt nominate politicians or technocrats whom he hopes

will discharge their obligations better than those who have fallen by the wayside. Rumour has it that the axe may fall on two or three Ministers also who may either go to a diplomatic upstairs or be retired to prestigious parliamentary appointments. Rumour seems to circulate only around Ministers who have failed to stage publicity flourishes (i.e., newspaper supplements and tamashas) to show the "good work" they were doing

Those whose names have become household words for corruption throughout the length and breadth of the island seem to be blessed with nine lives (like the cat that ate the golden fish). They are likely to remain in the Cabinet until Judgement Day at the next General Elections. A shuffling of the Cabinet pack by switching departments is also likely to take place in the hope that corruption and inefficiency will be minimised.

But the greatest amount of speculative interest, at the moment, centres on the question as to who the President will pick up for nomination for the seats that will be rendered vacant by compulsory resignations or "sackings". Canvassing and lobbying by particular individuals seem to have reached five-star Jet-set proportions. Some of their attempts have now begun to surface in the columns of some newspapers. The *Weekend* of December 2 had an interesting piece in its *Behind The Scenes* column by *Deep Throat* entitled *ROTTEN BOROUGH*. It read: "Heard of the latest ruse adopted by Mr. Moneybags to blast the portals of power through the second storey window? It's other common or garden fry who have to seek nominations, face the hustings, kiss ugly little babies and win the votes to find their way into councils and into place. But for those already arrived backed by famous names and family tradition married into power (connected both to the Whigs and Roundheads), it is only a matter of penning the application—so he thought. He would have preferred broaching his candidacy at the breakfast table but was not encouraged. So in the Sinhala tradition of going to the nearest petition drawer he writes out a letter begging for sponsorship, as the nominee for a vacant seat on the ground that it was

Mamma's home-town. What happens if it was Papa's home-town is to be conjectured.

"This Boyo has never moved with the people. Born with the proverbial silver spoon he had throughout his two score years had everything that money and influence could buy, except of course political power. That's what's eating him now. (If ordinary 'Yakkos' could do it how come that this Henry Ford Cadbury. Von Thyssen and Krupps all rolled into one fail? That seems to be the burden of his latest essay into the citadel. But the boss was not impressed. Politics requires other and more subtle qualities and cannot be exchanged for the roar of the chopper or the glitter of gold. And so, the long petition seeking patronage found itself in its natural resting place—the WPB. What does he do? Unused as he is to any form of snub he fights on with the hope that he would finally make to the winning post. He resorts to the crude wall posters. But no go. The printing press may have won many a freedom and fought many a battle for the underdog. But it has never tainted the black-art with canvassing for ambitious tycoons. Nor has it encouraged adventurers and political fly-by-nights to come into place and position. Who wants whom is the question political wage of the South now ask. Unless it be that He wants Himself. No, the poster is not signed. So can't say."

Everybody knows that all this refers to Upali Wijewardene, the multibillionaire tycoon, whose financial empire is really in Singapore and Malaysia and who is the boss of the FTZ. The *Weekend* has put out one version of the stories going round about Upali Wijewardene's attempts to become a MP and thereafter a Minister. This version suggests that the Big Chief, his uncle, does not favour Upali for Kamburupitiya (may be anywhere else also). Upali thinks he has a claim for Kamburupitiya because his mother, a close relation of a communist Dr. S. A. Wickremasinghe, hails from that area. He had expected to be the UNP choice for Kamburupitiya no sooner Mallawaarachchi had resigned. But the Party had found a temporary berth there for Albert Silva until a seat nearer Galle is found—it is said that Habaraduwa too may become vacant. But Upali has a powerful and noisy lobby in Kamburupitiya. They led motorcades and

plastered the constituency with black posters against Albert Silva and bright posters "We want Upali". Many of the UNP party branches in the area seem to have been swallowed up by the pocket book of Upali. The *Weekend* seems to think that the President and the UNP will refuse to bow to Upali pressure from Kamburupitiya.

SLFP sources seem to suggest, however, all this is part of the charade (a camouflage) to bring Upali into the political arena. It is an interesting play to watch. Upali pressure tactics in Kamburupitiya savour of Tammanany Hall. Parliamentary politics under the 1978 Constitution have developed a new dimension and it will be interesting to see how it develops in the current period.

But more interesting will be the way the economic policies of the Government are "revised" after the Hopper visit and the visit of the World Bank team. Will Sri Lanka import in 1980 as much as she did in 1979? Will she import broilers, chillies, onions and potatoes or encourage local farmers to grow and produce more? Will the next devaluation—inevitable at the present rate of inflation and the consequent increase in the cost of production of our exports—come in 1980 or early in 1981?

These are the questions that presently engage the minds of thinking people.



BELIEVE IT OR NOT

● Coconut Oil ● Batticaloa

● Plantations

***BELIEVE IT OR NOT**, the story we ran in this column about the coconut oil scandal in the *Tribune* of November 10 has roused a great deal of interest in commercial circles in Colombo. Furthermore, one of *Tribune*'s many readers in New York has also sent us news. We have been informed that the coconut oil (on which our November 10th story was based) which was originally sold for US \$1185 a ton C & F New York (or \$ 1125 a ton FOB) was resold at US \$ 825 FOB a ton to a company called Messrs CAPITAL CITY PRO-

DUCTS, USA. This was the company which had stored the oil from the time of the default to the time of re-sale.

Our information (subject to correction) is that this company had been chosen to store the oil at the suggestion of the original purchaser (at US \$ 1125 FOB a ton), who had deliberately defaulted because the prices had moved down. The question that is being asked in commercial circles in Colombo is why no effort was made by the BCC or even the CMB (Coconut Marketing Board) to auction this lot of 1000 (or 895) tons: why no effort was made to invite offers from other buyers in New York or more importantly from other buyers (shippers) in Colombo who might have been willing to pay more than US \$ 825 a ton FOB. Our informant in New York says that this resale was a private deal. He is at the moment trying to find out the connections, if any, between the original (defaulting) purchaser MAPEX COMMODITIES INC., San Francisco, and the subsequent purchaser Messrs CAPITAL CITY PRODUCTS, USA in New York.

Commercial circles in Colombo are unhappy about the manner in which the BCC has been operating in the coconut oil export market here for some time. We are now processing information we have received about some recent tenders in which the BCC had also participated. The suggestion has been made that there is an invisible connection between the prices which the BCC tendered for the last three or four tenders and the price obtained from the sale of the distress parcel in New York.

Believe It Or Not, it will be difficult for Government not to investigate at least two questions that are now circulating in reputable commercial circles in Colombo: (1) was it necessary for an official to travel to New York to sell this oil at a lower price when it could have easily be sold from Colombo? (2) Why did not the Coconut Marketing Board (CMB) call for a tender to sell this distress parcel of coconut oil so that other companies could have tried to get better prices than obtained by BCC? There are also a large number of other questions that must be investigated into Sri Lanka's coconut oil exports.

***BELIEVE IT OR NOT**, several readers from Batticaloa have written to *Tribune* stre s-

sing that all the big boasting, by certain interested parties (including Ministers and MPs) about the extent of the cyclone damage successfully reconstructed, is just poppy cock. Hard and unprintable words have been used. Charges have been made against politicians, bureaucrats and wives of VIPS. The Editor has referred the matter for investigation, and the report of our Investigators is awaited. Visitors coming from Batticaloa tell a story far different from what was portrayed by certain official sources.

Believe It Or Not, the claim was made that 75% of the houses destroyed by the cyclone had been reconstructed. This would appear to be far from the truth.

***BELIEVE IT OR NOT**, the Acting Minister of Plantation Industries, Major Montague Jayawickreme, has stated that he will restructure the whole plantation set-up. There is no doubt that many round pegs in square holes have to be removed if any progress is to be made. Will he start from the top or from the bottom? Will he produce a few scapegoats (with much fanfare, ballyhoo and hullabaloo) at the lower end and let the rogues, knaves and fools in the upper echelons, continue untouched?

Believe It Or Not, the clean up has to start at the top. The still proliferating jungle of family trees—in SLFP times there was only one big tree but now there are dozens of them—should not be allowed to prevent the clean sweep of the lazy, inefficient, incompetent and the corrupt. The Family Trees of the present UNP regime have already become legendary. In the plantation sector the rank undergrowth around the family trees has begun to suffocate the atmosphere. In the national interests, ecology demands that these poisonous trees be cut, because trees luxuriating on family bandyism, nepotism and corruption pollute every aspect of life and living. Unless they are removed, root and branch with all the parasitic overgrowth, the country can only look forward to a period of tension and conflict when ordinary people will rise against corruption as in Iran and other countries,

Sherlock Holmes

X X X

POEM

STRANGER

You came silently
Like a whisper wafted on a breeze
as I sat
under the spreading neem tree
gazing into
nothingness with the rustle of the
golden paddy
stalks swaying gently in the wind.

Your silhouette
against the horizon mingled with the
deepening shadows
of eventide as you came down the
pathway treading
softly in the sand bearing the aura
of tranquility
which reached me like a wave.

Time stood still
as the past and the future merged
into the living
present and the stars in the
firmament
played notes of sweet music while
two souls
fused in silence to become One.

You left silently
with all the words unspoken and
all the songs
unsung while my soul long accustomed
to each parting
wept quietly in the twilight with
the sound of
gurgling water flowing gently over stones.

Unknown stranger
why haunt me in my sleeping
and my waking
hours? Be it morning, noon or
eventide you
seek me out, only to leave, and
I wonder if
your'e an illusion or far off dream?

Vinodini

TRIBUNE, December 8, 1979

Subramaniam, Bahaguna, Indra

by R. Varadachari

Press Trust of India Correspondent in Colombo

MR. C. SUBRAMANIAM, India's Defence Minister has stirred a hornet's nest by his recent pronouncement on India's nuclear options. In a speech delivered at the National Defence College on "India's Defence Strategy In The Next Decade", he had said that India had to reconsider its policy of not resorting to manufacture of nuclear weapons if Pakistan were to go nuclear. This is virtually a new policy declaration in this sensitive sphere and a departure from former Prime Minister Mr. Morarji Desai's view that India should not manufacture nuclear weapons under any circumstances. If Mr. Desai's policy was moralistic Mr. Subramaniam has taken a pragmatic approach.

Mr. Subramaniam has pointed out that India already had a situation of asymmetry *vis a vis* China and if Pakistan were also to develop a nuclear arsenal, then a second situation of asymmetry would develop, further to the disadvantage of India. He has added: "We are therefore faced with a grave problem. In the coming decade India would face certain difficult decisions in this area, I am not in a position to predict what these decisions would be. But certainly I shall not be naive to declare on behalf of all the future governments that India would not make nuclear weapons. Such declarations in the context of international politics do not have much significance and constitute a reflection of egotistical tendencies in the persons making the declaration."

Mr. Subramaniam listed a number of factors that would have a bearing on India's decision on the question as to whether it should go nuclear. At the top was whether Pakistan went nuclear. Other factors listed by the Defence Minister were: whether the two super-powers would continue with unbridled proliferation of nuclear warheads; whether the nuclear powers would continue with their nuclear experiments and programmes; whether further clandestine proliferation would take place in

countries like South Africa and Taiwan; whether the arsenals available to crypto-nuclear weapon nations would increase and become more lethal; and whether the interventionist tendencies of nuclear weapon powers would get strengthened further and lastly whether nuclear weapons would get increasingly legitimised or delegitimised. In his lengthy prepared address Mr. Subramaniam also attacked the super-powers for advocating a nuclear weapon free zone in South Asia and full scope safeguards and said that once the nuclear weapons free zone idea was accepted, it would lead to a Pax Atomica like the former Pax Britannica. The concept of full scope safeguards sought to impose technological hegemony over the developing countries.

It is reported that Mr. Subramaniam had not cleared his policy pronouncement with the Cabinet. Nor did he consult the caretaker Prime Minister, Mr. Charan Singh. Mr. Jagjivan Ram, the Janata Party chief has expressed his displeasure over Mr. Subramaniam's observations. His comment was: "I am quite clear that in no circumstances should India manufacture the bomb for destructive purposes." On Mr. Subramaniam's remarks about Pakistan's nuclear policy, Mr. Ram has said, "why do you want to fight a phantom" Mrs. Indira Gandhi is silent on Mr. Subramaniam's policy statement. She would appear to be in agreement with him as the architect of the Pokara underground nuclear blast. Some Indian politicians have also raised the propriety of the Defence Minister making such a speech of great policy import when the Government he serves is only a caretaker one.

The United States, Britain and Pakistan have reportedly sought an elucidation of portions relating to them in the Defence Minister's speech. They are particularly concerned with his remarks: "Whether it was Israel or Pakistan or South Africa, the nuclear weapon capabilities were sought to be built out of materia or equipment supplied by nuclear weapon powers. In other words, nuclear weapons are becoming the twentieth century symbol of white man's burden as the gunboat was in the 19th century." Washington is also now asking more questions before clearing the nuclear shipments for the

Indian Tarapore atomic power plant. Now the matter, even though cleared at various stages, has been deferred for decision till after the elections. **The net result of Mr. Subramaniam's speech is to throw up at the election time a controversy centring on the Indian nuclear policy on which a national consensus seems to be imperative.** MR. H.N. BAHAGUNA, a bitter critic of Mrs. Indira Gandhi's emergency rule and Finance Minister for some time in the Caretaker Government of Mr. Charan Singh, has at last thrown his lot with her and has merged his Congress for Democracy with her party. This was not an altogether unexpected development which took place after two meetings between the two leaders. Mr. Charan Singh would not have him in the ruling Lok Dal—Congress coalition without Mr. Bahaguna agreeing to a complete merger of his party with the Lok Dal. Mr. Bahaguna was not agreeable to Mr. Charan Singh's proposition as he feared complete loss of his identity if his party was to merge with the Lok Dal. He therefore preferred to quit the Charan Singh Cabinet. This left him with only two options. He has either to join the Urs Congress or merge with the Indira Congress. He does not have enough mass base or an all-India image to stand on his own and face the elections as a separate entity.

This was his dilemma. He first tried to woo Mr. Jagjivan Ram from the Janata Party and pleaded with him to lead an anti-Indira Congress combine, including the Urs Congress. This would have meant Mr. Jagjivan Ram leaving the Jan Sangh component of the Janata Party, which is a powerful force in the Indian political scene today. Such a step would have meant for Mr. Ram a grave political risk of having to fight all at the same time—the Lok Dal, the Jan Sangh and the Indira Congress. In his reckoning it was too formidable a job to venture into. Further the Urs Congress would have to quit the ruling coalition in the event of the pre-split Congress minus Mrs. Indira Gandhi being revived. Neither Mr. Jagjivan Ram nor the Urs Congress was prepared to go the Bahaguna way. Mr. Bahaguna was thus driven to Mrs. Gandhi's camp. It was not a pleasant task for him as he had more than once described her as "the most discredited person in the country." Even the day he left

the Charan Singh ministry he had said, "nothing has changed in her party, and the same people who brought about the emergency and indulged in excesses ruled there." At the press conference where he announced his decision to join the Indira Congress, Mr. Bahaguna was hard put to defend his *volte face*. Having once described Mrs. Gandhi as a "dictator" he hailed her without hesitation as the "bulwark of democratic values in the changed circumstances"! He did not explain what the changed circumstances were. He gave the facile explanation that he had joined the Indira Congress to "reverse the process of fragmentation of political parties and forces which has, of late, assumed menacing proportions.". Mr. Bahaguna's action typified the distressing pattern of the Indian political scene today—Opportunism, self-propulsion and disregard for moral principles and values seems to resign supreme.

MRS. INDIRA GANDHI stands to gain substantially by Mr. Bahaguna's joining hands with her as he has considerable political base in Uttar Pradesh state where she has to rehabilitate herself in the forthcoming elections. Mr. Bahaguna is a pronounced leftist and has also the backing of a sizeable section of the muslim minority community. Mr. Bahaguna's entry to the Indira Congress had its echo in the the Communist Party of India. Mr. S. A. Dange a founder member of the party and its Chairman for seventeen years, had been out of step for nearly two years with the party's opposition to Mrs. Gandhi's "authoritarianism". The issue came to a head when he sent a congratulatory telegram to Mr. Bahaguna soon after the latter joined the Indira Congress. This action on the part of the 80-year old Dange infuriated the party's National Executive which had been tolerating his deviation from its official policy for quite some time. The Executive promptly censored him for his action and Mr. Dange has retaliated by resigning from the leadership—not the party. Mr. Dange's resignation from the ranks of the top leadership is a moral booster for Mrs. Gandhi and is a source of embarrassment for the Communist Party which is fighting the January mid-term election in alliance with Mr. Charan Singh's ruling coalition.

Mrs. Gandhi has amply rewarded Mr. Bahaguna by making him her second-in-command in the party. She has given him the coveted and newly created post of the Secretary-General of her party and has also made him a member of the party's central parliamentary board and the Working Committee. Mr. Bahaguna will play an important role in the party affairs though Mrs. Gandhi will continue to be the supreme chief. It has now been officially announced that Mrs. Gandhi will recontest the Rae Bareilly seat in Uttar Pradesh where she was trounced by Mr. Raj Narain, working president of the Lok Dal, in the last general elections.

Apparently she has decided to avenge her defeat and hence has not chosen any other safer constituency. She will also be contesting a parliamentary seat in Andhra Pradesh where her party is in power. By contesting both from the North and the South, she wants to establish the point that she is the only national figure in India today, acceptable both in the Hindi belt and the non-Hindi region.

The Janata Party has decided to field Mrs. Wijayaraje Scindia, former Rajmata of Gwalior, against Mrs. Gandhi. Announcing her candidature, Mr. Chandra Shekhar, General Secretary of the Party told pressmen that the Congress (I) chief symbolised the oppression perpetrated during the emergency while Mrs. Scindia who was imprisoned then symbolised the heroic resistance of the people. Mrs. Scindia said that she was not worried about those who would vote for Mrs. Gandhi but what troubled her most was the "apathy" of the people who seemed lost and confused with the "psychological warfare" which Mrs. Gandhi had launched through the opinion polls organised by her "stooges". Mrs. Scindia was born in Uttar Pradesh and hence is not an unknown personality in Rae Bareilly. The Janata Party could not have thought of a better candidate than her to give a tough fight to Mrs. Gandhi. It is not yet known whether Mr. Raj Narain would recontest Mrs. Gandhi on behalf of the Lok Dal. All attention is now getting focused on Rae Bareilly as it would be one of the most hotly contested parliamentary constituency in the forthcoming polls and will

shape Mrs. Gandhi's fortunes even though she may find a safer berth in Andhra Pradesh which is a stronghold of her party. In the last polls Mrs. Gandhi could not win even a single seat in her home state of Uttar Pradesh and she will now spare no efforts to regain her influence in her previous power base.

Mr. Sanjay Gandhi will contest the elections as the candidate of his mother's party from the Amethi constituency where he lost last time to a young advocate of the Janata Party. The Indira Congress decision to field Sanjay for parliament is a logical corollary of the party's latest stance in ceasing to be apologetic about the role of those connected with the emergency period. This was also evident from the way the former Defence Minister, Mr. Bansi Lal, was taken back in the party with full honours in spite of the fact that he was one of the three central figures in the emergency era, Sanjay Gandhi and Vidya Charan Shukla being the other two. While declaring that there would be no need to impose an internal emergency in the foreseeable future, Mrs. Gandhi has grown confident to the point of finding no need to apologise for the alleged excesses perpetrated during the period. The other parties are projecting her as a "dictator" who would not hesitate to impose an authoritarian rule once again if she comes to power and who will spell the death knell to democracy in India. This as in the last elections, Mrs. Gandhi's emergency rule is becoming the central theme of the present election campaign.

—SLBC Talk, 30/11/79.

OFFICIAL EXCHANGE RATES

Official Exchange Rates of Commercial Banks to their customers for Telegraphic Transfers fixed on Tuesday this week were as follows:—

CURRENCY	PER 100 UNITS	
	Buying Rate	Selling Rate
U.S. Dollar	Rs. 1553.50	Rs. 1556.50
Sterling Pound	Rs. 3377.00	Rs. 3383.00
Deutsche Mark	Rs. 890.70	Rs. 892.30
French Franc	Rs. 377.95	Rs. 378.65
Japanese Yen	Rs. 6.2425	Rs. 6.2570
Indian Rupees	Rs. 192.90	Rs. 193.30

Imperialism And Disorganic Development

by A. Sivanandan

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We publish, by courtesy of *Race & Class* the second instalment of the development and reformulation of a paper originally given at the "Three Worlds or One?" Conference, Berlin, in June 1979. *Race & Class* is the quarterly journal of the Institute of Race Relations and the Transnational Institute in London—it is a journal for Third World Liberation. The third part of this paper will appear next week.

THE IMPLICATIONS of this new imperial ordinance for labour migration—not, as before, between centre and periphery but as between the peripheries themselves—are profound, the consequences for these countries devastating. The oil-rich Gulf states, for instance, have sucked in whole sections of the working population, skilled and semi-skilled, of South Asia, leaving vast holes in the labour structure of these countries. Moratuwa, a coastal town in Sri Lanka, once boasted some of the finest carpenters in the world. Today there are none—they are all in Kuwait or in Muscat or Abu Dhabi. And there are no welders, masons, electricians, plumbers, mechanics—all gone. And the doctors, teachers, engineers—they have been long gone—in the first wave of post-war migration to Britain, Canada, USA, Australia, in the second to Nigeria, Zambia, Ghana. Today Sri Lanka, which had the first free health service in the Third World and some of the finest physicians and surgeons, imports its doctors from Marcos' Philippines. What that must do to the Filipino people is another matter, but all that we are left with in Sri Lanka is a plentiful supply of unemployed labour, which is now being herded into the colony within the neo-colony, the Free Trade Zone.

Or take the case of Pakistan, which shows a similar pattern of emigration except that being a Muslim country, the pull of the Gulf is even stronger. Besides, the export of man-

power—as a foreign exchange earner—is official policy, a Bureau of Emigration having been set up in 1969 to facilitate employment overseas. Consequently Pakistan is being progressively converted into a factory producing skilled manpower for its rich neighbours. (Feroz Ahmed, "Pakistan the new Dependence", *Race and Class*, Vol. XVIII, No. 1, Summer 1976).

But the export of skilled workers is not the only drain on Pakistan's resources. Apart from its traditional export of primary products, its physical proximity to the oil-rich countries has meant also the smuggling out of fresh vegetables, the sale of fish in midseas and the export, often illegal of beef and goat meat (the Gulf states raise no cattle). "The adverse effects of this trade" laments Feroz Ahmed, "can be judged from the fact that Pakistan has one of the lowest per capita daily consumptions of animal protein in the world—less than 10 grammes." (Ibid)

The Middle East countries in turn have only invested in those enterprises which are geared to their own needs (textiles, cement, fertilizer, livestock) and rendered Pakistan's economy subservient to their interests. And to make this "development of underdevelopment" palatable they harked back to a common culture. Iranian cultural centres sprouted in every major town in Pakistan, outdoing the Americans, and the teaching of Arabic and Persian was fostered by official policy. "We the Pakistanis and our brethren living in Iran", wrote a Pakistani paper, "are the two Asiatic branches of the Aryan Tree who originally lived in a common country, spoke the same language, followed the same religion, worshipped the same gods and observed the same rites. Culturally we were and are a single people" (*Dawn*, 13 May 1973, cited in *ibid.*)

But if Pakistan has been relegated, in the pecking order of imperialism, "to the status of a slave substratum upon which the imperialist master and their privileged clients play out their game of plunder and oppression", (*ibid*), the privileged clients themselves exhibit a distorted "development". Take Kuwait for instance. In the pre-oil era Kuwait's economy was based on fishing, pearling, pasturing, trade and a little agriculture. Today all these activities, with the exception of fishing have virtually ceased—and fishing has been

taken over by a company run by the ruling family. The oil industry, while providing the government with 99 per cent of its income, affords employment for only a few thousand. Almost three-fourths of the native work force is in the service sector with little or nothing to do. A UN survey estimated that the Kuwait civil servant works 17 minutes a day (cited in "Oil for underdevelopment and discrimination: the case of Kuwait", *Monthly Review*, Vol. 30 No. 6 November 1978). But more than 70 per cent of the total work force and over half the total population consists of non-Kuwaiti immigrant labour. And they are subjected to harsh conditions of work, low wages, no trade union rights, wretched housing and arbitrary deportation. Kuwait is, in effect, two societies, but even within the first "the ruling elite lives in a swamp of consumer commodities and luxuries, while those at the bottom of the Kuwaiti social pyramid are being uprooted from their traditional productive activities and thrown on the market of unproductiveness". (ibid)

THE PATTERN OF LABOUR MIGRATION in South-east Asia is a variation on the same imperial theme, and its consequences no less devastating. The first countries to industrialise in this region were Taiwan in the 1950s, and in the 1960s, South Korea, Singapore and Hong Kong. Taiwan and South Korea were basically offshore operations of the USA and Japan—and by virtue of their strategic importance to America, were able to develop heavy industry (ship building, steel, vehicles) and chemicals in addition to the usual manufacture of textiles, shoes, electrical goods etc. And by the middle of the 1970s these two countries had gone over from being producers of primary products to producers of manufactured goods. Singapore's industrialisation includes ship repair (Singapore is the fourth largest port in the world) and the construction industry. Hongkong, the closest thing to a "free economy" is shaped by the world market.

What all these countries could offer multinational capital, apart from a "favourable climate of investment" (repatriation of profit, tax holidays, etc.) was authoritarian regimes (Hong Kong is a colony) with a tough line on dissidence in the work force and a basic

infrastructure of power and communications. What they did not have was a great pool of unemployed workers. That was provided by the neighboring countries.

HONG KONG uses all the migrant labour available in the region, including workers from mainland China, and is currently negotiating with the Philippines government for the import of Filipino labour. South Korea's shortage of labour, by the very nature of its development has been in the area of skilled workers. (Not illogically South Korea has been priced out of its own skilled workers, some 70,000 of them, by the developing oil-rich countries of the Middle East.) But it is Singapore which is the major employer of contract labour—from Malaysia mostly (40 percent of the industrial work force) but also from Indonesia, the Philippines and Thailand—and that under the most horrendous conditions. For apart from the usual structures on *gastarbeiters* that we are familiar with in Europe, such as no right of settlement, no right to change jobs without permission and deportation if jobless. Singapore also forbids these workers to marry, except after five years, on the showing of a "clean record" and then with the permission of the government—and that on signing a bond that both partners will agree to be sterilised after the second child is born. Lee Kuan Yew, with a nod to Hitler, justifies the policy on the ground that "a multiple replacement rate right at the bottom" leads to "a gradual lowering of the general quality of the population" (Selangor Graduates Society, "Plight of the Malaysian Workers in Singapore," Kuala Lumpur, 1978). Their working conditions too are insanitary and dangerous and makeshift shacks on worksites (like the *bidonvilles*) provide their only housing.

And yet the plight of the indigenous workers of these countries is not much better. The economic miracle is not for them. Their lives contrast glaringly with the luxury apartments, automobiles and swinging discos of the rich. To buy a coffee and sandwich on a thoroughfare of Singapore costs a day's wage, in South Korea 12 and 13 year old girls work 18 hours a day, 7 days a week for £ 12 a month, and Hong Kong is notorious for its exploitation of child labour. (Walter Easey, "Notes on Child labour in Hong Kong", *Race & Class*, Vol. XVIII, No. 4, Spring 1977).

How long the repressive regimes of these countries can hold down their work force on behalf of international capital is a moot point—but multinationals do not wait to find out. They do not stay in one place. They gather their surplus while they may and move on to new pastures their miracles to perform.

The candidates for the new expropriation were Indonesia, Thailand, Malaysia and the Philippines whose economies were primarily based on agriculture and on extractive industries such as mining and timber. Like the first group of countries they too could boast of authoritarian regimes—ordained by the White House, fashioned by the Pentagon and installed by the CIA—which could pave the way for international capital. Additionally, they were able to provide the cheap indigenous labour which the other group had lacked—and the Free Trade Zones to go with it. What they did not have, though, was a developed infrastructure.

Multinationals had already moved into these countries by the 19770s and some industrialisation was already under way. What accelerated that movement, however, was the tilt to cheap labour, as against a developed infrastructure, brought about by revolutionary changes in the production process.

To that revolution, variously described as the new industrial revolution, the third industrial revolution and the post-industrial age I must now turn—not so much to look at labour migration as labour polarisation—between the periphery and the centre, and within the centre itself, and its social and political implications in both.

(To be Continued)



FOR THE RECORD

SLFP Statement On The Oil Petition

The Sri Lanka Freedom Party has examined with interest the Oil Petition sponsored by the UNP Government and now being circulated to collect signatures of the people including school children with a certain amount of persuasion by the authorities. The SLFP

is of the view that this is yet another attempt by this Government to hoodwink the people and conceal the real cause for the sufferings the masses of this country are undergoing today.

The UNP Government led by President Jayewardene has launched a number of stunts, since it assumed office two and half years ago, to advance excuses and escape the wrath of the people for it's failure to honour any of the pledges given to the people during the last General Elections. This petition seems to be the latest in the series of antics performed by this Government led by the President Jayewardene and his sharply divided Cabinet to deflect public opinion by shifting responsibility elsewhere pleading innocence for the spiralling of prices of essential commodities and the burdens heaped on the people due to the reckless and destructive economic policies followed by the Government. If the UNP genuinely feels that an appeal for the reduction of oil prices could bring about satisfactory results, is there any need to start a petition campaign when the UNP boasts that they have already got an unprecedented mandate to represent the people of Sri Lanka. Although this campaign amounts to a confession that the mandate given to them has lapsed, yet in his capacity as President of the Non-Aligned Movement, President Jayewardene and his Foreign Minister could have at the Havana Summit taken the opportunity to use their good offices to discuss this matter with the leaders concerned.

Is Mr. Jayewardene trying to tell the people that the increase in the price of bread, infant milk food, medicines, building materials, textiles and the vast range of essential consumer goods is due to the imported oil price increase, or is he trying to hide the most shameful economic measure of this Government—the devaluation of the Sri Lanka Rupee, long resisted by the last Government which has led to the largest increase in consumer prices ever recorded in this country. It was not so long ago that Mr. Jayewardene and Mr. Premadasa, when they were in the opposition travelled in bullock-cart to Parliament to protest against the rise in petrol price from Rs. 5.50 to Rs. 13.50 during the time of the last Government. After two years of UNP rule the petrol price is now Rs. 30.00 and diesel and Kerosene Rs. 10.50 and Rs. 10.68 respectively. If the

Sri Lanka rupee had not been devalued by this Government the price increase of all commodities including oil would have remained almost at half the present price.

Now, President Jayewardene and Prime Minister Premadasa have given up bullock-cart rides and are flying in highpowered limousines consuming more and more oil after increasing the prices to unprecedented heights. Notwithstanding the humiliating confession of the bankruptcy of their politics, the Government of President Jayewardene has the audacity to emphasise the hike in the price of imported oil as the chief cause for the present crisis which has now brought the country to the brink of disaster.

Under the patronage of President Jayewardene, valuable foreign exchange which should be used for developing our agriculture and industry, is being used now to import goods ranging from marbles to ramshackle cars purchased from the grave yards of Britain Hong-Kong, Singapore and Japan. Parliamentary proceedings even hint at the existence of race horses in Britain purchased from Sri Lanka foreign exchange by a member of the ruling circles. These operations have resulted in an alarming and staggering trade deficit of over Rs. 6000 million in the first nine months of this year as revealed by the Government sources and published in the press. Today the economy is collapsing and the jobs of many are in danger because of the reactionary economic policies fashioned by resident economists of the International Monetary Fund. We have sold our sovereignty so much so that records and confidential documents of the Government of Sri Lanka are now at the beck and call of resident officials of international institutions.

To conceal the collapse of such IMF foisted economic policies which have resulted in a spiralling of prices which was highlighted by the UNP's own Minister of Plantation Industries, the Government is now drawing up petrol petitions to confuse and mislead the people. The Sri Lanka Freedom Party totally rejects such actions and calls upon the people not to be fooled by these petty tricks of the UNP Government.



FOR THE PUBLIC GOOD

by Grassroots

Our Bungling Bureaucrats

—fact or fiction?—

THE SRI LANKAN PUBLIC is now accustomed to the term "bungling bureaucrats". The dictionary defines "bungling" as clumsy, awkward, unskilful. The bureaucracy is a fair game for our Press, especially the editorial writer and the cartoonist. Lengthy editorials attacking bureaucrats are hurriedly written up based often on a chance remark or off-the-cuff statement by a politician about the lethargy and indifference of some public servant. Then a quick generalisation is made. Not a week passes without one of the papers carrying a cartoon (a careful study shows that some of them are repeats) showing the bureaucrat as the bane of our society and of every government of this country. The bureaucrat is compared today with the blackmarketeer and the racketeer. At other times he is depicted as the tortoise or saboteur in the Road to Development.

But can this go on? Is it not time to call this bluff and come to grips with the problem? What has this Government done to re-model or improve the Sri Lanka Public Service which they condemn so harshly, so easily and so often? Let us pause for a moment and examine the record of this Government in this regard.

Soon after the Elections in July 1977 a Committee of MPs headed by Mr. Punchi Nilame (Member of Parliament for Ratnapura) studied the problem in relation to the new Government and submitted a Report. Many Ministers—including some responsible ones—began to lay the entire blame on a "politically opposed" bureaucracy. From this situation originated the proposal for a State Reserve or Ice Corporation as it was popularly called. "If you have public servants who are saboteurs or who will not toe the Government line" said the President, "send them to the Reserve—but do not continue to lay the blame on them if you keep them."

The talk of the Ice Corporation is not heard of any more—not even an echo. It is said that when the crunch came and when

Ministers were asked to identify the "so called suboteers" the number "nominated" for transfer to the Ice Corporation were so few that the idea was called off. The "Pool" in the Ministry of Public Administration which was created in 1970 by the previous Government where a few "unwanted" men linger like jail-birds (but without hard labour) was thought sufficient for the UNP Government as well. Talk of major reforms in the Administrative Service, in relation to its scheme of recruitment, in-job training, promotion, (and salaries of course) remained only TALK—as an expression of ideas—without any meaningful attempt at implementation. Nothing has also been heard of a Cabinet Paper presented by the Minister of Public Administration in November 1978 seeking a Administrative Reforms Commission.

What is perhaps considered as the one major achievement was the re-naming of the Academy of Administrative Studies as the Sri Lanka Institute of Development Administration! Its Director was also changed, but this they say was for other reasons. This is the nett record of the UNP in its relation to the Bureaucracy that works for it and on whose ability it depends.

Recently, the Prime Minister Mr. Premadasa, while speaking in Parliament on a Supplementary Vote for the Decentralised Budget stated that 90% of the public servants were hard working good men and that only 10% was bad. If that is so, why paint the entire community with the same brush. Rather than speaking ill of our public service generally on every public platform—at every public occasion—it is far better to differentiate between the TALKERS, the SHIRKERS and the WORKERS.

In the first six months of the new Government, all the criticisms and attacks were on what the previous Government and MPs had done—how they had ruined the country and its economy. The famous quote was that the economy was like a broken down car—without tyres and even without an engine! After that—when the public was sick of hearing that no development could take place because of past misdeeds—the apology or excuse changed to lack of Money and Equipment (no buses, no vehicles, no tractors, no heavy equipment etc.)

Now in the third year—quite a long time—the scapegoat has become the BUREAUCRAT. Yes, let him take part of the blame, but PLEASE not the whole of it. Let the Politician share it'. 'We make an earnest plea to the Leadership of this Government for a re-thinking of this approach. In our view it is a suicidal course. TORA, TORA, TORA.

x x x

THE 1980 DEVELOPMENT BUDGET

The New Nattukottai Chettians

by R. Kahawita

IN AN INTERVIEW, as reported in the *Sunday Observer* of 11.11.79, the Minister of Finance is reported to have said. "We have obtained these loans and aid on the most concessionary terms—One third of it being non-repayable, outright grants, the balance is on the most concessional terms.....Some loans have no interest whatsoever. On others, the rates range from one percent to three percent. The maturity period is 30, 40 and even 50 years with grace periods of more than 10 years. On these conditions we can repay all this aid without burdening the people"—(Nay, our progeny will have to pay!)

Of course if the repayable period is around 50 years we will not be there to put to the test—"without burdening the people." All we can say today is, in spite of the massive loans and aid over the years, we are in a miserable plight—"we are indeed a miserable lot" in the words of the Finance Minister with the burden of a cost of living quite out of proportion to the wage structure.

But how and why do these aid giving countries give away such large sums of money "to develop us". Certainly they are not carrying the white man's burden any longer. They shed that burden long ago. These countries are now faced with a recession and problems of balance of payments like ourselves. England is carrying on with a massive stand-by credit to stabilize the pound sterling. America has already lost the

prestigious position she had for her dollars. She is no better than England in her balance of trade payments. EEC countries are the same. These countries are the supporting structures of the International funding Agencies. These Agencies do not produce, they get what they can from the aid giving countries, consortiums etc. and "pass on the buck to poor us."

In the good (bad) old days there used to be in Sri Lanka, a breed of money-lenders called "Natu Kottai Chettiaris". Their religion is usury, their conscience is usury, their social life is usury, they dream of usury, their wealth is in usury. But they never owned a cent. Their wealth was in their methods and techniques they used to ensnare a cash-wanting victim into his parlour. Once he is in it, he is truly there. He also had a theme of development:— "You must put more money into your business, ayiah, you must buy more land," "You must build a better house, for your family" and so the song went on, on themes very near to the victims' heart. Once he succumbs, the chettjar says, "I can arrange a loan for you, what can you mortgage?" The rest is simple the victim is tied down, the chettjar goes to the shroff of a Bank, shroff guarantees the chettiaris' capability to pay, the Bank advances the money to the shroff and finally it reaches our victim—the interest rate has increased to 20% by the time it comes to our victim.

In a short while our victim realises that he is truly caught and if he does not "work bloody hard" this dream vanishes together with all what he possessed before he took the loan. Over the transaction the Bankers are happy, they can pay good dividends to their investors, the shroff is happy, he gets his share for putting down his signature to the document, the chettjar is happy he is building up a lending business without a cent in his pocket, and finally our poor miserable victim keeps on working bloody hard to keep the rest of the individuals in the chain happy. He sacrifices his leisure, his independence, and everything else he held dear. He has to work hard, hard for everybody else, to keep himself and his family afloat. This is what the Minister means when he said, "If we cannot repay on these conditions we are indeed a miser-

able lot," not you and me. It is the generation to be born.

Now, how do these countries give such "soft and easy loans"? They do not pluck the money off trees. They also must be having their own national problems like you and me, when we want to find a thread and needle to darn our worn out clothes. They also must be having high bank rates, like here, if we want to borrow to buy that thread and needle. It cannot be different today when we are living in an International Community. The aid giving countries too have their problems, of a much greater magnitude than ourselves. They have to maintain a high standard of living, they have to live their social lives, they must travel and see the world, they have to maintain the welfare society they have been building up over the centuries, their industries must produce and find markets within and without, their people must find employment and earn well if they want to enjoy the good things of life like what we see advertised in our local papers, 'Chivas Regal Whisky', Bisquit Brandy, National Air Conditioners, Citizer Gadgṛe so on.

The extent of our importing spree can be judged by the trade deficit figures given by the Plan Implementation Ministry's review of Performance of the third quarter of 1979 as reported in the CDN of 17th instant. We are running a deficit of 5607 million rupees, because we imported 16,876 million rupees during that period—some of the items we imported are such items listed above to build up this trade deficit. We have not worked hard enough to earn a peg of Chivas Regal or to possess a TV set. We want to enjoy all these at the expense of the hard-working donor countries. To get into this situation, we are running down the bulk-head of our foreign exchange earning capacity. According to the same sources, tea production has dropped, rubber prices are good but production is falling off, coconut prices are moving up due to the approaching winter but production has hit the rock bottom. In spite of massive subsidies and various establishments to rebuild what was destroyed over the last ten years, our economy has not rounded the corner yet. It may be another ten years before you and I can feel the wisp of an improvement. It is going to be a grim life.

The whole national mechanism must keep on moving. They work damned hard but they get what they want. Granting of interest-free loans, grants, and aid etc. are parts of this national mechanism. How does these loans work to their benefit? A good example we have today is the "NEDECO Report" on Mahaweli—for Mahaweli we are getting billions in the way of loans to push through an accelerated program to satisfy your and my craving for "progress".

To justify an Accelerated Programme for Mahaweli, the Lending Organisations wanted "An implementation Feasibility Report". One of the Consultants on their panel was nominated to make the study—in this case NEDECO. Netherlands came forward and offered a loan of a million US dollars to finance the study because the consultants were a Holland based Organisation. The loan was granted and an agreement signed, but we never got a penny even to feel it. The Consultants came to Sri Lanka in their National Carrier. We paid in rupees and cents for their board and lodging, air conditioned offices, office equipment, transport, salaries and wages of local staff etc. All their rupee expenditure, including their holidays etc. were paid by us.

This we paid from our earnings in rupees. Such expenditure increases our local borrowings and set the necessary mechanism moving to escalate inflation—(16th November night "the Voice of America said that the Bank rate was raised to an all time high." This is mentioned in passing to illustrate the problems of Aid giving countries. We are miserably poor to help them. So they approach countries like West Germany and Japan to stabilize their currency). Having completed their studies they returned to their base, did all the homework in Holland and finally produced the report. With the million dollars they got they travelled in their National Carrier, paid for office rent, wages of the staff who worked on our report, telephones, electricity, stationery etc. You know the things and facilities required to run a Consultancy Office.

The million dollars, on our account circulated within their country and to their benefit. And what did we get for the million dollars?—couple of hundred pages of typescript for which the local

gram-seller may pay couple of rupees to ply his trade.

The substance of the report was collected, codified analysed etc. by our Engineers. They added nothing new, except to muddle and confuse what was done earlier, to produce a jig-saw-puzzle. We may be spending some time now to put it together. This is how we accumulate our deficits and unfavourable balance of payments.

OUR FINANCIAL PICTURE as on 30.9.79, as painted by the Ministry of Plan Implementation, and the Moore Mission Report, is frightening. If we really scan this financial scene seriously, one begins to wonder why we still stick to the discarded ideologies and not follow another path to free our people quickly and during our (UNP's) balance three years. We always said, hard work and production, is the key to our economic salvation, *Salvation we must have today and not after death as preached by my Faith.*

All the financial jargon—balance of payments, trade deficits, uncontrolled inflation, lack of capital formation, and similar epithets—used by the economists and economic advisors to describe our economic deterioration is in simple words mean we are *not working to earn our bread*—leave alone the butter. We are committed to live on loans, grants, gifts and commodity aid. So we are happy and content. We hope that our people whom we leave behind can share that happiness and contentment, not by their sweat and blood, but by our sweat and blood to deserve the happiness and contentment we supposedly enjoy today—according to our Rulers.

There are other causes. The Government entered the industrial and distribution sector as well industries were mainly for import substitution. The theory was "let us manufacture and grow those items mostly needed in a developing country". Another more important reason was to train and create employment opportunities in such areas of activity and at the same time introduce new technologies into Industry and Agriculture. This in itself is good. We have been at this from the nineteen sixties but our record of performance is very disappointing and in some cases disastrous.

The comments of the Moore Mission sent by the World Bank to review Public Sector Industries are alarming. It may be the reason why Finance Minister with the Mission Report in his hand said in his budget speech that "the sick Corporations and Boards would be wound up"—Something that should have been done years ago when the malady was discovered. Many of these projects have failed due to indiscipline and lack of management expertise. It is a wrong principle to follow that if a person is a loyal and long standing supporter of a political party that he or she be paid from the public purse, whether he or she fits into the job or not. Finding a job for a man and not a man for the job has been our failing all along the line, irrespective of the political colour.

We are all Ceylonese first; this the common denominator, and we can think only along lines of our national character—other things come later. So we keep on repeating our mistakes. The mission says, on this aspect, "Many of them have been overstaffed and subject to poor management decisions due to excessive Government involvement in their day to day operation." One could reply back and say, "It is not your business to see how we run our business." But we have borrowed from them, so they have a say similar to the illustration we gave about local money-lenders.

This is how we have accumulated our deficits and unfavorable balance of trade which the Finance Minister disclosed during his speech introducing "The 1980 Development Budget". The figures trotted out by him have left unbridgable gaps. They do not matter, We cannot spend all that money because of our "poor management decisions." **Any way let us not speak about it. We have had one casualty already trying to poke his nose to decipher the financial hieroglyphy. What we have to do now is to follow the debate and realize that Parliamentary Democracy must have an intelligent and effective Opposition to keep the nation on the rails—of course this is wishful thinking as long as you and I make the wrong decisions.**



Tito's Speech—2

by S. P. Amarasingam

BEFORE THE YUGOSLAV PRESIDENT discussed the problems of Southern Africa, he summed up the period from 1961 thus: "In a word, the period of time which has elapsed since the Belgrade Conference gives us the right to say that, without the policy of non-alignment, the world would present quite a different image, and worse might have come to worst. As a matter of fact, the trend towards total bloc division and further fanning of the cold war would unavoidably have brought us to the brink of catastrophe. However, the problems still burdening international relations are neither minor nor simple to resolve. The danger of a world war has doubtedly been reduced. Nevertheless, we are still a far cry from genuine peace, for peace today is neither universal nor stable. It is constantly being upset by crises and conflicts. It is undermined by the arms race, the use of force and recourse to interference, the widening of the gap between the industrialized and the developing countries, by inequitable international political and economic relations".

Tito did not mince his words on conditions in Southern Africa: "We must observe with indignation that colonialism and racism in southern Africa are stubbornly maintained with the help of imperialist forces. This is unfortunately so despite the major changes in the present-day world, in which the principle of respect for human rights and fundamental freedoms has won universal recognition. But we wonder how human rights can be realized when whole nations are deprived of their fundamental rights. The people of Zimbabwe, Namibia and Azania and their legitimate representatives—the Patriotic Front, SWAPO and the African National Congress, as well as the front-line states, can be sure of our full support for their just struggle and determination to win their right to freedom and independence. We must do everything in our power to bring about as soon as possible the day when colonialism will irrevocably be relegated to the past."

On the ticklish question of the Middle East, he said: "In the Middle East, Israeli aggress-

sion and occupation of the territories of Arab countries persists, in insolent defiance of the fundamental principles of the international legal order inscribed in the Charter of the United Nations. For years, the Arab people of Palestine have been prevented from exercising their legitimate rights. And the Palestinian question is the crux of the Middle East crisis. Unless it is solved, there can be no just peace or lasting security in the whole region, and beyond. *If we wish to be realistic, we must openly say that the road of separate solutions does not lead in that direction.*"

He did not mention the Camp David agreements, but he hinted that "separate solutions" did not lead to a "just peace". He was emphatic that the PLO could not be left out of the picture: "A global and just solution requires the participation on equal footing of all the parties concerned, including the Palestinian Liberation Organization. It must provide for Israeli's withdrawal from all the occupied Arab territories and for realization of the rights of the Arab people of Palestine to independence and their own State. This is the only way to peace, safe boundaries and security for all the countries of that region. In my view, such a solution must be sought first and foremost, within the United Nations".

On the question of Indo-China and Kampuchea, he was extremely guarded and cautious and tried to convey his meaning without naming names: "We are also very worried by the worsening of the crisis in Southeast Asia, by the outbreak of armed conflicts and the use of force in dealing with existing disputes. This endangers the security and independence of the peoples of that region and holds the threat of wider conflicts. *Above all, we must not reconcile ourselves to the imposition of foreign will on peoples by military interventions. Such behaviour is totally incompatible with the principles of the Charter of the United Nations and the policy of non-alignment.* Thus, here again, we see a way out of the crisis in the withdrawal of all foreign troops from the territories of other countries and in respect for the independence, security and peaceful development of all countries in that region. These are the principles and approaches also determining our attitude to other hotbeds of crisis such as Cyprus, Korea, Western Sahara etc."

THEN HE SPELLED OUT his "bloc" thesis in

the context of "relaxation of tensions, detente" and said: "The non-aligned countries attach great importance to the process of relaxation of tensions in international relations, which they also consider to be in their own vital interest. Regrettably, this process is not a stable one and is attended by great hardships. Moreover, it is in a state of serious stagnation. Its main weakness lies in the fact that it is still limited by bloc interests. And that breeds the danger of new confrontations with unpredictable consequences. The policy of relaxation of tensions must not serve anyone as a foothold for exerting pressure on any country whatsoever. It must not be pursued at the expense of third parties. In an inter-dependent world in which peace is indivisible, detente must become an all-embracing process. This implies that all countries, big and small alike, and should participate in it on a footing of equality, and that it should extend to encompass all the world's regions and include all the crucial problems of international relations and development. It is precisely here that the great possibilities and responsibilities of the policy of non-alignment lie. Of course, the big powers have a major role and responsibility in the process of easing tensions. *In this connection, we particularly wish to point out the importance of having these powers, and the blocs, regulate their relations and reduce the danger in rivalry and confrontation between them.*"

His reference to "big powers" are not clear. Did he mean only the nuclear super-powers, the USA and the USSR? Or, did he include the other nuclear powers, China, France, and the UK? And what did he mean by "blocs"? No doubt he would have had NATO and the Warsaw Pact in mind, but what about other groupings and bilateral alliances which have created "blocs": OAS, Andean Pact, OAU, ANZUS, Arab League, ASEAN, Indo-Soviet Treaty of Friendship, the US-Japan axis etc. etc.? These are imponderables Tito did not define.

Then he reminisced about what it was in 1961 and emphasised the important role of the United Nations "where all key problems of the world should be discussed."

He also spoke of the urgency to sustain detente: "I remember well when together with Nehru, Nasser, Sukarno and Nkrumah, at the fifteenth anniversary session of the General Assembly in 1960, we took the initiative to have the two big powers engage not in confrontation but in negotiations in the interest of reducing tensions. We thus made it clear that their relations, which also have consequences for others, are not exclusively their affair. We pointed out that the United Nations is the place where all key problems of the world should be discussed. This still holds true today. I think that it is indispensable for the non-aligned movement to advocate that the General Assembly review on a regular basis questions concerning the diminishing of tensions in the world, and take measures to promote this process. We consider that no strengthening of security in the world is possible without the promotion of detente, and without democratization of international relations. And positive development in that direction is imaginable without confidence-building measures and the inauguration of a process of genuine, general and complete disarmament. Deeply concerned over the continuation of the arms race, we welcomed the agreement on the limitation of strategic armaments, SALT II, signed between the USSR and the USA, in the hope that it will serve as an impetus to adoption of measures for genuine disarmament. It is significant that the special session of the General Assembly of the United Nations devoted to disarmament was convened at the initiative of our Movement. We must do our utmost to assure that the decisions and recommendations of that session are consistently put into effect. In the process of detente in Europe certain results have been achieved. They are reflected in the outcome of the Helsinki Conference. This undoubtedly has broader significance, for in the past it was precisely the conflicts in Europe that jeopardized world peace. However, we must openly say that Europe cannot live in peace and security unless peace and security are assured in the world as a whole."

Next he went on to refer to Europe: "We can note with satisfaction that the non-aligned and neutral countries of Europe represented at this gathering are playing an outstanding role in reinforcing European co-operation and security and giving impulse to the

transcendence of bloc divisions on the European continent. From the standpoint of strengthening peace and security in Europe and the world, the Mediterranean region occupies a significant position. All Mediterranean countries should participate in transforming the Mediterranean into a zone of peace and co-operation. They should take part in this process on a footing of equality and in the spirit of the provisions of the Final Act from Helsinki and the decisions contained in the Declaration of the Fifth Conference of Non-aligned countries held in Colombo. We consider the setting up of zones of peace and security, particularly in troubled regions, as important steps which would be conducive to narrowing the areas of rivalry between the blocs and the big powers. In this context, we also support the efforts for setting up such zones in the Indian Ocean, Latin America and elsewhere."

AFTER DEALING WITH THE POLITICAL MATTERS confronting the non-aligned Tito went on to deal with economic matters: "The establishment of the New International Economic Order is the only way to cope with the pressing problems of development and the profound crisis into which the world economy has fallen. This is in the interest not only of one group of countries, but of the entire world. The leading industrial powers, and other developed countries, still refuse to recognize this fact. They offer resistance to substantive changes in the existing relations. At the fifth session of UNCTAD some developed countries even forsook decisions jointly adopted within the United Nations. At the same time, the major developed countries, bent on protecting their own interests, are increasingly attempting to solve within closed circles problems that are of vital importance to the entire international community. In acting thus, they also hope to cause divisions among the non-aligned and other developing countries. Various forms of pressure are resorted to, and the serious difficulties facing some developing countries, particularly the least developed, are exploited."

Having analysed the situation in a way that no non-aligned or radical-minded country could quarrel with he went to outline what he thought was the way to pursue the struggle: "In this situation, we must pursue our struggle even more consistently and perseveringly and

find the right answers to the difficulties and resistance we are confronted with. In my profound conviction, the point of departure for this struggle remains the concept we worked out at the Summits in Algiers and Colombo. Co-operation among the non-aligned and all other developing countries is of paramount importance for the implementation of this concept. It is also a vital economic interest and a priority political task of our movement. We possess great material potentials which, through concerted efforts, can be made to serve the development of each country individually and of all of them together. This will, at the same time, enable us to participate with greater success in the negotiations with the developed countries for the establishment of the New International Economic Order." Thereafter, he touched on the very difficult and sensitive question of "energy": "In this context, I consider that we must approach with the greatest care the ever more acute energy problem. It will transpire, I am certain, that we have interests in common. Solutions may be found, in some cases, in greater financial or investment co-operation or in similar forms of collaboration. Elsewhere, as in the case of the least developed countries, it will be necessary urgently to alleviate difficulties traceable to the constantly rising prices of oil modern technology and manufactured goods. We consider as a positive sign some initiatives along these lines, which we should seriously discuss with a view to arriving at generally acceptable solutions."

AND HE WENT ON to discuss the strategy that should be followed: "The forthcoming special session of the General Assembly of the United Nations and the adoption of the International Development Strategy for the coming decade are of exceptional importance in the struggle for the New International Economic Order. It would be very useful if this session could be held on a political level appropriate to the gravity of these problems. We rightly expect that all developed countries, regardless of the groupings to which they belong, will display greater political will and readiness to make a contribution in their own and in the general interest."

Marshal Tito then reviewed developments in the period after the Colombo Summit: "In the period following the summit in Colombo

the policy of non-alignment has continued to assert itself powerfully. This is the result of the more pronounced aspirations and even greater determination of peoples to fight for a better and more just world in the conviction that only in such a world can they successfully safeguard their independence and ensure swifter social progress. It is not at all by chance that almost all the countries which have gained independence have joined our movement. By the same token, it is significant that various countries, by severing their ties with military alliances and cancelling agreements for military bases on their territories, have at the same time rid themselves of obstacles that stood in the way of their opting for the policy of non-alignment and of being present here among us today. It is also worth noting that a growing number of democratic political movements and parties in Europe of and elsewhere have embraced the ideas of non-alignment. However, while our policy has asserted itself and our movement has strengthened, we have also been confronted with certain difficulties. Some are the legacy of the past or the outcome of different conditions of development. Others stem from foreign influences and diverse orientations, and this is apt to generate the danger of divisions in the movement."

It is in this way that he referred to the problems of unity and disunity in the Movement. He showed his concern about some of these divisions that had erupted into conflicts in the following way: "Particularly disturbing are the conflicts arising between some non-aligned countries. We must always bear in mind that any conflict between non-aligned countries opens the door to foreign interference. These conflicts also impede our efforts to create new democratic international relations. They concern not only the countries directly involved but all of us. It is therefore the duty of non-aligned countries to offer their assistance, in an appropriate manner and through suitable mechanism, before the disputes escalate into conflicts. And if they do escalate, solutions should be sought by peaceful means and without delay. For, it is only natural that the non-aligned countries in their mutual relations should observe and consistently apply the principles and criteria they strive for in international affairs. And these are the principles

of the Charter of the United Nations and of the policy of non-alignment."

And he set out guide-lines how these conflicts should be dealt with through "suitable mechanisms before disputes escalate into conflicts!". Our advocacy of the democratization of international relations also calls for further development of democratic relations within the movement itself, especially in view of the growth of our movement and the ever greater responsibilities facing it. We must set an example of democratic accommodation and agreement. We are therefore faced with the task of finding new forms of work and new modes of decision-making and joint action. In this context, we attach great importance to the method of work of the Co-ordinating Bureau. It must act still more effectively as the body that co-ordinates and takes initiatives reflecting the options and the stands of the movement as a whole. We consider it particularly important for all member countries of our movement to engage actively, on terms of equality, in realizing the policy of non-alignment. This also implies reliance on consensus as the only possible way of harmonizing attitudes and adopting decisions."

He did not explain, though it may have been appropriate at this point, why Yugoslavia or the Co-ordination Bureau of the NAM, did not use its good offices to look into the complaints of Hanoi about the provocative border attacks launched by the Pol Pot regime from the beginning of 1976 into the territory of Vietnam. If action had been taken to check Pol Pot's attacks on Vietnam then, the present situation may have been avoided.

THE CONCLUDING PART of his speech was on high note in favour of tolerance and mutual respect based on full equality: "We have gathered here as the most responsible representatives of the majority of mankind. New and great obligations lie ahead. The eyes of the whole world are trained on us. This makes it incumbent upon us to display mutual understanding and respect, full equality, goodwill for reconciling differences, a deep sense of solidarity and the highest degree of responsibility. Our movement is turned towards the key problems of the present-day

world—to the problems of peace, security, development and general progress. It expresses the essential interests of all mankind, and not only of one part of it. Its historical responsibility is therefore so much the greater. It is the responsibility of all of us. "We must always bear in mind all that we have in common, all that unifies us. We must strive against everything that divides us and resist all attempts to insinuate alien interests into our ranks. It is our lasting interest and our strategic objective at this moment further to affirm the authentic principles of non-aligned policy and, on this basis, to strengthen the solidarity, unity and action capability of the non-aligned movement. These are reliable guidelines for our future course of action. Only thus can we successfully contribute to the creation of the world we envision."

He ended the speech on a personal note: "These were the ideas which guided me when making the decision to undertake this long and, for me, strenuous trip. I was also motivated by the responsibility devolving upon me as one of the founders of the movement and by the firm conviction that there is no sacrifice one should not be prepared to make when such lofty objectives and noble ideals are in question. These are the ideals and objectives

Notice Under Section 7 Of The Land Acquisition Act (Cap. 460) As Amended By The Land Acquisition (Amendment) Act No. 28 Of 1964.

Reference No. ATH 18/617

It is intended to acquire the land described in the Schedule below. For further particulars please see the Gazette No. 66 (Part III) of 07-12-1979 of the Democratic Socialist Republic of Sri Lanka.

D.R.O.'s Division: Moratuwa

Situation: Ward No. 8, Uyana, Moratuwa

Village: Uyana

Name of Land: Dombagahawatta, Modarapola
Dombagahawatte

Lot No.: 1

Plan No.: P.P. CO: 5161

H. C. Gunawardane

District Land Officer of Colombo District,
The Kachcheri,
Colombo.

Date:- 15th November, 1979

our movement is fighting for, the ideals and objectives to which the whole world aspires. I fully believe that this conference, like all our conferences in the past, will also be a success. that it will impart new vigour to, and mark a new phase in strengthening, the role of the policy and movement of non-alignment in international relations, for the benefit of all of us and the whole of mankind."

I have set out the full text of Tito's speech and will draw attention in subsequent articles to the meaning and implications of that speech, as I understood it in Havana and also in the perspectives relevant at the time of writing. One's understanding of any problem is a curious mix of what one remembers of one's thinking at the time of the event and the understanding of the same event at the time of writing. The more one contemplates on the problems of contemporary history, the more one realises that the only "truth" or what seems to be the "truth" is the present. The past is always seen through the present—so also the future! This has been emphasised throughout the ages by several philosophers as one of the fundamentals of metaphysics, i.e., there is no past or the future—the only reality is the present.

In writing the Havana Diary I am often overwhelmed with the dilemma that stems from differences that arise from what I now think I thought in Havana and what I now think at the time of writing (haunted by the thought of what I might think in the future). That is why I interpose my diary notes written in Havana and my cabled despatches so as to satisfy myself that I am being as "truthful" as I can in this personalised reportage of the Sixth Non-aligned Summit. Interpretative reporting by its very nature is subjective—that the claim to be impersonally objective and therefore true is only a mirage.

Next week:

TITO, CASTRO & NON-ALIGNMENT



SRI LANKA CHRONICLE

Nov. 22 — Nov. 28

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

CDN—Ceylon Daily News; CDM—Ceylon Daily Mirror; CO—Ceylon Observer; ST—Sunday Times; SO—Sunday Observer; DM—Dinamina; LD—Lankadipa; VK—Virakesari; ATH—Aththa; SM—Silumina; SLDP—Sri Lanka-dipa; JD—Janadina; SU—Sun; DV—Davasa; DP—Dinapathi; CM—Chinthamani; WK—Weekend; RR—Riviresa; DK—Dinakara; EN—Eelanadu; IDPR—Information Dept. Press Release.

THURSDAY, NOVEMBER 22: Mr. M. D. H. Jayewardene Minister of Plantation Industries, who criticised the Budget in Parliament on Tuesday, tendered his resignation as a Minister yesterday. Major Montague Jayawickreme, Minister of Public Administration and Home Affairs yesterday took his oaths as Acting Minister of Plantation Industries before President J. R. Jayewardene at President's House. The seven undergraduates fasting on the roof of the Moratuwa University over the suspension of 13 undergraduates in connection with ragging, late last night called off their fast. The Galle by-election will be held on December 20, it was announced yesterday—CDN. Twenty one students who are suspected of having passed the GCE (ordinary level) examination fraudulently have been traced. Mr. Albert de Silva was yesterday appointed the MP for Kamburupitiya, in place of Dr. Malawara Arachchi who resigned from his seat—CDM. The UNP Government was shaken by the resignation of Plantations Minister M. D. H. Jayewardene from his portfolio. Three ministers, Deputy Ministers and a number of MPs are on the way out according to political sources—DK.

FRIDAY, NOVEMBER 23: No interference and absolutely no pressures from any quarter; this was the assurance and warning by Major Montague Jayewardene, Acting Minister of Plantation Industries and concurrently Minister of Public Administration and Home Affairs, gave senior staff of the Plantations Ministry and

Chairman of Corporations and Boards under it, at the Plantations Ministry yesterday. The Rs. 2.8 million fisheries harbour complex at Chilaw will be opened tomorrow by Mr. Lalith Athulathmudali Minister of Trade and Shipping. Three girls have been selected to be the first women cadet officers in the Sri Lanka Army. Over 75 per cent of the houses destroyed by the cyclone which struck the Eastern province exactly one year ago have been already reconstructed; Justice Minister K. W. Devanayagam, who is in charge of the reconstruction work of the Batticaloa district said yesterday—*CDN*. The President, Mr. J. R. Jayewardene, yesterday told a deputation from the Government Medical Officers' Association that he agreed that, in keeping with the Government's liberal policies, the Compulsory Service Act for doctors should be repealed and that he would recommend this to the Cabinet. French industrialists, businessmen and entrepreneurs will collaborate with Sri Lanka in several joint ventures including the construction of a 300 roomed hotel; setting up of an industrial rubber goods factory in the FTZ, manufacture of a popular brand of cigarettes; assembly of lorries and trucks and manufacture of spares. The full report into the investigations in connection with the alleged illegal termination of pregnancies done at the De Soysa women's hospital Colombo will be submitted to the Attorney-General next Wednesday—*CDM*. Far reaching recommendations have been made to the Youth Affairs and Employment Minister Ranil Wickremasinghe by a team studying National Apprenticeship Training in an effort to find employment opportunities for 250,000 youths who leave school every year. President J. R. Jayewardene yesterday appointed Kuliyapitiya, MP Lionel Jayatileke as Minister of Education Services—*SU*. Mr. E. L. Senanayake, Minister of Agriculture may be sent as Ambassador to Rome by removing him from his portfolio in the coming cabinet reshuffle; a decision to give Mr. Cyril Mathew, Minister of Industries an advisory ministerial portfolio has been suspended; the vacancies of Mr. E. L. Senanayake may be filled by the Chairman of the UNP, Mr. Panditharatne who will be given the ministry for Mahaweli Development—*ATH*. A senior minister of the UNP government may resign shortly according to informed sources—*DK*. Disagreements among top cabinet ministers in the UNP government has further in-



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creased the cabinet crisis faced by the UNP government; Foreign Minister, A. C. S. Hameed and Finance Minister, Ronnie de Mel have publicly clashed on who was responsible for getting Canadian aid for the Maduruoya Project and Ronnie de Mel after the Minister of Trade Athulathmudali on his budget speech, while the PM and the Minister of Transport clashed in the Cabinet meeting over malpractices in importing cement—JD.

SATURDAY, NOVEMBER 24: Licences of 125 registered job agencies will not be renewed by the Labour Department as none of them has provided foreign employment to anyone. Large-scale theft and malpractices in the transport services of the Food Department's 197-strong lorry fleet would soon be brought to a halt, Food and Co-operatives Minister S. B. Herath said yesterday. The World Bank's South Asia regional vice-president David Hopper said yesterday he was impressed with the progress maintained on the Accelerated Mahaweli Development Program—CDN. The Parliament which would be constituted after the next General Elections would have 200 members declared the President, Mr J. R. Jayewardene, when he participated in the first religious ceremony after the construction of the new viharage of the Rajamahā Vihara Sri Jayawardanapura yesterday. The American Embassy in Colombo came under tight security from yesterday following the attacks on US missions in Pakistan and Iran—CDM. The immediate payment of compensation to persons whose houses have been vested in the Commissioner of National Housing under the Ceiling on Housing Law, has been recommended by the D. S. Jayasundera Committee appointed by the Prime Minister R. Premadasa. Several Cabinet changes are likely to take place in January; these changes are expected to mainly take the form of re-allocation of subjects it is learnt—SU. The Finance Minister said in Parliament yesterday that the government was prepared to hold investigations into allegations of bribery and corruption that anyone who obtained government posts through bribery were welcome to reveal such facts to the government and that they were assured that they would not lose their jobs as a result of this—DP. Portfolios in the Ministry of Education will be withdrawn by dividing the Ministries and appointing new

ministers; the President is considering appointing a new Minister for higher education with an Education Services Minister has been already appointed according to political sources. The President is considering appointing District Development Minister, Mr Rajadurai also as the Minister in charge of Hindu Culture—DK. UNP branches in Galle and Matara districts have sent letters expressing their protest for selecting Mr. Dahanayake as the UNP candidate for Galle and appointing Mr. Albert Silva as the MP for Kamburupitiya; these branches have threatened not to participate in the Party Convention to be held next month—ATH. Major changes in the Top posts of the Education Ministry may take place shortly; the CID has received information which point to a majority of high officials being involved in the examination scandal—DV.

SUNDAY, NOVEMBER 25: Ministers and Deputy Ministers will no longer be denied the salary increases granted to the public service in the years 1977, 1978 and 1979; the government has decided that they too are entitled to these increases. Foreign Minister, A. C. S. Hameed left for London en route to Teheran as a special emissary of President Jayewardene with a message to Ayatollah Ruhollah Khomeini shortly before midnight yesterday. Mounting public anger against a number of so-called overseas employment agencies has sparked off violent incidents leading to police intervention—SO. The government has accepted in principle that a religious atmosphere in schools should be reviewed in view of the deterioration of the standards of discipline among not only the youth but among school children as well—ST. Sri Lanka's oil bill for 1980 will be a staggering Rs. 6,300 million, the Ceylon Petroleum Corporation Chairman, Daham Wimalasena revealed yesterday—WK. An organised group is believed to be selling children to foreigners for adoption at Rs. 1000 to Rs. 5000 per child; social services institutes and private agencies are said to be involved in this racket—SM.

MONDAY, NOVEMBER 26: Foreign Minister A. C. S. Hameed's mission to Iran was seen by diplomatic sources in Colombo yesterday as an initiative by President J. R. Jayewardene to defuse a potentially explosive situation arising out of the growing dispute between the United States and Iran over the

hostages held in the American Embassy in Teheran. The Minister of Public Administration and Home Affairs and acting Minister of Plantation Industries, Major Montague Jayawickrema has told the Chairman of the Janatha Estate Development Board and the State Plantation Corporation that he would not hesitate to close down any estate which was not yielding profits—*CDN*. Private sector printers will be invited to assist the Government Press and the State Printing Corporation to print over two million copies of textbooks to be supplied free to school children from January 1980—*CDM*. A ten-day price reduction of all essential consumer items is likely to be announced by the government for this holiday season; the proposal is now being considered, Trade and Shipping Minister, Lalith Athulathmudali said yesterday. Deputy Minister of Defence, T. B. Werapitiya has called for a comprehensive change in the laws to combat drug abuse and narcotics trafficking in Sri Lanka. The World Bank has promised a sum of Rs. 72 million to meet the costs of the second stage of the National Agricultural Diversification and Settlement Authority (NADSA) project. Police yesterday placed a ban on all demonstrations in the city in view of the ongoing Iranian-US tussle over hostages—*SU*. His Excellency Mr. Gamal Abul-Oyoun has been appointed an Ambassador Extraordinary and Plenipotentiary of the Arab Republic of Egypt in Sri Lanka—*IDPR No. 278/78*. His Excellency Mr. Tocho Kiryakov Tochev has been appointed concurrently with residence in New Delhi, as Ambassador of the People's Republic of Bulgaria in Sri Lanka—*IDPR No. 279/79*. The Government of the Hashemite Kingdom of Jordan has appointed concurrently, with residence in New Delhi, Mr. Waleed El Dorra, as Ambassador to Sri Lanka—*IDPR 280/79*. Rs. 1,473 million will be invested by foreign firms to set up 120 factories outside the FTZ. An International Telex Exchange centre will be set up in Sri Lanka with 1,000 connections at a cost of Rs. 13 million—*LD*. The government has got to know that Rs. 2000 million worth of undeclared gems are in the hands of gem dealers in Colombo millions of rupees of undeclared money exist among gem dealers who are hiding news. 40% of prisoners in Prison, 30% of ex-prisoners are drug addicts according to a survey carried out recently—*DV*. An idea to include Mr.

Upali Wijewardene, Mr. G. V. P. Samarasinghe and N. G. P. Panditharatne in to the cabinet might be carried out in the cabinet reshuffle—*ATH*.

TUESDAY, NOVEMBER 27: The new incentives to re-vitalise the coconut industry announced by Finance Minister Ronnie de Mel in his Budget speech on November 14 will come into operation immediately. Coconut Industries Minister Harold Herath announced yesterday. The third budget of the UNP Government was passed last night by a majority of 110 votes; at the second reading yesterday 129 voted for and 19 against the Appropriation Bill; the debate which began on November 19 continued for seven days. A new multi-storied building for the General Hospital, Colombo is to be constructed in the present premises of the hospital—*CDN*. The axe is likely to fall on approximately 45,000 co-operative textile handloom co-operatives which have failed to function efficiently—*CDM*. A high powered oil purchasing mission from Sri Lanka will visit Saudi Arabia and Oman to finalise negotiations for the country's oil supplies for next year; Sri Lanka has already asked Saudi Arabia for 1.4 million tonnes of crude petroleum for 1980 and reached a tentative agreement for 360,000 tonnes from Oman. The TULF last week approved the Code of Conduct laid down for its Members of Parliament, Local Bodies and Chairman of MPCs etc. An action programme launched by government to combat illicit felling and transport of timber, will be carried out at district level by a core group of government and law enforcement officials of each district—*SU*. The Leader of the Opposition said during the course of the budget debate in Parliament that the request of the government asking the TULF to abandon the Eelam demand was meaningless unless the government could suggest another scheme, which if acceptable to them (TULF) could be submitted to the Tamil people—*EN*. The president has agreed to grant lawful status to the recently formed Working Journalists Association and has said a law will be brought in this connection in Parliament soon—*VK*. A poster campaign to bring Upali Wijewardene as the MP for Kamburupitiya has been launched in Kamburupitiya; the change in the Kamburupitiya seat may take place after the Galle by-election—*JD*. The Paddy Marketing Board

is taking steps to release 22,400 tons of rice to the open market in a bid to bring down the high price of rice—LD.

WEDNESDAY, NOVEMBER 28: Foreign exchange earnings from tourism will reach Rs. 1,100 million this year with the number of tourists visiting Sri Lanka going up to a quarter million according to estimates prepared on the basis of earnings and arrivals during the first six months of 1979, a Ceylon Tourist Board spokesman said yesterday—CDN. The government will shortly take steps to fix the local selling price of imported educational books and magazines in view of the exorbitant prices charged by booksellers. The tourist arrivals to Sri Lanka for August this year amounted to 20,203—an improvement of 30 percent over the same month last year—CDM. President J. R. Jayewardene has laid down that in future neither ministers, deputy ministers, district ministers nor members of parliament should be entitled to any pay increases to their respective salaries that are not available to others in the State sector; he has also directed that these parliamentarians would be entitled to all pay hikes and allowances that in future would be made to public servants. CID detectives last morning commenced interrogating an Immigration Department officer in connection with a highly organised racket in the issue of false passports—SU. A plan is to be implemented from January 1980 to make annual selection of tea estates and to award a price of Rs. 100,000 to the best estate so selected—DP. The CTB has lost Rs. 60 million in the year completed in March; Only the South and the North Transport Boards have earned profits while all other 7 regional boards have made losses. 16 Hitachi locomotives imported at a cost of Rs. 20 million for the use in the upcountry services cannot be used as they are not powerful engines. The SLFP in a communique has said that the oil petition was to distract the masses from the rising cost of living. The government is attempting to show that the reason for rising cost of living is because of the oil price increase and not because of the devaluation of the rupee—DK.

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MAHAWELI

The NEDECO Report—1

by R. Kahawita

ACCORDING TO THE NEDECO REPORT AND INFERENCES THEREFROM, it would appear that in mid 1977 our economy had crashed due to socialist policies and the eagerness to build up a super Welfare State based on loans, grants and gifts. What caused the crash on the road to a Welfare State? Bad management of our economy resulting in, over a million unemployed; the balance of payments had got out of control; Industrial development was gradually coming to a grinding halt; consumer goods were scarce; massive imports of rice, wheat and wheat flour and sugar were needed to feed the people; Import of raw materials to keep the Industries was breaking up; no funds to import investment goods; Government budget absorb massive subsidies; State Corporations were manned by politicians, inefficient and corrupt; Corporations too crashed with massive deficits. We hit the rock bottom and "reached near bankruptcy". If not for the bountiful nature, thousands would have perished of starvation

The suffering was too long, so the people decided to have a change and the present Government was put on the wreckage in July 1977 with full hopes that they would salvage our economy. The people gave unprecedented support for the operation. How was the "wreckage" to be salvaged? What were the tools readily available to perform the operation? Was the Government ready with a plan to ward off the impending disaster? In the face of those problems a search was on to find an escape gap. There was work going on, on Mahaweli according to UNDP/FAO program but at the pace of a tired tortoise. The time schedule was already ten years behind the target to complete the full Master Plan. The principal objectives of the plan were "To develop 900,000 Acs. of Agricultural land, and generate 500 M.W. of Hydro-power". The original plan was divided into three phases and each phase into stages or projects, according to a programme of investigations, studies, designs and implementations to a pre-determined set of priorities based on practical aspects of deve-

lopment, managerial capabilities, settlement to an Agricultural production time table and the setting up of the necessary infrastructure to serve the needs of a "new population in a new territory." The program was spread over a period of 30 years starting in 1970 to be completed in the year 2000.

In mid 1977 work on Phase I, project I, started in 1970, was still going on. This covered the items of work that had been taken off the Boards as ready for construction. They were the Polgolla Diversion Head-Works and tunnel, Bowatenne bifurcation structure, and two power houses. These were financed by the World Bank, and the Asian Development Bank. The Diversion structure the power house and generation units at the terminal and Bowatenne Reservoir were completed. The power house and 40 M.W. at Bowatenne is yet to be completed as at July 1979—the time of NEDECO reporting.

Transbasin diversion works got priority as it would provide improved and assured water supply to 130,000 Acs. to increase the chances of cultivation success from a 50/60% to a possible 85/95. In addition it would enable a new acreage of about 90,000 Acs. to be opened up in area H—"Nuwara-Kalawiya"—the cradle of our civilisation, since our ancestors immigrated from India. These names, associated with our history, comes down Memory Lane: Vijithapura, Aukana, Hidogama, Ipolagam, Kagam, Yakka-bendi Ela, Katiyawa, Maha-illuppalama, Eppawela etc. These were ancient centres of farming habitations and they are so today too. Programmed development of Mahaweli water was to be built around these centres, to bring the new settlers in contact with the old as well as to introduce a new life to "the Purana Settlers". As it would be a comparatively easy task to settle around a living village than in a new setting, hostile to man's intentions. This was the philosophy behind Mahaweli water being brought to these areas.

The development of the irrigation system in Area H (Nuwara-Kalawiya), construction of new village settlements, new townships, and the expansion of the infra-structure was going on with assistance from the World Bank, supported by Canada, The Netherlands, United Kingdom and United States. The pace of

development was not what should be expected in an already settled area. This was the finding in the report.

The balance work, included in the Original Three Phase programs consisted of twenty Major Dams, nine Hydro power stations, and the development of about 680,000 Acs. These works were yet to be investigated, studied designed and brought up to the construction stage. The estimated cost of these, the balance work, was two billion US dollars.

What is covered in the above paragraph is the total commitment of the "Accelerated Programmes" to be executed in 5/6 years. On assuming control of the Government, speeding up of Mahaweli development from "a lethargic thirty years" to a vigorous five or six years, created visions of prosperity within our political life time. "By the development of thousands of acres of irrigated land, there would be thousands to be settled as farmers, many more thousands to be employed on development work, increase in Agricultural production and thereby relieve dramatically the burden of food imports" multipurpose reservoirs will also "provide large quantities of hydro-power sufficient for many years to further Industrial growth and sufficient to spare to give access to electricity to the rural population for the first time in their lives."

In view of these benefits that would give the people in an accelerated programme, the Government determinedly initiated efforts to interest the International Financial Community in the accelerated programme.

The World Bank agreed to assist the Government to carry out an Implementation Study, in the light of the Government's objectives in an accelerated programme—"The executions of the balance work of the Master-Plan in five or six years". The NEDECO report is the out-come of the Agreement with the World Bank, to have the accelerated program studied. They were requested "To review the overall program, and Examine the implications of various alternative phasings of Mahaweli Development, and to recommend a specific Action Plan, taking into consideration the technical, financial economic, and man-power aspects."

(We shall deal with the terms of reference in our next Article)

To Grow Food—Or, Train Farmers?

by John Holway

Rome, November 26,

Whether to develop food or develop farmers is the poignant choice facing many developing nations, in the opinion of US officials attending the current United Nations Food and Agriculture Organisation (FAO) meeting. Sometimes, these officials say, to produce food fast can only be done at the cost of making poor farmers poorer, while rich farmers grow richer. Often the fastest way to produce more food is to encourage large-scale farming and give farmers the tools they need—miracle seeds (the green revolution), fertilizers, water, credit. Many countries—such as Mexico, India and Pakistan—have tried this with dramatic success. *India today has warehouses bulging with surplus grains. But millions still go hungry because they cannot afford to buy the grain. And, ironically, many of those hungry are impoverished peasants, without land or with land holdings so small and poor that they cannot feed themselves or their families.*

US officials point out that India is taking the lead at the FAO Conference in raising the priority of agriculture in general and poor farmers in particular. Its resolution, "Freedom from hunger by 1984," gets down to the practical things that must be done to put purchasing power in the hands of the small peasant. The resolution speaks of food-for-work programs of government extension programs of bringing appropriate techniques to small farmers of "nutrition gardens," of food programs for the old, the young and for pregnant women. Production alone is not enough. The United States encourages this and other plans that link increased production with increased income and consumption.

There are two kinds of demand, US officials say. One is "effective demand"—the demand of the market place, of those with money in their pockets to buy the food that is produced. This is the demand that creates apparent shortages in the world, as people bid up prices when harvests are short. As more people

earn more income, this "effective demand" goes up. In many countries it can be met only by increased imports. Some countries have more than doubled their imports of food in the past five years, trying to satisfy growing demand. To do it, they must spend their precious foreign exchange, or they must watch their foreign debts pile up. But beyond this effective demand, US officials say, is the silent specter of another, more tragic demand—the demand of the poor.

FIVE YEARS AGO, when the 1974 food conference called for an end to hunger in a decade there were an estimated 5000 million persons lacking sufficient food around the world. Today, half-way to the end of that decade, there are still 500 million hungry. Even the most optimistic forecast—the FAO Secretary General's report on "Agriculture to the year, 2000"—predicts 250 million will still be hungry by the end of this century. "Those are the people who are always going to be hungry," US officials say, "until the economic system changes and there's a better distribution of incomes."

In the United States a food-assistance program called "Food Stamps" is aimed to help, among others, the rural poor who have crowded into the cities. "The United States has the biggest food-aid program in the world", US officials point out, although it is small in terms of percentages of the total population served and in percentages of national wealth involved. Poorer countries, with much higher percentages of poor to feed, could not afford a comparable program. Some countries do, of course, have their own programs. India, for instance, sells food at subsidised prices in so-called "fair-price" shops. Most of the hungry live in the countryside where food is produced. But often they cannot grow food for themselves, because they have no land, or little land. And they cannot afford to buy the food that grows nearby. Consequently, many move to the cities to join the unemployed there, making the problem of feeding them even worse. Some landless farmers work for wages on large farms that grow food for export—tea, coffee, cocoa, fruits etc. This may make some economic sense on the national level, US officials concede. Some countries have the

right climate and soil to specialize in such export crops instead of food for local consumption

YET ONE OF THE MOST BITTERLY DEBATED ISSUES here at the Rome meeting is the question of agricultural trade. **Many developing countries charge that the products they sell to developed countries buy less and less in return. Some observers now argue that developing nations would be wiser to concentrate on feeding themselves.** The biggest effort in increased food production must come from these nations themselves. And the developing nations agree. "But you can't get away from the cash-crop economy completely, but there must be a balance." There is much opportunity to produce more food, but as a special FAO report points out, that will require a change in national policies and a higher priority for agriculture. The United States understands the problem. It has a similar one. "We haven't done enough for our own small farmers," US officials say. The dilemma of the uneconomical, small farm still plagues US policy makers, too.

Meantime, things are getting better. India once was traditionally hit by famines, though they were often triggered by transportation and distribution problems rather than production shortfalls. But India hasn't suffered a really bad famine since the 1940's. In fact, today it has substantial stocks—enough to carry it through one bad year, at least in terms of satisfying "effective demand." "US stocks, although somewhat lower due to the heavy Soviet grain purchases, are still 'quite comfortable,' officials say. 'Famine used to be the automatic balancer' in some countries, US officials say. "Now we feed them. So there's no question, there's been a tremendous change since world war two." Egypt faces the same dilemma faced by many other developing countries. To meet its "effective demand," it has imported great quantities of foreign food, going heavily into debt to do so. Now it is talking of irrigating vast stretches of desert to build up production fast.

But will such schemes develop food? Or will they develop farmers? Will they benefit those farmers who are already better off? Or will they put money into the pockets of the poor far-

mers? If their production is increased, so is their consumption. The two—production and consumption—go hand in hand. —USICA



ARAB VIEW

On Oil Prices

by Khalid Jassim

Again, economists, industrial experts and the information media of the industrialised nations have started their hostile campaign against OPEC and the oil producing countries to give the public the impression that world civilization is in danger due to the policies adopted by the oil-producing countries.

In this respect, Walter Levi, an American Zionist oil expert said, that if things are left as they are, it is impossible to avoid OPEC's increasing the oil prices. No doubt, this is to be considered as a clear agitation against Arabs. Also, the US Under-Secretary for the Treasury said that the abundant revenues of the oil-producing countries will reach this year 25-30 billion US dollars compared to 5 billion US dollars in the last year, adding that the Eighties will witness more increases. In other words, he is trying to say to the Americans, Europeans and Japanese that Arabs were gaining profits much more than their actual needs at the expense of the prosperity and income of the Western consumer. Carter himself has attacked OPEC in a press conference stating that it was the main factor behind the economic crisis in the West. He called the OFEC countries to stop raising the oil prices. He also said that the US was seriously thinking exchanging its wheat with the oil of Mexico. Though he said that the system of exchange could not be used with other countries yet this remark is to be considered as a kind of pressure used against the oil-producing countries that their imports of wheat and other grains will be affected.

Furthermore, during the Manila session of UNCTAD, the industrialized nations encouraged certain Third World countries to

raise the discussions so as to arouse the Third World nations against the oil producing countries and to subvert their unity. Yet the industrialized nations are still ignoring the fact that oil is not a cheap commodity, and that OPEC has the right to reconsider the oil prices as a result of many factors in the forefront.

1. OPEC could not sell oil at cheap prices against the increased prices of its imports of goods and manufactured products from the industrialized countries;

2. OPEC has the right to face the unreasonable oil consumption in the industrialized countries and the vast profits gained by the oil monopolist and multinational companies as a result of the present oil situation.

For example the Royal Dutch Shell Company announced that its profits in the first part of this year reached £ 618 million compared to half of this amount in the same period of the last year. The oil monopolies are greatly exploiting the present oil situation through their speculations to gain vast profits at the expense of both the consumers and the producers. These companies are purchasing oil at 18 dollars per barrel while they sell it at 35-40 dollars in the Rotterdam free market. If we take into consideration that this market contributes 10% of Europe's oil consumption, we shall realize the great profits gained by these companies.

Moreover, the companies are exploiting the laws of demand and supply to ensure their profits at the expense of the world economic situation. As confirmed by *Aththawra* daily in its editorials of June 7 and 8, Iraq's attitude regarding helping the developing countries and the policy of oil prices is based on an Iraqi proposal to establish an international fund to be contributed by the OPEC members and the industrialized countries to help the developing countries.

Iraq's attitude towards the oil prices is based on the indexation of the annual increase of oil prices to the world inflation rates. This perspective represents a suitable form for limiting the oil prices as it puts the Third World countries to our side. This attitude ensure an acceptable move for Iraq, but this idea should be adopted by all OPEC member to

guarantee the unity of Third World countries against exploitation by industrialized nations.

Yet the most important thing required at the moment is how to meet the campaign directed against the oil producing countries to rouse the world public opinion against them?

Baghdad Observer



SOVIET VIEW

The Trouble With Petro-Dollars

by G. Matyukhin

Oil prices continue to grow on the world market and the Western press has not failed to use this fact for a fresh anti-Arab campaign. It speaks of the rise in oil prices as being responsible for many of the ailments of capitalism. Of course, the growing price of oil does not help the struggle against inflation. At the same time one cannot but understand the motives of the OPEC countries whose position on the world capitalist market has complicated in the recent period. This is due mainly to two causes: depreciation of the dollar and the increasing cost of the goods they import.

Unlike other commodities, the buying and sale of oil is done only in dollars. Therefore the decline in purchasing power of the dollar resulting from continuous inflation sharply reduces the real incomes and accumulation of the OPEC States. The general drop in oil sales on the world market also has an adverse impact on the position of oil-producing countries. The Western press presents this development as if the industrialised capitalist nations have not decreased their purchases of oil, but that member countries of the OPEC have curtailed its production. However, if we take the last few years, the reduction of oil output occurred only at the beginning of 1979 owing to the well-known internal changes in Iran. But already in the middle of the year, taking all the members of OPEC as a whole, oil production was restored to its normal

level. Meanwhile, as a consequence of the crisis in the capitalist economy and the implementation of programmes for saving energy and the replacement of oil by other energy sources, the demand for liquid fuel noticeably shrunk. As a result, though the demand remains high, not sellers, but buyers are now ever more often laying down their terms.

The OPEC countries are very diverse. Those of them which have the greatest potential for oil exports (for example, Saudi Arabia, Kuwait, the United Arab Emirates) are economically less prepared to use the received funds for intensive development of their national economies. Inversely, countries with a smaller export potential are better prepared for investing capital in their own economies. Therefore the former's oil earnings turn into petro-dollar "surpluses", while the latter do not have enough of this income and they are forced to borrow money abroad.

The problem of "surplus", which form in some oil-producing nations, is being used by imperialist propaganda for the justification of the policy of economic plunder and diktat toward the developing states. In practice, the bulk of "surpluses" returns to the banks of Western states in the shape of deposits or investments in securities. Thus of the total sum of "surpluses" received in 1977 (33.8 billion dollars) 9.2 billion were transferred to the US, 4.1 billion to Britain and 3.1 billion were made available to the developing nations. The remainder is held in short-term deposit accounts of the international "Eurodollar" market, where the same banks of capitalist states predominate.

These countries practically lose control over their deposits. A case in point is Iran. In response to Teheran's attempt to remove its holdings from American banks Washington put a freeze on them. The government of Kuwait, which also has billions of dollars in American banks or in US government securities, has criticised this measure as an "extremely dangerous precedent" which, according to its statement, has caused "serious concern about the future of international financial relations, subjecting the world economy to unforeseen dangers."

In this situation economists, statesmen

and politicians of the countries that hold dollar surpluses are ever more often beginning to think over the desirability of one-sided orientation toward the capitalist West. There is a growing understanding among them that the future of their peoples lies in the promotion of broad, equal and mutually beneficial cooperation with all states, regardless of their social, economic and political system.

—APN.

x x x

25 Years Ago

Black Market Money

TRIBUNE, October 9, 1954

There has been a great deal of discussion in important circles about rackets and racketeering. The efforts of the Tribune to expose some of them have given rise to accusers as well as defenders. One thing that seems to worry many is how ill-gotten gains can be secreted away. The fact that X who has "certainly made money on the side", does not apparently have the money openly in his bank balance, seems to make many think that X is more sinned against than anything else. I have been going into this question, and I have been told (or I have discovered) two methods by which such money can be secreted without the officers of the Bribery Squad or the Income Tax being any the wiser.

Take the case, first, of a public servant who has received bribes in foreign countries. It does not matter, whether such bribes are in respect of purchases or anything else. But if the bribe is paid in the form of fully paid up insurance policies in the name of the official or any member of his family, there is no way of checking it up. Only when he dies or the policy matures, ten or fifteen years hence, will this amount reveal itself and then the Bribery Squad will have no interest, or such interest will be of little avail.

The second method of bringing ill-gotten gains into circulation can be put into effect only by those who have some tea or rubber

plantations. This method needs the active assistance of the superintendent or manager of the Estate. By "depressing" the actual cost of production in the books and by showing a greater profit, black market money can be put in to circulation. Say it costs Rs. 1.70 to produce a pound of tea on a particular estate. This sum is spent, but only Rs. 1.40 is shown in the books as the actual expenditure. The 30 cents per pound comes out of the black market hoard. By this method, the profit is shown to be greater than what it is and ill-gotten money is released into circulation under cover of profit. The amount can be so regulated so as to pay the lowest rate of taxation possible in the circumstances.

This is probably one reason why certain gentlemen not merely in government service but also as private businessmen they can do better by ploughing back their profits into their particular trade. That is why they more often than not choose to buy estates. If the Income Tax have "hawks", as they should have, this is a matter they should investigate.

LETTER

Waste, Waste Everywhere

Sir,

The Beira Lake and its banks appear to be a convenient dumping ground for some Corporations.

Near the Janawasama Stores in Vauxhall Lane one can see a large collection of lighters. These were once useful property of the Agency House, and were used in transporting tea chests and bales of rubber sheets direct to the cargo carrying ships in the harbour. They provided cheap form of transport and also reduced congestion of roads leading to the harbour. Alas, after the take over of the estates and the Agency Houses the lighters were considered redundant and lorries and yet more lorries were purchased. Even at a time when fuel costs have risen steeply nobody in these Corporations has thought of reviving this form of transport. They have allowed these lighters to rust and to sink into oblivion. It will be well if you bring this to the notice of

the powers that be. Furthermore, if these corporations considered this form of transport obsolete, or uneconomical why were not these lighters sold as scrap? The country would be richer if that Government received remuneration on unwanted property and some Engineering firm had steel sheets purchased locally and without the country losing precious foreign exchange.

A little further away in the CWE's dumping ground one sees packing cases and rigifoam containers along the banks of the lake. This is an eyesore and a waste of material. If a private firm was burdened with empty cases and containers would have auctioned them. Walk along the railway line skirting the coast. Used rails are removed and are allowed to rust. It is time the railway collected these and utilised them on their buildings. Those in excess could be sold to the Steel Corporation for re-cycling steel. We are in urgent need of steel rods and steel angles and other steel sections for the very large building programme of the government and every rupee of foreign exchange saved will help the government in accomplishing its task and in reducing taxation.

At a time when we are billions in debt and require millions more for our country's development, it is imperative that our Ministers check all forms of waste. Perhaps if they travelled less abroad they may have more time to curtail wastage and equipment and other losses in the many state corporations and government departments.

I trust you bring this to their knowledge by publishing the many items of waste and your methods of curtailing unnecessary expenditure.

D. V. Tharmalinkam

19, Rajasinghe Road,
Colombo 6.
3.11.79

HELD OVER

- WATER RESOURCES BOARD
—Reply To The Secretary
-
-

Confidentially

Why Not Import Coconuts?

IS IT NOT OMINOUS (REALLY FUNNY) that, in all the blah-blah about increasing exports, in the maelstrom of hysteric slogans about "export or die" and in the euphoric miasma of Lalithian rhetoric about liberalised free economy inducing fantastic growth, the Government should announce on November 29 that "the export of raw coconuts, copra and coconut oil in bulk has been prohibited with immediate effect and no new exports of coconut oil will be permitted for this year; (2) the export of desiccated coconut for December has been reduced from 150,000 bags to 75,000 bags; and (3) the prohibition of the transport of coconut and coconut oil by Sri Lankans going abroad?" That Minister of Trade, Lalith Athulathmudali presided at the first of many such obsequies that will take place on various aspects of the economic policies of the IMF-IBRD package in the coming period? That this November 29 ban on the export of coconuts and coconut products is said to be to achieve the laudable object of making coconuts available at Co-operatives at Rs. 1/25 each? That this export ban is obviously intended to be temporary (may be an eye-wash) to tide over the "festive" season with the boloney of governmental concern about high prices? That when the ban was brought, the price of coconuts had already touched at least Rs. 2/50 each in Colombo and Rs. 3 to Rs. 5 in some outstation areas (where coconut trees do not grow or where the cyclone had flattened all trees)? That the *Ceylon Daily News* reported the Ministerial claim that the ban would "help to bring down the price in the open market" and "that the entire production of state-owned coconut estates would be diverted to Co-operative Stores and Marketing Dept. sales outlets to be sold at Re 1.25 per nut"? That the *CDN* further reported that the Minister had said: "If the government did not get adequate nuts to implement this scheme it would have to requisition stocks?" That

this threat to "requisition stocks" (from private producers, no doubt) comes ill from the mouth of a Minister who has been blah-blahing up and down the country and from platforms in international fora about the Sri Lanka government's free trade policies and the free play being given to the laws of supply and demand without state interference (as under the SLFP)—and that if the prices of essentials got out of hand, he imported sufficient to push prices down? That this is what he did in the case of onions, chillies, potatoes, dhals, broilers and other commodities to "teach local farmers/producers a lesson" not to create situations where chillies went up to Rs. 40/45 a lb?

THAT IF THIS LOGIC IS APPLIED the Minister should have long ago imported coconuts and coconut oil to stabilise prices at Rs. 1/25 a nut and Rs. 6/50 a bottle? That soon the government media will carry pictures (with sunshine stories) about Ministers on push bicycles or in bullock (buggy) carts flourishing a Rs. 1.25 Co-op coconut or Rs. 6.50 bottle of coconut oil to show how successful the ban-cum-co-op. scheme has worked? That this government, like the last finds comfort in proclaiming that all is well if the co-operatives and the Marketing Department (MD) sales outlets sell essentials at lower-than-open market prices? That co-ops of and MD outlets cover only a small fraction of the population especially after the removal of the rice rations? That this kind of newspaper bluff cannot fool anyone for long? That the Minister told the *CDN* that controlled (really subsidised) co-op prices of coconuts will have a depressing effect on price structure of the private trade? That this is plain stuff and nonsense from out-of-date textbooks? That today, whereas co-ops sell third rate (blackened) imported chillies for Rs. 8/50—Rs. 10/50 a pound (they won't normally fetch even Rs. 4 a lb. even at present prices), in the open market the price of grade two (mixed) locally grown chilly is today around Rs. 15/- a lb. and grade one (selected) about Rs. 20 a lb.? That chillie producers have learnt the lesson that Lalith wanted to teach them? That they have now cut down production and Lalith has to import more and more not merely to keep prices down but to keep the market supplied?

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