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- ★ CEYLON TOBACCO'S MAHIYANGANA PROJECT
- ★ HEADLINES
- ★ CEYLON MARGINAL NOTES
- ★ CYRUS THE GREAT
- ★ REPORTS FROM ABROAD — CHINA, INDIA, CHILE, USA, PERU, FRANCE
- ★ REVOLT IN CEYLON '71



From the Editor's Desk

FOR THE COVER last time we had gone back into the past when our former Prime Minister, S. W. R. D. Bandaranaike, had gone to address the United Nations and on that occasion went to Washington and had been received by the US President, Ike Eisenhower. Nearly fifteen years later, his wife, Mrs Sirimavo Bandaranaike, also scheduled to address the United Nations General Assembly (on October 12) and thereafter met

President Nixon (October 19) during the course of a State visit to the United States. Mrs Bandaranaike also met Prime Minister Trudeau of Canada and also Prime Minister Edward Heath of Great Britain. This is the first time that Ceylon's PM has, in the era of the United Front, journeyed to the capitals of three leading western capitalist states. Whether these visits will have any impact on the future policies of her government in economic, political and foreign policy matters is yet to be seen. No major break of any kind with avowed United Front policies will certainly be made after these visits, but one cannot rule out significant re-orientation in the finer nuances of statecraft. In an era of *detente*, in a period when the US President is willing to go to Peking and Moscow, at a time when West German Chancellor Brandt is turning the post-1945 cold war patterns of the European *status quo* upside down, it would be strange if the rather rigid and inflexible policy pronouncements of the United Front do not undergo some change.

In this situation, it is interesting to examine the views of the two weekly papers closest to the higher echelons of power in the United Front on some matters of importance for this period. The *Nation*, of September 24, was a bumper issue commemorating the death anniversary of S. W. R. D. Bandaranaike. In its columns *Notes and Comments*, under the heading **INTENTIONAL MISCHIEF**, the *Nation* lashed at the big daily capitalist press for the "unmistakably adverse press" projected towards the Indian Foreign Minister, Swaran Singh, when he came to Ceylon earlier this month.

"..... Was there a concerted attempt to rile the visiting statesman into losing his temper, if indeed he did lose it? Was the charge of rudeness levelled against him by the *Ceylon Daily News* (couched in the crudest language) a concocted affair? Obviously, no journalist of any experience, not even a cub reporter, could have probed the mind of the distinguished visitor from India about Sino-Ceylon relations with the intention of gaining a confessional viewpoint of Indian thinking on the subject....." The *Nation* then went on to say that developments in the world made it clear that a major re-alignment of forces in the international arena was in the offing. ".....But we cannot help wondering whether the pre-occupation among our journalists with this question is predominantly with a view to demonstrating that India has abandoned, or is about to abandon, her stand on non-alignment which she has steadfastly clung to during the past two and a half decades; or whether the object is to start a train of thought in this country that non-alignment is a played out philosophy which is no longer believed in by its foremost advocate. We suspect that there is afoot a subtle game of 'international affairs' which is of a non-academic kind, directed strictly towards very practical ends."

The *Nation* then went on to explain that "the Soviet *naval presence* in the Indian Ocean and the strategic importance of Trincomalee (*Tiru-kona-malai*) are two key pieces in this game of chess. It would not surprise us in the least that the very people, who not so long ago brought many gullible people in this country to the verge of hysteria over the 'yellow menace' should now be playing their opponent's game. That is the logic of alignment; that is an ingredient of the Nixon Doctrine. There is a fervent belief among certain people — people who now hold hands in a friendly quadrilateral — that Buddhism and the Vijayan legend notwithstanding, the Ceylo-

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FOREIGN: CHINA, INDIA, FRANCE,
USSR, LATIN AMERICA, USA,

nese or more accurately the Sinhalese are chronically anti-Indian; that there is a fertile ground here for the development of such a political posture that religious divergencies which are explosive on the adjoining sub-continent find their echoes on this little island. On the basis of these facile assumptions, the art of diplomatic insinuation and blandishment is carried on with a certain subterranean vigour, piping hot pastries and off-duty liquor taking their customary place in the armoury of seduction. When to these players are added the ever-active and well-subsidised lobbies, we have — to change our metaphor — a full orchestra. Had circumstances been different, we should in all probability have heard by now that Mrs Bandaranaike had entered into a secret pact with India to sell Trincomalee for a Soviet naval base in order to fight China! But alas! We no longer have our Golden Flute to play such a melody.”

And the *Nation* lays down what it thinks is the best foreign policy stance the UF government could adopt. “.....Let us get one thing straight. We are too small a country and in too critical a situation to be conducting an ill-assorted orchestra to a dubious score, and our own contribution being a short-winded trombone and a butter-fingered cellist playing off key. Let us stick to the simple country tunes that are within our range, such as a non-aligned foreign policy, friendship to all peoples and malice to none. We believe in freedom and the self-determination of peoples, whether they live in Vietnam, Czechoslovakia, or Bangla Desh. We do not have to be anti-Soviet in order to be pro-China; or to be anti-Indian to be pro-Pakistan or *vice-versa*. Above all, we believe in the preservation of our own sovereignty and the only fundamental guarantee of that sovereignty is a foreign policy free from entanglements of Big Power policies. The late Mr gandaranaike was not a simple

man, but this was the simple tune which he loved to play and he played it very well. Without being unduly cynical, let us recognise that in the present condition of society the national interests of states often dictate courses of action entirely at variance with official ideologies and that is our duty to distinguish one from the other.”

THIS IS CERTAINLY a very realistic and down-to-earth analysis of the United Front policy of non-alignment for Ceylon. But there are certainly elements, even in the UF which tend to lean too heavily on this or that prejudice — anti-Indian anti-Soviet, anti-China, anti-Pakistan, anti-UK, etc. Most of these excessive *anti*-postures are based on inhibitions which have been cultivated by powerful political lobbies which have flourished in this island ever since the end of the first world war, or even from periods before that. Some of these prejudices die hard, like the anti-Indian sentiment, and the *Nation* is certainly doing yeoman service by its attempt to dis-abuse people of prejudices and inhibitions which are antagonistic to non-alignment.

In fact, the *Nation* went further in suggesting that Ceylon should work more closely with India on the economic front. “Economic co-operation with our immediate neighbours, especially India, is vital to our national well-being and it is our belief that the Prime Minister’s projected visit to Mrs Gandhi will lay the foundation for a policy which will be highly beneficial to us. It ought also to be of benefit to India. We do not expect charity and we have to get out of the habit of thinking that the rest of the world should always be helping us out of sheer benevolence. Now that we are in what Dr Corea and his co-thinkers fulsomely call the Second Development Decade, we ought to know precisely what Aid has cost us. There are many who are wary of what they call India’s Big

Brother attitude. Caution and wariness are certainly not qualities to be decried. *We have to talk business with India and get the best out of it that our native wit is capable of getting. That is what economic co-operation means and has always meant even between the very best of friends.....*”

And the *Nation* has a strategy: “.....Similarly, let us forge economic links with other nations in our part of the world. What little countries lack by way of brute strength they have often been able to compensate for by farsightedness, cleverness and cunning. There are ready examples to hand. We have now reached a crisis in our political and economic development. The fate of future generations depends on how farseeing we are in the decisions we now make. Although our economic situation is black and our prospects appear even more bleak, there are certain aspects of the international situation which can be turned to our advantage if we set about things in a sensible way. Far too many people in this country still think of India exclusively in terms of Sindhis, Nadars and Chettians! One might just as well think of China as a land of noodle-sellers.....”

THIS IS CLEVER Machiavellian advice, but whether even this logic will convince many groups within the United Front, (including persons in the LSSP and CP, besides large sections of the SLFP), of the need to adopt realistic, positive and purposeful attitudes towards India is most uncertain. But the *Nation* must be congratulated for making the effort.

The *Forward*, in its issue of September 25 — it was not a bumper issue for Bandaranaike Day because the CP and its papers do not now get largesse in the form of government advertising — raised a very important question on its first page: **WHERE DO WE GO FROM HERE?** “The situation that now faces the United Front Government is most difficult and complicated. It

has just emerged from a minor civil war where diverse forces of ultra leftism and Rightwing reaction sought to overthrow it by armed force. The military threat has been met and substantially defeated. But the dangers to the Government and the United Front are by no means over. The economic situation, which was already grave before the reactionary armed attack on April 5th 1971, has deteriorated still further."

The *Forward* then set out the ills which have beset the government; the Rs 200 million damage arising from the April insurrection, the Rs 900 million for servicing old debts, the difficulties of foreign exchange, the anti-communist campaign directed at the *Atktha*, the campaign against the "left Ministers" in the SLFP, and so on and so forth — all of which made it imperative, from the point of *Forward*, for the Government to implement the UF programme. "..... The Central Committee of the Ceylon Communist Party has suggested in its resolution of July 1971 a number of measures which the Government and the United Front can usefully take in the present situation. These include nationalisation proposals, land reform and other matters. These suggestions deserve the most serious consideration and support of the United Front, the Government and all progressive forces. At the same time, all who worked and sacrificed to build the United Front and bring it to power should be ready now to defend it against those who seek to destroy it....."

Chitra's Column on the last page of the *Forward* is the real pace-maker of the paper and in the issue of September 25th it spotlighted the "rising cost of living" as the Government's problem No. 1. "eclipsing both unemployment and the aftermath of the insurgency." The *Forward* cites a number of reasons for the *malaise*, and admits that "the Government has drawn atten-

tion to all these facts." But the *Forward* is unhappy that the Government has done nothing more than set out the problem and stressed that "..... it cannot afford to be complacent or let things take their unnatural course", and went to say that "it is a poor consolation to the harassed consumer who daily finds some new article in common use going off the market or up in price, to be told that this is due more to the policies that were followed by the previous government than to the policies of the present one. And while the April insurgency has undoubtedly made the price and supply situation much worse there is little point in trying to lay the whole blame at this door as everyone knows that this situation existed long before the April events." The *Forward* was emphatic that "far more energetic and concerted efforts are called for from the government than have been forthcoming so far. Up to now, the Government seems to have been following a policy of dealing piece-meal with each shortage of a consumer article as it occurs. But what is needed is a more comprehensive and general counter-strategy." And the *Forward* also insisted that "Government should re-examine some of its own policies" — and this in the light of the United Front manifesto.

Chitra's Column also bemoaned the fact that the Senate was very slow in fading out but had a word of praise for the Government for its decision to celebrate Bandaranaike Day "on a low key", and explained that "the absence of the traditional procession and meetings will not affect the respect and esteem with which the late Mr Bandaranaike is held among all sections of the people and which grows with every year that passes....." The last para in the column was devoted to the question of "anti-communism" and pointed out that "Pieter Keuneman's statement on his return from the USSR gave the final *coup d' grace* to the canards spread by the *Sun-*

Dawasa group of newspapers about secret Communist pow-wows in Moscow in order to pull out of the Government and the United Front. The anti-Communist campaign, which reached its frantic heights last month was not some aberration of the Gunasena newspapers which, not content with selling reactionary policies and smut, are now vying to replace Lake House as the propaganda centre of reaction. It was a general campaign against the Left (including against the Left within the SLFP) and its base is the group of new rich industrialists, traders and racketeers who are trying to use their former and even recently acquired relations with sections of the present regime to line their pockets. These new rich businessmen regard the presence of the Left in the Government as an obstacle to their ambitions and seek the removal of the Left from the government as a prelude to the so-called 'National Government' that they have sought to set up for so long..." According to the *Forward*, these elements seized the opportunity of the absence of a number of CP leaders from the country to mount a slanderous campaign to stampede the Government to push the CP out of the UF. This was conceived as a prelude to a more general attack against the Left in general, but apart from this the contractors' lobby was furious with the Communist Minister of Housing and Construction for ending the contractor system in the PWD and in civil construction works, and also because of his proposals about rent restriction, the setting up of the Buildings Materials Corporation and the Land Trust. "The attempt," concluded *Forward*, "failed, but the attack on the Left in general continues. And it can best be answered and overcome if the Left forces strengthen their unity and do not allow petty differences to weaken it."

SUCH IS THE WAY in which *Forward* looks at the present situation. It is certainly slanted from the

customary CP angle but the CP is one of the constituents of the United Front. And although it is the least influential of the partners, it has a powerful edge and has the capacity to influence the thinking of far wider sections of the people than the actual membership and following of the Party, as such, warranted. The *Aththa* is an institution today, whether one likes its stories or not, whether one likes its mode of racy (and often erratic) journalism or not, and whether one agrees with the policies it suggests or not, the paper is read by large numbers of people. Even diehard UNPites have become addicted to the *Aththa* because it is the only paper which publishes news that spotlights some of the abuses of the administration, focusses attention on the aberrations of the government, and in general is daring enough to be critical of the United Front Government (and even some of its Ministers).

One of the main demands of the Communist Party is that the UF Common Programme promise of nationalisation of foreign companies' should be implemented without delay. Among others, the CP has insisted that the Ceylon Tobacco Company, Levers, the Oxygen Co, and the like should be immediately taken over. The argument is that the profits made by these companies will help the Government to swell its revenue and thus help to balance the Budget. This argument will find much more enthusiastic support in the country if the undertakings already nationalised, or which were started as public undertakings were either being run profitably or in an efficient manner. What tends to make many cautious about nationalisation at this stage is that such nationalisation does not, in fact, bring increased revenue to the State.

In many instances where industries or business undertakings were taken over or nationalised, the profits these enterprises had made were swallowed up (on the take-over) by

a large number of new employees (rewards for working in the elections) and there were no profits to pass on to the state. The Treasury, when the industry was private, made a sizable revenue by the taxes it collected from the owners of the industry and from the industry itself — but was denied these revenues once the State took over the undertakings.

In theory, it is correct that a take-over would mean that the profits which went to private owners would be siphoned into the Treasury, but in Ceylon the realities were different. There is no doubt that certain public undertakings have begun to run profitably, but when they were private enterprises the Treasury had collected more revenue from them than what the State was able to get. Nationalisation and take over by the State Ceylon in has meant increased employment for loyalists (making a small dent in unemployment), but it has not meant increased, in the majority of cases, revenue for the State. Unless this trend is reversed there will be little or no enthusiasm for nationalisation *per se* — except among the politically dedicated who have blind faith in nationalisation.

To say this would provoke United Front enthusiasts and other die-hard socialists to proclaim that such thinking as we have displayed on the question of nationalisation was a symptom "plain abdication of intellectual integrity or the typical cluelessness of the bourgeois left intellectual — probably a mixture of both." But fear of being accused or challenged in this way should not deter any one, even a left bourgeois intellectual, from stating facts that cannot be ignored. And it will certainly not deter us. Nationalisation will undoubtedly help, we admit, a state to increase its revenue, but this would be so only if the state has the administrative and managerial machine to make it work that way. But, if nationalisation

was only used as a cover to over-employ loyalists for political reasons, then such nationalisation will prove suicidal. Such nationalisation is not socialism. It is plain foolishness.

To intimidate intellectuals from stating such realities without any frills, the advocates of nationalisation have a full armoury of clichés—all of which are directed towards stating that the intellectuals concerned were only trying to save capitalism and the capitalists by devious means. But now, when all the trumps are down, such intimidation can no longer prevent realities from being clearly set out.

However, even when these realistic facts are clearly established, it is often argued that the lethargy, apathy, corruption, inefficiency, over-employment and managerial ineptitude in the nationalised sphere is the result of the poison exuded from the still existing capitalistic structure around the public sector, and that until the entire system of capitalistic enterprise was rooted out, it would not be possible to run the nationalised undertakings in an efficient manner. There may be something to be said for this logic on which the April insurgents relied, but the present Government has to operate its Common Programme to reach socialism through a mixed economic conglomeration via parliamentary and democratic processes. And for this process to succeed it is essential for the public sector and nationalised industries to establish their superiority in peaceful competition with private enterprise — so that the voters could be persuaded to accept greater and greater doses of nationalised enterprise.

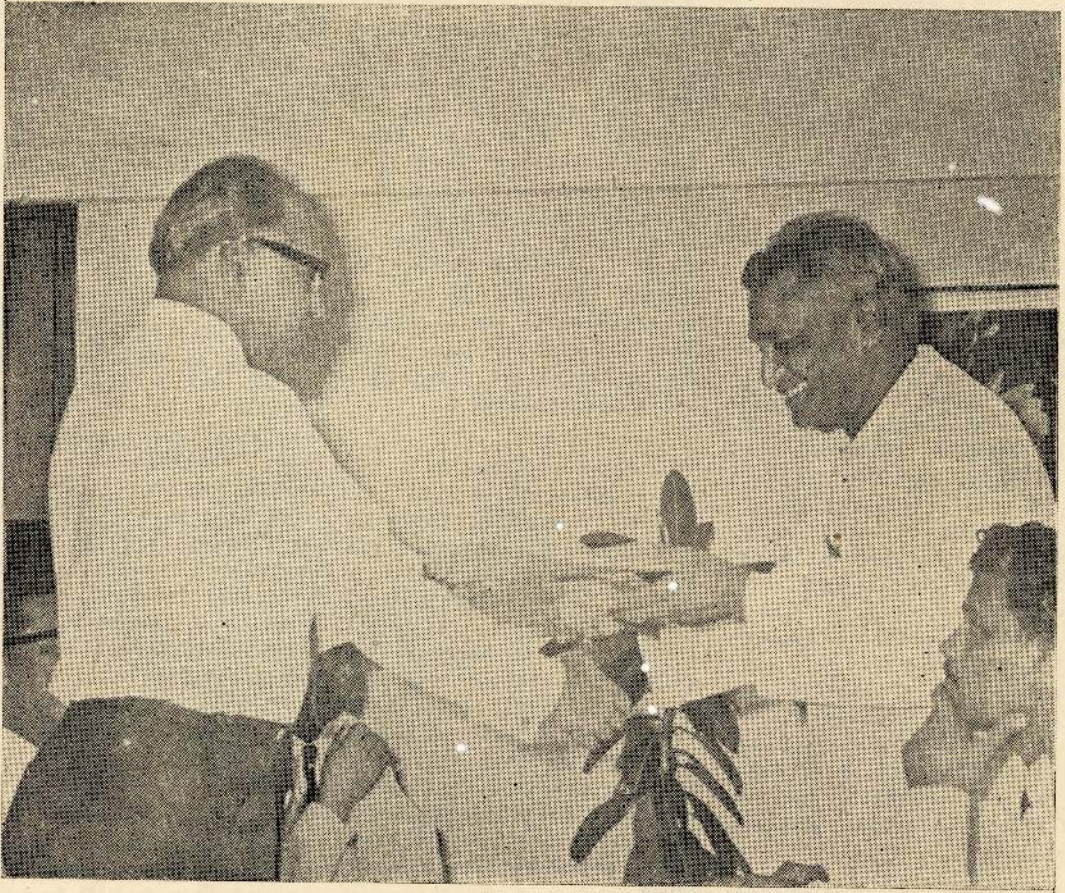
All it means is this — that a country must go socialist overnight through a dictatorial *diktat* if the capitalist structure is to be rooted out in one stroke. And this will not be possible, if one is bound by a Common Programme based on parliamentary democratic proce-

dures. One must then proceed more cautiously, and establish the superiority of socialist enterprise and the nationalised sector by concrete efforts which would manifest themselves in successful and efficient ventures, better run and more profitably operated than private enterprise. Until such an efficient public sector system can be established (and until such time as the political machine can eschew over-employment in the public sector), it is wise to be cautious — in the larger interests of running the state and the government as a going concern.

At this juncture in Ceylon, with the prevailing bureaucratic system and with the limitations of the parliamentary democratic procedures, wholesale nationalisation will do more harm than good. To say this is not to plead for capitalism. It is only a plea for a realistic and practical approach to the problem of nationalisation in the concrete situation prevailing in Ceylon today. This Government is committed to a democratic parliamentary system and a mixed economy. Until the country gives a new mandate for total socialism, Ceylon will have both a public and a private sector. And the State must endeavour to derive the

maximum benefit from both sectors. And both must exist and operate with a maximum sense of security.

IN ONE OF OUR RECENT ISSUES we published an article how a Bank in India had assisted a remote rural area to develop agriculturally in a big way. In this issue we publish an article how one of the biggest capitalist enterprises in this island has set out to develop a remote area — not for purposes of making profits for itself but as a community agricultural project in which a number of people have been settled. There are various reasons why a big company like THE CEYLON TOBACCO COMPANY should



Another milestone in industrial relations was reached on 27 September 1971 when an Agreement was signed between Ceylon Tobacco Company Limited and the All Ceylon Commercial and Industrial Workers Union, Mr. S. V. Wanigasekera, Chairman of Ceylon Tobacco Company Ltd. (left) is seen handing over a signed copy of the Collective Agreement to Senator D. G. William, General Secretary of the Ceylon Federation of Labour

want to undertake a project like this, but even if some of the motives attributed to such action are characterised as "selfish", they do not detract from the benefits which accrue to the community from the Mahiyangana Project. In the jargon and idiom of public relations, publicists for the Company will claim that the prime objective of the Company is CONSUMER SATISFACTION, and not just selling cigarettes. They would also say, the next objective was Employee Satisfaction. And thirdly, the publicists can rightly assert that if the Company were solely interested in selling cigarettes, making profits and remitting the money abroad, there were much more remunerative places abroad for the Company's operations.

It was to build the image that the Ceylon Tobacco company was a "progressive" enterprise in the private sector that it has spent four million rupees in clearing jungle land in Mahiyangana, in installing a first class irrigation system, and in settling 60 colonist families in cottages specially built for them equipped with electricity and water service, with drainage facilities, roads a school, workshops, tractor pool — all this for the settlement of landless peasants from tobacco growing areas in the island. The article we publish in this issue tells the story of the TOBACCO COMPANY'S Mahiyangana Project in some detail.

If other agricultural projects in this country were as efficiently and effectively organised as this one, the island would be a far better place to live in. Greater agricultural production will be then assured. The Mahiyangana Project of the Tobacco Company has not been very much in the news recently, but a COLLECTIVE AGREEMENT providing enhanced benefits for factory employees of the Ceylon Tobacco Company, signed between the Company and the Ceylon Commercial and Industrial Workers' Union on September 27th in the presence of (Senator) D. G. William and other office

bearers of the Union, received a good press publicity in many newspapers, including the weekly *Nation*.

The accent in this Agreement, the third in the last ten years, is on greater productivity and mutual co-operation and understanding in settling any disputes and problems that may arise. A notable feature is the introduction of a PRODUCTIVITY BONUS whereby each worker putting in an agreed minimum attendance will receive a Bonus over and above his monthly wage. With the wage increase of Rs 20/- per month granted under the Collective Agreement, the minimum wage of the Ceylon Tobacco Company worker will be among the highest in the country. In addition, workers will get higher Provident Fund contributions, more leave and a substantial retirement gratuity. The overall annual cost to the Company of the new benefits is estimated to be Rs 1,000,000 at current rates of pay. In return employees have agreed to put in better attendance, reduce wastage, aim for higher efficiency per unit of production and observe strict adherence to the Company's disciplinary and grievance adjustment procedures.

In 1969, the Ceylon Tobacco Company paid a total of Rs 262 million to the Government's coffers — and this is equivalent to 81% of the Company's total income. This also, in fact, represents about 10% of Ceylon's revenue — and this flows into the Treasury without the State spending any money for the collection of the same. *In the same year, it is significant that only one percent of the Company's earnings went out of Ceylon as dividend payments, that is ninety nine percent remained within the country. As against this export of dividends (if not held up by moratoriums), the Tobacco Company now exports a sizable quantity of locally-grown tobacco and this brings in foreign exchange.*

The figures for the Company's operations in 1970 are not yet

available to us, but it would be interesting to see how a big capitalist private enterprise has conducted its affairs in the difficult year of 1970.

With this issue we resume a feature which many readers had missed in the more recent issues: viz. REPORTS FROM ABROAD. We have a report from Peking from the well-known journalist Wilfred Burchett written for the left-wing and progressive press in the USA and Europe. This is a most interesting report — considering the fact that Burchett is one of the foreign journalists who has always been acceptable to Mao and the Chinese political hierarchy even after the cultural revolution. He has practically lived all his life in China, IndoChina and the countries in that zone. Under the heading MAO'S PROBLEMS WITH 'MAOISTS', Burchett present a new angle on the revolution and how the *ultras* in that movement had embarrassed Mao himself. This "official" condemnation of the Maoist *ultras* may appear to some as an escape smoke-screen to create a new image of Maoism and China, but on the other hand the fact that this *ultra* group, known as the May 16 group, or the "516" group, had been responsible for the aberrations in the Cultural Revolution may explain a great many things which had puzzled observers. There is definitely a major change overtaking China. The decision to invite Nixon (after making sure he would accept) is only one manifestation of the change. But there are other puzzling and even mysterious occurrences in China that makes everything uncertain.

We are ourselves anxious to publish these *Reports from Abroad* more regularly, but exigencies of space often compel us to keep out some extremely interesting reports we receive. The more pages we have the more of these reports we will be able to publish, and it is our hope that *Tribune* will soon be able to increase its pages.

CEYLON TOBACCO'S

Mahiyangana Project

— a successful venture in agricultural development —

by A Tribune Special Correspondent

IN A PREDOMINANTLY agricultural economy, such as ours, successive Governments have been devising ways and means of increasing agricultural production. Colonisation schemes, replanting schemes, Village expansion schemes, Youth Settlement schemes are some of the methods devised by the Government to reach this goal.

This is the story of how a Private Sector Company responded to the Government's call to increase agricultural production.

Our story goes back to June 1966 when CEYLON TOBACCO COMPANY LIMITED obtained a thousand acres of Crown land under the Special Leases Scheme.

This land was in Mahiyangana — in the heart of the Dry Zone. It was thickly forested and accessible only by cart tracks opened up by Contractors of the Forest Department.

The nearest habitation was 3 miles away from the site — a little village called ALUTHARAMA.

IN VENTURING into this project CEYLON TOBACCO COMPANY LIMITED, set itself two major objectives.

One....to make a meaningful contribution towards the Governments efforts in increasing agricultural production.

Two....to rehabilitate peasant families and up grade them from tenant farmers to owner farmers.

The thousand acres leased out to CEYLON TOBACCO COMPANY was situated in Alutharama in the Mahiyangana District.

...it was jungle land

...a sanctuary for birds and an assortment of wild life.

Clearing a thousand acres of jungle land and converting it for agricultural purposes was a task quite outside the scope of the Company's usual activity.

...the services of an Agricultural Consultant was therefore commissioned and a project plan was drawn up extending over a 5 year period from 1966-71.

...to implement this rehabilitation plan, the Company made available its resources...money, men and materials.

A Project Manager — was retained by the Company to assume complete responsibility for the project.

Casual labour was engaged, earth moving equipment, tractors and bulldozers were hired by the Company for the gigantic task of clearing the jungle land in Mahiyangana.

MAHIYANGANA is rich in history. It is recorded that Mahiyangana is one of the chief cities which Gautama Buddha visited on his first visit to Lanka.

According to the *Mahavamsa*, Gautama Buddha gave to the Chief Priest of the Sumana Devale in Mahiyangana a handful of pure blue locks of hair from his head. In commemoration of this historic event which took place some 300 years before the Christian Era, the brother of King Devanampiyatissa built a dagoba.

With the passage of time, the Mahiyangana Chaitiya declined and decayed.

Under the auspices of the Government this historic shrine has been restored and to-day, devotees from all over the island pay homage at the Mahiyangana Chaitiya.



Clearing the Jungle

The clearing operations were controlled. Taking into account the topography of the land, belts of natural vegetation were left untouched at certain locations, so that they would act as wind barriers and thereby help to prevent soil erosion.

About 300 acres was found to be rocky terrain ... thus rendering it unproductive for cultivation purposes.

Tractors and crawlers helped in the task of clearing the jungle, and the trunks were saved for their timber to build cottages, at a later stage.

THE NEWLY CLEARED LAND was then surveyed.

...the lowlands were earmarked for paddy cultivation.

...and the highland, for subsidiary food crop.

An essential ingredient of any community development programme is the emphasis placed on *housing*. Ceylon Tobacco Company paid particular attention to this aspect in pursuing its community rehabilitation programme.

...from the very earth that had been cleared of the jungle, bricks were moulded, baked and fired.

...enough bricks for building 60 cottages for the new settlers.

Attracting labour to settle down in a hitherto undeveloped area has its problems. Ceylon Tobacco Company decided to ease the burden of these pioneering families by providing them each with a home.

...and so the Company built 60 cottages — a cottage for each family — each with its own supply of:

...pipe borne water for domestic use,

...electricity,

...drainage and sanitation.



What was jungle is now developed Paddy fields

The Company felt that by providing these amenities, would-be farmers could devote all of their time and energies in pursuing their major objective — which is cultivating paddy.

An interesting feature of these type-plan cottages is the flexibility of the living and sleeping areas. Each cottage has a built-in loft, so that.....after harvesting, the crop could be stored in the living area while the loft could be converted for sleeping purposes.

The Cottages were spread out but sited in proximity to the individual 2-acre plots of each family. In this way they could look after their crops without having to traverse great distances.

...Wherever possible the one-acre of highland was allocated in plots adjacent to the cottage, so that they could conveniently manage their home garden crops, as well.

BEING IN THE DRY ZONE, Mahiyangana has an average rainfall of less than 51 ins. annually.

...this was a major drawback for paddy cultivation.

To overcome this, the Company decided to make maximum use of available *water resources*.

As a measure of encouragement to these new farmers, the Company aimed at providing each family with sufficient water for domestic use and Irrigation facilities right up to the farmers fields.

In the process of clearing the jungle an old disused tank was discovered.

...this tank is situated about a mile and a half on the Eastern boundary of the plot.

Restoring the tank was listed among priorities and soon men and machines went into action.

In carrying out the restoration activity it was decided to increase the holding capacity of the tank.

...its ten foot bund was raised to thirty feet.

TOBACCO'S MAHIYANGANA PROJECT

...and its base was increased to a 140 feet.

The tank which has been restored could now hold up to 400 acre feet of water and serves as an additional source of irrigation for the plots on the Eastern boundary.

During the Maha Season, irrigation is necessary only to supplement the rainfall.

In the Maha and the Yala Season a *planned irrigation* sequence has been worked out based on the water holding capacity of each field.

Perhaps the only redeeming feature of this entire project is the Mahaweli Ganga which flows on the Western boundary of the plot.

A generator was installed on the banks of the river. This generator lifts water of the Mahaweli at a rate of 16,000 gallons per minute and feeds it into a reservoir.

From this reservoir water is carried down to the fields through a network of channels and pipes.

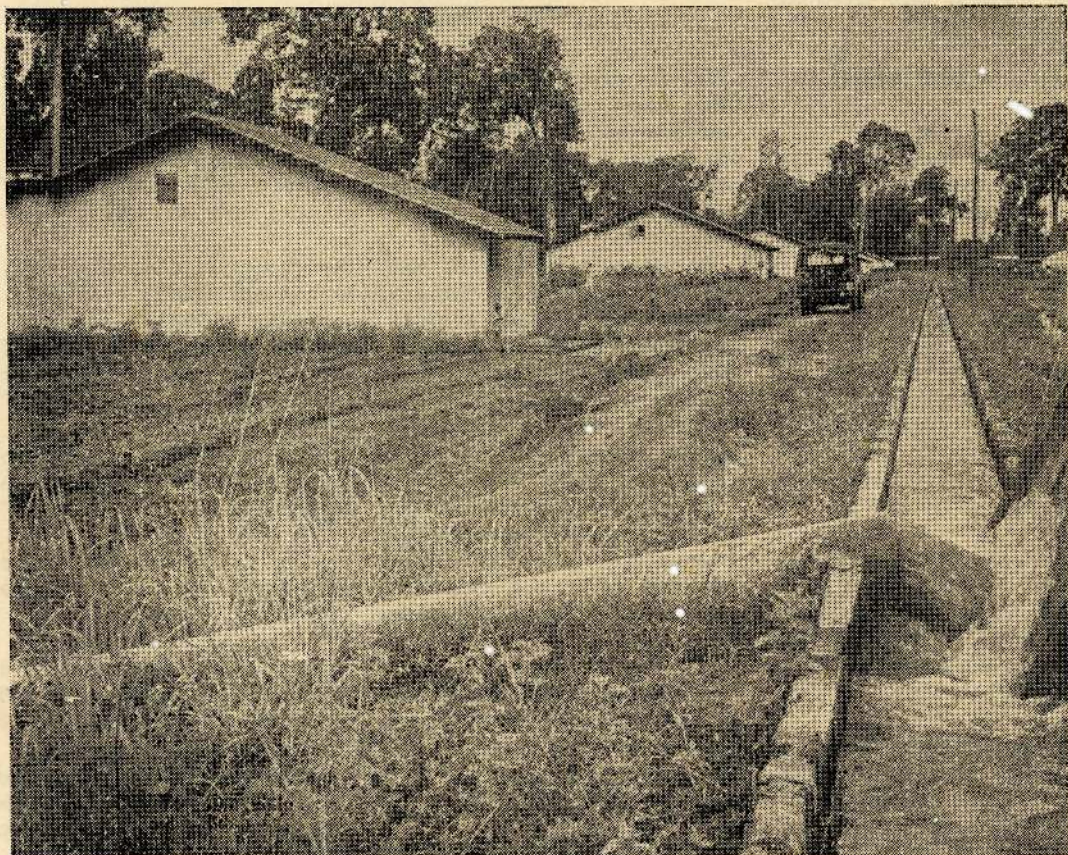
Altogether, there are 20,000 feet of channelling — a network spread over the entire extent of the land to carry water right up to the farmers plots.

Conservation of water is a critical factor in agricultural Production and to prevent loss of water by seepage these channels are lined with concrete.

THE MAHIYANGANA COMMUNITY Development Scheme has an irrigation complex which is unique for its combination of a lift irrigation system, with a gravity feed system, both of which supplement each other.

An inverted syphon was built extending from the Western boundary to the Eastern end, across the valley. This system supplements the 20,000 feet of concrete channelling and extends over a half-a-mile in length.

When the Scheme had reached a state of maturity, the *casual labour* employed on the project were afforded the opportunity of *settling on the Scheme*. With the assistance of Government officials *other families* too were selected.



The Lift Irrigation System, In the background are the farmers' cottages.

...And those families who accepted the challenge of a new life under new circumstances, ventured to Mahiyangana. Packing their previous belongings they left their villages.

An interesting feature of this rehabilitation programme is that people from all walks of life had opted to join the Scheme. In fact only 3 families have had any previous experience of paddy cultivation.

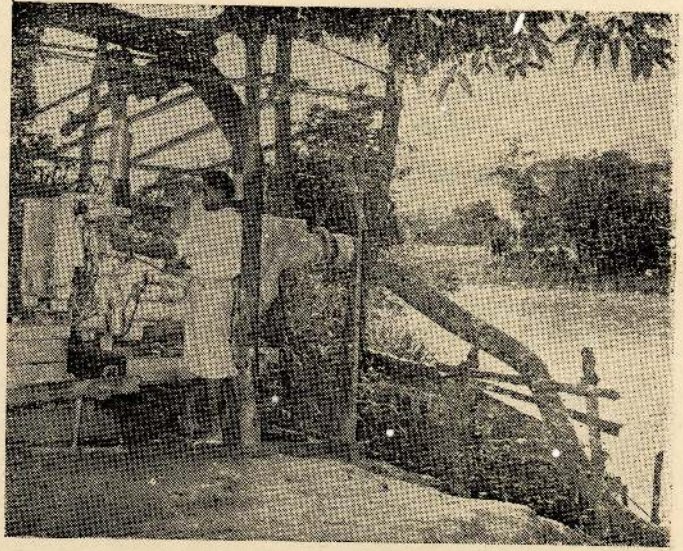
...using all manner of transport they arrived at Mahiyangana to start a new life.

To assist these *new settlers* in their task, Ceylon Tobacco Company provided mechanised help for preparing the virgin soil.

Certain plots were set-aside as experimental plots. Under the guidance of the Agricultural expertise provided by the Company several Subsidiary crops, such as maize and Iringa, were cultivated.

These were the first experimental plots.

MOST OF THESE FARMERS were very poor. They had no savings



The generator on the Western boundary pumping water from the Mahaveli

whatsoever. In order to assist these new Settlers, in fulfilling their role, more effectively, the Company arranged for farmers to obtain crop advances from the People's Bank, while the Company itself provided each family with cash advances of upto Rs 100/- per month to meet their subsistence.

Both advances being repayable from the sale of their crop at the end of the harvest.

On the recommendation of the Department of Agriculture several high yielding strains of paddy in vogue at that time, were selected for the first crops.

While the fields were being prepared for cultivation seed paddy of the IR-8 variety, IR-5 and H-4 were allowed to germinate in specially prepared nurseries.

Each family unit was allocated 2-acres of paddy land, and in addition they were given a one-acre plot near their cottage. They were free to cultivate any crop of their choice on this one-acre plot and thereby enhance their income.

Most families made good use of this opportunity.

- ...Onions
- ...Soya beans
- ...Common varieties of vegetables
- ...Ground nut
- ...Chillies



Working in a garden plot attached to each cottage

IN PURSUIT of the objectives set originally, CEYLON TOBACCO COMPANY maintained a *resident field staff*. Their task was to assist the new settlers in adapting themselves to their new situation,

- ...advice on proper agricultural practices,
- ...proper application of fertiliser to increase yields,
- ...remedial measures against attack by pests, through effective use of insecticides and fungicides.

...Most farmers were quite eager to learn and they even tried out their knowledge on their own one-acre plots, where they were free to cultivate a crop of their choice.

Pursuing the objectives of the *Community Rehabilitation* programme, Ceylon Tobacco Company made every effort to cater to the upliftment of the younger generation those who would some day take over the role played by their parents.

...reading
...writing
...arithmetic, and
Visual aids formed a part and parcel of the curriculum.

While the Company paid due attention towards developing of the young ones.

...the elders met on their own drawn by a common bond.

To discuss their problems.



A dwelling house for some of the resident field staff of the project

An *Agricultural Expert* retained by the Company was always on hand to advise the farmers.

...and the Company arranged to supply farmers with their requirements of *fertiliser, insecticides* and *weedicides* at subsidised rates.

To achieve this goal the Company erected a separate building to serve as a *school house*.

THESE CHILDREN had never been to a school. The first task was therefore to give them a thorough grounding in the basic

...through such dialogue they have found the answers to most of their problems.

For example, these farmers experienced considerable hardship in having to travel all the way to Mahiyangana town — some 1

miles away — to buy their provisions. To overcome this, they formed a *Co-operative Society*.

The Company helped them by providing a cottage for their use, free of any rent. This cottage has been converted into a Co-op retail store and carries a wide range of provisions and consumer goods to cater to the needs of the community.

This Co-op is a registered Co-op and apart from its retail business the Co-op also acts as a buying agent. Under the Guaranteed Price Scheme, the Co-op pays spot cash for paddy. This is a great boon to the farmers in that it saves them the bother of transporting their harvest all the way to Mahiyangana Town.

THIS THEN IS THE STORY of how a Private Sector Company responded to a call from the Government.

...A priority call to increase agricultural production.

In responding to the Government's call **CEYLON TOBACCO COMPANY LIMITED**, not only converted jungle land for agricultural purposes, but also rehabilitated

an entirely new community of peasant farmers.

Pursuing the objectives set out originally **CEYLON TOBACCO COMPANY**.

...cleared 500 acres of jungle land of which 400 acres have been levelled.

...installed a lift-irrigation system with a network of 20,000 feet of irrigation channelling to carry water right upto the paddy fields.

...Restored a disused tank and increased its holding capacity to 400 acre feet of water. Both systems provide irrigation for 250 acres.

...Built 60 cottages with water service, drainage and electricity.

...Settled 58 peasant families on the Scheme.

...Arranged for the farmers to obtain Production Credit through the People's Bank while the Company provided Consumption Credit.

...Free technical advice on proper cultural practices.

...Agricultural aids, such as weedicides, insecticides, and fertiliser, were supplied to farmers at subsidised rates.

...A free dispensary for the welfare of the community.

...A Service Unit composed of tractors, a carpentry shop, and a blacksmith, so that farmers can draw on these specialised services for a nominal fee.

...A grain store where the harvested crop can be stored in safety.

...A school for educating their children.

These are the many benefits provided by **CEYLON TOBACCO COMPANY**.

IN NOVEMBER 1970, the ownership of the cottage, and land was transferred in favour of the new families, so that, to-day each farmer owns a cottage, 2 acres of paddy land and one acre of high land.

The Maha Season of 1970 provided the farmers with a very successful crop. Yields of over 100 bushels per acre obtained by several farmers. The average yield being:

IR-8.....97 Bushels per acre
IR-5.....65 Bushels per acre
H-4.....59 Bushels per acre



A Cottage for a family
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noolaham.org | aavanaham.org

TOBACCO'S MAHIYANGANA PROJECT

This performance is well above the all-island average which is some 50 bushels per acre.

This then is the story of a Community Development Project undertaken by **CEYLON TOBACCO COMPANY LIMITED**.

The Company has invested some four million rupees on this project. The Maha Harvest of 1970 alone brought the farmers a return of Rs. 100,000. When the full extent of cultivable land is under production over two seasons the total return is

estimated at around Rs 400,000 per year, on the basis of current yields.

Ceylon Tobacco Company derives no financial benefit from its involvement in this scheme. All the proceeds accrue to the benefit of the Community now settled on the Scheme.



Intensive and sophisticated paddy Cultivation has already produced excellent results

HEADLINES

SEPTEMBER 14 — SEPTEMBER 27

TUESDAY, SEPTEMBER 14: The Ministry of Public Administration has addressed a strong note to all Permanent Secretaries and heads of Departments against releasing officers trained in specialised fields for other posts. An Insurance scheme for younger peasants covering their life, property and crops, is now being considered by the Government. The Ceylon Petroleum Corporation's Oil Refinery resumed operations last night. The CWE is to discontinue the services of 2,300 men consequent to its decision to cease operating its network of retailshops. Mr Bernard Soysa is expected to be sworn in as acting Minister of Finance this afternoon at Queen's House. Israel yesterday officially denied reports about a Cabinet "peace plan" to be submitted to the UN General Assembly. The Albanian News Agency labelled former Soviet leader Nikita Khrushchev a 'renegade' in a brief despatch announcing his death yesterday. Common Market Finance Ministers met yesterday in Brussels to hammer out a joint position on means of reforming the world monetary system.

WEDNESDAY, SEPTEMBER 15: The Minister of Foreign and Internal Trade, Mr T. B. Ilangaratne, in a press conference, has stated that the Government has no intention of elbowing the private sector out of Ceylon's Export Trade. The Royal Ceylon Air Force will open two new bases at Minneriya and Jaffna. According to a recent investigation made by the Ayurvedic Council, over ten thousand unauthorised persons were practising throughout the country as Ayurvedic Physicians. The Finance Minister, Dr N. M. Perera, left for the United Kingdom yesterday. US Ambassador to Ceylon yesterday presented \$ 25,000 to the Reconstruction and Rehabilitation Fund. Ceylon's export earnings for the first half of the year have dropped by Rs 56 million. According to a analytical study made by the Central Bank, the Thulhiriya Textile Mill has been set up without adequate study of the economic viability of the project. About 28 prisoners were killed at Attica (New York) State Prison after the worst prison riot in recent US history. British Foreign Secretary, Sir Alec Douglas Home, yesterday met UAR President, Anwar Sadat for talks on the West Asian crisis and bilateral relations. According to Tel Aviv reports, Dr Gunnar Jarring was about to give up his assignment as United Nations mediator in West Asia.

THURSDAY, SEPTEMBER 16: The Government will enforce the Public Compulsory Service Act to restrict the drain of doctors, scientists, technologists and administrators from the island. The Government has decided to equip the Ceylon Police Service with modern weapons such as high velocity rifles and automatic fire-arms. Mr Pieter Keuneman, Minister of Housing and Construction, on his return from USSR yesterday, told the pressmen that the Communist Party had no intention of breaking away from the United Front Government. Competitive examinations so far held for the selection of students to Universities, Teacher Training Colleges, Senior Technical Schools and for Clerical grades, will not be held from 1977. A number of employees of the Food Department have been taken in for questioning on a fraud involving nearly 10,000 ration books. Indian doctors, in a report to the Government, have stated that more than 100,000 children may die in East Pakistan refugee camps unless emergency measures were taken. Pakistan President's Chief Economic Adviser and head of the Planning Commission, Mian Muzaffar Ahmed, was stabbed in his office yesterday.

FRIDAY, SEPTEMBER 17: The Government has decided to go ahead with the move to abolish the Senate on September 28. The Weaving Supplies Corporation was set up yesterday to import all the raw material required by the textile industry. A section of the Catholic clergy in Ceylon, in a memorandum submitted to the Synod of Bishops, has urged that priests be permitted to marry and that women be allowed to be ordained as priests. The Government has decided to set up a Corporation Secretariat to help transform State institutions into viable ventures. All doctors passing out of Medical College will now have to serve an obligatory period of ten years in Government service. According to Central Bank statistics, once again the circulation of Rs 100s and Rs 50s had dropped and hoarding had risen to the September '70 level. It was reported that an East Pakistani leader, Mahmoud Kassem, has asked the Israeli Government for arms for Bangla Desh guerrillas. Developing Commonwealth countries yesterday warned that the Commonwealth could fragment into economic geographical blocks when Britain entered the European Economic Community.

SATURDAY, SEPTEMBER 18: A ministerial sub-Committee has been entrusted with the task of putting into final shape the new Constitution for the Republic of Sri Lanka. A six-member delegation led by Sir Senarat Gunawardene arrived in New Delhi yesterday to express Ceylon's solidarity with the freedom fighters of Bangla Desh. According to University authorities, the Universities are in a fix because several of their senior and experienced teachers have been seconded as administrative officers in the public service without any provision for their replacement. The Ministry of Edu-

HEADLINES

ation plans to appoint 6,000 more teachers during the years 1972-1975. The Competent Authority has prohibited the publication of any proceedings in any Magistrate's Court against Armed Services or Police personnel. An Education Fund will be set up in each school to grant scholarships to deserving students. Chinese Prime Minister Chou En-lai yesterday ruled out any question of a dialogue with the present Japanese Government headed by Premier Eisaku Sato. The United States yesterday decided to recommend to the forthcoming General Assembly that Peking be given a veto-wielding permanent seat in the Security Council displacing Taiwan. West German Chancellor Willy Brandt yesterday had talks with Soviet Communist Party Chief Leonid Brezhnev on the future of Europe.

SUNDAY, SEPTEMBER 19: Janata Committees will come into operation by the end of this month in every electorate throughout the island. Two more foreigners have been detained in connection with the multi-million rupee gem-cum-currency racket. The monumental Bo-leaf worth thousands of rupees, which graced the entrance to the Ceylon Pavilion at Expo-'70, now adorns the gateway to a night club-cum-liquor bar in Japan. A series of stringent by-laws to cover all aspects of the country's gem trade will be given legal effect shortly by the State Gem Corporation. The new Sectoral Development Corporation will have powers to take shares if necessary, and to appoint nominees to Boards of Directors in the case of private industries. Chinese Premier Mr Chou En-lai has had a meeting with Madam Nguyen Thi Binh yesterday in Peking. An International Conference on Bangla Desh opened in New Delhi yesterday. The Israeli Government yesterday accused Egypt of shooting down an unarmed transport plane.

MONDAY, SEPTEMBER 20: Under the new economic plan that is now being finalised, about 45 per cent of the total investment during the period 1972-76 is expected to come from the private sector. According to police intelligence, an alarming Rs 25 million worth of goods are being smuggled out of Ceylon to India every month. Actual user-imports by Industrialists who have an annual turnover of less than a lakh of rupees, will be exempted from FEECs. Lord Averbury, a former Liberal MP and a member of Amnesty International arrived here yesterday. The GCSU, in its Annual Report, has stated that despite its pledges, the Government has failed to change the administrative machinery into an instrument for the rapid implementation of socialist objectives. Dr Colvin R. de Silva, Minister of Constitutional Affairs and Plantation Industries, left yesterday for Rome to attend the Tea Talks sponsored by the FAO. West Germany and the Soviet Union pledged in a joint communique yesterday to work for admission of two Germanys into the United Nations. Secretary General U Thant blamed the Republic of South Africa yesterday

for the explosive situation that has existed in Southern Africa for several years. The Suez canal was reported quiet yesterday after two days of missile firing which brought the Middle East to its worst crisis since the present ceasefire.

TUESDAY, SEPTEMBER 21: The Prime Minister has ordered the cancellation of the top appointments made by the Ceylon Tea Propaganda Board recently to its bureaux overseas. The Planning Ministry cried a halt to the take-over of private sector establishments pending a policy decision by the Government. The Local Government Ordinance will be replaced by a Regional Councils Act shortly. The abolition of the Senate will be celebrated by the Lanka Sama Samaja Party on a grand scale. A massive program of training workers in trade unionism has been planned by the Government on the advice of the International Labour Organization. Areas with adequate irrigation facilities will be given top priority in the setting up of colonisation schemes in future. Indian Prime Minister, Mrs Indira Gandhi, has reaffirmed that all the East Pakistani refugees now in India will eventually have to return to their homes. President Anwar Sadat yesterday swore in a new Cabinet given the task of introducing social reforms and improving administrative efficiency.

WEDNESDAY, SEPTEMBER 22: The former Prime Minister, Mr Dudley Senanayake, in a statement to the press, refuted charges that his Government was responsible for the armed insurrection of April. According to Housing Ministry sources, the Soviet Union will give an outright gift of a multi-million rupee pre-fabricated housing factory to Ceylon. All schools in the country are to be re-grouped into four grades shortly by the Ministry of Education. Forty-five thousand unskilled labourers have been found employment under the Minister of Irrigation, Power and Highways. - Mr Maithripala Senanayake's crash program. Ratnapura was virtually cut off from the rest of the island due to heavy floods and the Kelani and Kalu Gangas were rising steadily yesterday. The reported cancellation of the traditional October 1 parade in Peking led to world-wide speculation last night centring on the possible death or illness of Mao Tse-Tung. The 26th General Assembly of the United Nations opened yesterday. Pakistan yesterday postponed the bye-election in East Pakistan less than 48 hours after announcing a balloting timetable.

THURSDAY, SEPTEMBER 23: The five-year Development Plan which has been prepared by the Ministry of Planning and Employment on the basis of the Premier's "Package Deal" will be placed before the country next month. The current session of Parliament may have to be prorogued shortly after the abolition of the Senate on September 28. Ceylon is likely to raise its proposal for a "Peace Zone" in the Indian Ocean at the United Nations

during the current sessions of the General Assembly. Over fifty thousand were rendered homeless and large numbers are marooned in Ratnapura as a result of the rising of the Kalu Ganga. According to American Professor Dr. Joseph Arditti, who is now in Ceylon, the seed of the Ceylon orchid *Cymbidium* may have the properties as a contraceptive pill. The Chinese Embassy in Paris yesterday denied that serious events were taking place in Peking and described the health of Mao Tse-Tung as "excellent". Indonesia's Adam Malik was elected yesterday as the President of the 26th UN General Assembly. The Japanese Government yesterday informed the US and other nations concerned that it would co-sponsor two US-proposed resolutions on China's representation in the UN.

FRIDAY, SEPTEMBER 24: According to Opposition sources, the legality of the Senate Abolition Bill would be challenged in Court. The Prime Minister, Mrs Sirimavo Bandaranaike, told the House of Representatives yesterday that court proceedings against Police and Armed personnel could be published with the approval of the Competent Authority. The Kelani reached a minor flood level a little after noon today and the river overflowed its banks at two points in the Colombo North area. A high official of Lanka Salu Sala has been sacked after he was caught red-handed whilst in the act of passing on to a textile dealer a bundle of 10,000 textile coupons. A State Pharmaceutical Corporation with wide powers has been set up by the Minister of Industries and Scientific Affairs, Mr T. B. Subasinghe. Soviet Communist Party leader Leonid Brezhnev flew into Belgrade yesterday to talk China, with President Tito. French President Georges Pompidou yesterday rejected revaluation of the Franc as "absurd and harmful" and said that the US was trying to brow beat its economic partners into line with the "big stick". A cholera epidemic, raging through a giant East Pakistani refugee camp, is killing hundreds of people every day.

SATURDAY, SEPTEMBER 25: The Kelani Ganga registered two inches above minor flood level last night and heavy rain continued to lash the central hills increasing the threat of floods. The Ministry of Education has decided to provide a more wholesome mid-day meal for the school-going children from next year. The Government will introduce legislation shortly to utilize the moneys in the Compulsory Savings Fund on terms to be determined by the Ministry Board of the Central Bank. The Prime Minister of Malaysia, Tunku Abdul Razak, told pressmen at Bandaranaike International Airport yesterday that Malaysia would move in the UN that

there should be one China in the UN and it should be Peoples Republic of China. West German Chancellor, Willy Brandt, was slapped in the face yesterday by a rightwing student. China has reacted angrily to the latest United States bombing raids on North Vietnam and said the Nixon administration was intensifying its war of aggression. Britain yesterday ordered the expulsion of 90 Soviet officials in London and barred the return of another 15, all for alleged spying.

SUNDAY, SEPTEMBER 26: The twelfth death anniversary of Mr S. W. R. D. Bandaranaike was commemorated throughout the island today. The Minister of Industries and Scientific Affairs, Mr T. B. Subasinghe has made the startling discovery that out of 500 odd industries examined 50 percent were bogus establishments. Small groups of persons now in custody in rehabilitation centres are reported to have created disturbances in their camps. The Lanka Sama Samaja Party scored a smashing victory in the elections of office bearers of the GCSU held yesterday. The Government will send a top-level official delegation to India to discuss the possibility of co-ordinating the activities of agencies of both countries engaged in anti-smuggling work. The United States yesterday announced that it had reached agreement with the Soviet Union on measures to prevent the nightmare of nuclear war by accident. A fleet of British Royal Navy minesweepers are likely to conduct an exercise on Ceylon's northern and eastern coastal waters shortly to destroy any secret mine fields laid during the second world war.

MONDAY, SEPTEMBER 27: The Government has decided to house all the important Departments and Public offices in the respective districts in one central spot. More low-lying areas in Colombo North have gone under water as the Kelani keeps rising steadily. Special "Poojas" were held at several temples in Jaffna yesterday in commemoration of the late Prime Minister Mr. S. W. R. D. Bandaranaike. The Speaker of the House of Representatives, Mr Stanley Tilakaratne, will forward the Senate Abolition Bill to the Governor General for his assent on Wednesday. The Soviet Union yesterday lodged a strong protest against Britain's mass expulsion of 105 Russian diplomats and officials and warned it would take retaliatory action if the order were not rescinded. The Yugoslav and Soviet Communist Parties yesterday declared that the teachings of Marx, Engels and Lenin should be applied in each country according to its individual characteristics. China yesterday fired a double-barrelled blast at the US Two China policy in UN and reiterated that it would stay out of UN if Taiwan stayed in.

Revolt in Ceylon '71

May 13 — May 16

THURSDAY, MAY 13:

The 59th day of Emergency. The curfew, lifted at 4.30 p.m., was reimposed at 7.30 p.m. The Senate continued its sitting today.

The official communique stated that a significant break-through was achieved when one of the "most wanted leaders" was arrested in the Southern Province with Rs 23,000 on him said to have been part of the money taken from the Elpitiya bank by the insurgents. "The Government Security forces yesterday continued the offensive against insurgents in Anuradhapura and Kurunegala where terrorists' activity is now mainly confined. Intelligence reports from other hot-spots, Kandy, Kegalle, Matale, indicate that terrorist groups are moving out of their hideouts and feeling their way to the Kurunegala and Anuradhapura areas ... Terrorist concentrations in the Kurunegala district were strafed by cannon fire by planes of the Royal Ceylon Air Force The Coordinating Office NCP had asked the residents of Bakamuna to return to their homes as the area has been brought under civilian control....." Of those who had surrendered and had been captured, over 50% were employed and about 2,000 were students.

The Cabinet at its meeting yesterday decided that with immediate effect doctors, engineers scientists and other skilled personnel would be permitted to get jobs abroad only on terms and conditions laid down by Government. Guests at functions were limited to 150 — no food or drinks could be served to a greater number. The morning papers reported the proceedings of the meeting of the Senate yesterday where the debate on the Throne Speech was continued. The *CDM* spotlighted the demand made by Senator Kitchlan that the real leaders of the insurgents be named and rounded up, and that there should be a full inquiry into the activities of North Korean-Ceylon Friendship Association. The *CDN* reported that the Constituent Assembly which was due to meet tomorrow "will get down to business". Censorship was made more comprehensive — all news items, articles and editorials relating to the Emergency have to be submitted to the CA for censorship.

This *Calendar-Chronicle* is based on factual reports, official communiques and ministerial statements from the English-language papers published in Colombo — the *Ceylon Daily News (CDN)*, the *Ceylon Daily Mirror (CDM)*, the *Sun*, the *Ceylon Observer (CO)*, the *Times of Ceylon (TOC)*, and the Poya weekend editions, the *Ceylon Observer (Magazine Edition)*, the *Times Weekender* and the *Weekend*. Relevant extracts have also been taken from the broadcasts of the *Ceylon Broadcasting Corporation (CBC)*. No comments, editorial or otherwise, have been included in the *Calendar-Chronicle*: nor any extracts from reports and comments in foreign newspapers and journals. Some significant items of international news have been included in the *Calendar-Chronicle* every day after March 16 you make our readers aware of the international setting in which events unfolded themselves in Ceylon.

The Senate yesterday appointed a Special Committee to censor its own proceedings before it was released for publication. Ceylon's Prime Minister would be a welcome visitor in Britain at any time said the British Prime Minister in reply to a question in the House of Commons on May 11. Britain had always extended assistance to successive governments in Ceylon, and when a democratically elected government had appealed for arms to deal with a small minority of extremists in revolt, Britain had decided to help the government in these circumstances. Ceylon UN's Ambassador, Mr Shirley Amerasinghe, a candidate for the UN Secretary General, said yesterday that he thought China's approval was a "necessary qualification" for anyone offering himself for the job.

FRIDAY, MAY 14:

The 60th day of Emergency. The curfew, lifted at 4.30 a.m., was reimposed at 7.30 p.m. The Senate continued its sitting today. The Constituent Assembly met today and passed Basic Resolution No. 3.

The official communique stated that Air Force "strafed terrorist hideouts in the Vavuniya District yesterday scattering insurgents from their positions while terrorists razed a post office, a railway station, a village council office and public buildings in Moragollagama in Kurunegala district." At Batapola a band of insurgents lobbed handbombs at a police patrol. Eight terrorists looted a house at Baddegama. Over 100 terrorists were captured or had surrendered yesterday. The leader

of a band of insurgents (numbering 200) who had attacked the Uva Paranagama Police Station was arrested. Civilians were being harassed by the terrorists and in some cases had tortured them and then murdered them. Security forces had combed the jungles of Habarakada and Yatapotha. Surrenders, were reported from Anuradhapura, Puttalam, Matale Polgahawela, Moneragala, Mahiyangana and Balangoda.

Another official communique stated that "postal services are now almost normal with the exception of a few sub-post offices in the North Central Province and the Kurunegala district All types of telegrams are being accepted and there is no disruption in this service. As the full complement of trunk lines are not yet restored, trunk calls are limited to priority calls." It was reported that over 1,000 teachers were absent on April 23 when they were asked to report to ascertain their whereabouts. Those who were not able to give valid reasons for their absence would be dismissed.

In reporting the proceedings of the meeting in the Senate yesterday, the *CDM* drew special attention to the criticisms made by Senator K. M. P. Rajaratne and others about the kind of censorship that was being imposed by the CA. Senator Rajaratne quoted from an editorial written for the *CDM* of May 14 (today) which had been completely rejected by the CA. Senator Tiruchelvam complained at Adjournment time that a letter from the FP leader S. J. V. Chelvanayakam urging that the deliberations of the Constituent Assembly be postponed until the present situation eased was censored.

Senator Fairlie Wijemanne wanted to know why the Government had obtained MIG fighters when it was not engaged in aerial warfare. He also pointed out that before one could say 'Jack Robinson' a MIG could go from one end of the country to the other. He also wanted to know why Indian troops had been stationed at the Bandaranaike International airport. Minister Kumarasuriya had stated that the Indian troops were there to safeguard their helicopters and stores which were not bought by Ceylon but which were in use in Ceylon on mercy missions and the like. The UNP leader in the Senate, Fairlie Wijemanne, had stated that the UNP would cooperate with the Government to fight terrorism. It was the duty of every political party to give up the idea of taking political advantage of the situation. At the meeting of the Constituent Assembly today, the UNP walked out when the Minister of Constitutional Affairs rejected an appeal to postpone the meeting until the situation in the country became more normal. The Assembly thereafter passed Basic Resolution 3 which gives pride of place to Buddhism.

A plot to overthrow the seven-week-old government in Argentine of President Alejandro Lanusse was nipped

in the bud. India nationalised all insurance business in the country — 106 general insurance companies, including 42 foreign ones, with assets totalling millions (£133 million).

SATURDAY, MAY 15:

The 61st Day of Emergency. The curfew, lifted at 4.30 a.m., was re-imposed at 7.30 p.m. The Senate continued its sitting today. The Constituent Assembly passed Basic Resolution No 4 at its meeting today.

The Secretary of the Committee for Reconstruction announced yesterday that the Prime Minister would be in charge of the Terrorists' Rehabilitation Scheme. The official communique stated that more terrorist leaders had been arrested. In Moratuwa, the leader who led the attack on Maharagama Police station on April 5 was taken into custody. There were surrenders and arrests at Badulla, Ratnapura, Kegalle, Kalewewa, Trincomalee, Hingurakgoda, Kandy, Hambantota, Moneragala, Matale, and Elpitiya. There had been clashes on the Puttalam-Anuradhapura Road and at Moragollagama. Thirty five teacher trainees of the Maharagama Training College were taken into custody yesterday for their alleged involvement in the insurgent movement. Terrorist activity was still continuing in the Anuradhapura and Kurunegala districts. Security forces had mounted attacks on insurgents at Bakamuna and Urubokka.

The Government has cancelled all special holidays for all employees in the banking and mercantile sectors. Earlier all special holidays for public servants had been cancelled. Today was the deadline for submitting returns for the Compulsory Savings Levy. No extensions would be allowed.

In a lengthy speech in the Senate yesterday, as reported in the *CDN*, Senator S. Nadesan thanked the Government for being vigilant and declaring a state of Emergency and detaining JVP leaders in time. Otherwise the situation would have been much worse. He said that the only thing left now was to put down the movement with a firm hand. The UF government had done this he said. It has been correctly remarked that in times of war the first casualty was truth. In times of war very often garbled versions were given of the situation. This, he said, was legitimate as it saved lives. He did not expect the Government to take the Opposition into confidence, and at this moment state the exact position. Earlier in his speech, he had stressed "we are to be blamed for the present wave of unrest in the country. In a candid analysis of the events which led to the recent outbreak of violence," he said: ".....the old-generation — particularly those of my age — is responsible for what is happening today. Everyone of us by our acts of omission

and commission has been responsible for misleading a section of the youth of our land into this thing which we deplore." After Independence in 1947, ".....we continue the same old colonial system. We were comfortable, we had enough foreign exchange, so we continued the white and brown sahib patterns." Now and then both Marxists and others indulged in a little work for the people quite comfortable in their lucrative professions. But the problems continued. When the country's population was half what it is today, no attempt was made to solve the problems. There was no planning. There was free education — from the kindergarten to the university — but no attempt was made to change the content of education to suit the country. Education was not geared to employment or development. The old generation spent its time in scoring debating points. "This is an occasion for national grief", said Senator Nadesan "at this moment it behoves everyone of us to search our hearts in an honest attempt to make constructive proposals to make this land once again the happy land it used to be."

Thanks to the insurgents, he said, the sanctity of life no longer existed. No self-respecting government could sit with folded arms when a rebellion took place. Mistakes and excesses are inevitable, but this was not the time to debate merits and demerits from party angles. Successive governments had failed to solve the problems which the country faced. The youth were impatient. It was thought that language would satisfy them. Basic problems were left untouched. Frustrated youth began organising themselves in 1965. Literature came from abroad. When the elections came, youth saw new hope in the United Front. It had dedicated Marxists and socialists. They thought that through the parliamentary system a revolutionary government could be installed which could deliver the goods and solve problems. The UF during the elections had promised to solve the unemployment problem completely in three months. The UF had decried the World Bank and its associate institutions as agents of American Imperialism. The youth then entered the election campaign and the JVP called a halt to violence. The victory of the UF was the victory of youth. But when the UF came to power there was unprecedented lawlessness. This was attributed to the exuberance of youth. Such lawlessness occurred after previous elections too but after the last it was on a larger scale. Buildings were burnt, people assaulted and shops looted. Even in the heart of Colombo buildings were damaged in the presence of the police. No action was taken and everything was attributed to the exuberance of youth. The youth finding that what they did was put down to exuberance of youth — the police toeing a new line — thought here was a revolutionary government. Production dropped and the youth thought that problems would be solved overnight. They did not realise that this was not possible. The misled and foolish

youths wanted immediate solutions. But they were disillusioned by many things the Government did and did not do.....the fault lay in the fact that people of his generation and political parties were unaware of what was happening outside....."

The Constituent Assembly, today with the UNP attending the meeting, passed Basic Resolution 4 setting out the Principles of State Policy. All amendments were rejected.

The British Labour Party has won sweeping victories in local government elections across England and Wales dealing a powerful blow at the ruling Conservative Party. Six Ministers and many top officials resigned in Cairo yesterday following disagreement over President Sadat's policies.

SUNDAY, MAY 16:

The 62nd Day of Emergency. The curfew, lifted at 4.30 a.m., was reimposed at 7.30 p.m.

The official communique stated that a major terrorist centre situated at Oththappuwa in the Anuradhapura district was captured. It had been the centre of insurgent activity in the area. Terrorists had been hiding in six large camps at the Oththappuwa centre. Food and arms were recovered. Reports indicated that terrorists were hiding in the jungles in Dodangaslanda, Melsiripura and Rambodagalla in the Kurunegala district. There were more than 52 surrenders yesterday and about 40 arrests. The Police searched the Hardy Technical Institute at Amparai and recovered large stocks of dynamite and acetic acid. Polonnaruwa which was a hotbed of trouble was free of any trouble yesterday.

In a special communique, the Ministry of Defence and External Affairs, re-iterated that no foreign power had requested any base facilities in Ceylon. Referring to an article in the *CDM* entitled "Power Play in the Indian Ocean" (the article was from an Italian journal), which had stated that Russians had got an unexpected windfall and had made a request for Trincomalee as a base. The government communique stated that no such request had been received and that the Government had no intentions of departing from its avowed policy of not granting any bases to any foreign power. Earlier reports, said the communique, had made it out that China had sought such facilities: now it was being attributed to the Soviet Union. This was part of a campaign of prejudicing the international image of Ceylon.

In the Senate yesterday, Senator Nadesan completed his overnight speech. According to the *CDN* report., he had stressed that it was not necessary to hasten the new Constitution at a time like this. He wanted all parties together to solve the present crisis.

International Affairs

By

ARIEL

IN THE LAST TWO OR THREE MONTHS, the world has witnessed decisive changes of alignment in the pattern of powers and forces — the pattern which had come into being in the era of the cold war after the second world armageddon ending in 1945 and the emergence of communist China in 1949. From the beginning of the sixties, these changes had begun to manifest themselves — when the system of global military alliances under US hegemony, fashioned by John Foster Dulles, had begun to disintegrate, on the one hand, and on the other, the monolithic Stalin-type rigidity of the communist bloc had been undermined by Titoism from one end and Maoism from the other. Between these two forces had grown a third world of developing, newly liberated countries, clinging desperately to varying degrees of non-alignment, in a bid to get whatever could be got from the capitalist as well as the socialist bloc of countries.

The magic of non-alignment, like Dullesianism and communist monolithism, reached heights of glory as ideological armour in the fifties, but within the first two or three years of the sixties, this world, divided into two hostile and antagonistic camps with particular countries ranged on either side, with a third world playing one side against the other in between extracting (and extorting) maximum aid from both, began to crumble starting from the periphery and the rot working its way to the centre. The second half of the sixties saw this process of

☐ UNITED NATIONS

☐ USA & USSR

☐ WINDS OF CHANGE

disintegration of the old pattern of global alignments manifest itself in accelerated and often exaggerated forms, but it was and still is very difficult to envisage the new order of things which would emerge in the seventies.

We are now edging into the second year of the seventies — and the world is a totally different place to what it was in the fifties or even the sixties. The capitalist camp is in disarray particularly after the continuing monetary crisis and the more recent economic measures adopted by President Nixon to safeguard US interests. The European Common Market will be a new force with Britain and other Benelux countries joining it. The virtual revolt, in the sphere of economic relations, of practically all Latin American countries against US economic power is a new phenomenon to contend with. The new winds of change sweeping over Africa and the Arab world have already begun to surprise even the most astute observers of world affairs. Within the communist bloc in Europe, new relations have begun to assert themselves as West German Chancellor Willy Brandt's carefully calculated scheme for a *détente* in Europe has come into being.

China is now in the United Nations with Taiwan out, but there seems to be an element of mystery in many things which are taking place in the land of Maoism and the Cultural Revolution. The Third World of non-alignment is in shambles. Nasser's Egypt is going the

Sadat way with limited Arab confederations which seem to divide more than unify the Arabs as a whole. Sukarno's Indonesia is a new country to what it was in heyday of Sukarnoism. India still has much of the Nehru tradition, but in a totally different setting and on a very different dimensional level. With nine million refugees from East Pakistan, with 30,000 pouring across the border everyday, India is plagued with a problem which is not easy of solution — particularly as a war situation is building up between the two neighbours.

THE GENERAL ASSEMBLY of the United Nations convened at the beginning of the third week of September and Adam Malik, Foreign Minister of Indonesia, was elected as the President for the ensuing year. There was a moment of grim humour when Malik was elected. There were 119 votes for him, three abstentions and one vote each for D. N. Aidit, the dead leader of the Indonesian Communist Party (a calculated slap at Malik who became Foreign Minister in an upheaval that cost the lives of 500,000 alleged Indonesian Communists); one vote for Abba Eban, Israeli Foreign Minister (apparently cast by some other country than Israel); and another for Zenon Rossides, Cyprus' Permanent Representative in the UN.

Edward Hambro, of Norway, the outgoing President, drew attention to the *détente* between the United States and China and the four power agreement on Berlin as the outstanding positive developments of the past year. He also mentioned the refugee crisis in East Pakistan. He also emphasised the financial plight of the United Nations and stated that negotiations to avoid bankruptcy were going on and urged members to "redress the glaring and tragic imbalance between what nations spend on armaments and what they are willing to spend for peace and constructive purposes." Malik devoted most of his speech on the prob-

lems of controlling technology, environment and the like. He wanted the UN to create the necessary organisations to deal with the problem of environment and life, because he believed that "there can be no separate future for the rich and the poor; there must be a common future for all of us or there will be no future for any of us There can be no workable international order unless a sensible balance is struck between world population and world resources, and unless developmental goals are linked with environmental objectives....."

As soon as the Assembly met, three new members were admitted, Bahrain and Qatar (both tiny but oil-rich states on the Persian Gulf), and Bhutan (a tiny and poor state on India's border with China). The question of China was on the agenda and the USA pulled every trick it knew to prevent the expulsion of Taiwan and thereby thwart the Albanian resolution to seat China and expel Taiwan. When the vote was taken towards the end of October, the voting was decisive: China was in and Taiwan was out. It was one of the biggest defeats suffered by the US in the UN, and the internal repercussions within the USA, were great where there is a powerful Taiwan lobby, as well as general sympathy for Nationalist China which has been a loyal appendage of the USA for over twenty years.

PRESIDENT NIXON has scored several bull's eyes in the diplomatic field in recent months, notably the *detente* with China and the proposed summit in Moscow. But Vietnam continues to be a thorn in the flesh of the US. And the one-man election fiasco in which President Thieu re-elected himself has done neither the US nor Thieu any good. The way in which Thieu made a farcical joke of "democracy" has surprised even Americans who had fondly believed that they had created democracy in Vietnam. Thieu was

able to create an electorate in which all hostile elements were eliminated, and then proceeded to hold an uncontested election in which he insisted that people must show confidence in him. Over 75% of his special electorate turned out to vote for him and he was able to say that the majority in South Vietnam were with him. In a commentary in the *Christian Science Monitor*, Daniel Southerland stated: ".....This did not mean, of course, that the election amounted to a meaningful vote of confidence in President Thieu. It appeared that for most voters the uncontested election was a meaningless exercise to go through in order to stayout of trouble with the authorities But when it came down to voting many people felt it was best to stay on the safe side of the authorities. They voted in relatively large numbers compared with some previous elections. And many voted for Mr. Thieu, not because he is popular but because that was the safe thing to do"

The Soviet Union had also scored a few top diplomatic victories in recent times: the Defence Agreement with the UAR, and the Indo-Soviet Treaty of Peace, Friendship and Co-operation. But it had some embarrassing moments, when the UK decided to expel 105 of its diplomats as "alleged spies". Why the UK decided to move in at this stage is problematic, but Moscow stated that it was action designed to spoil the growing *detente* between West Germany and the USSR. There has been a little scepticism in Britain itself when it was mentioned that the spying which these 105 had been guilty of was "industrial espionage" and "spying on technological developments." It was expected that the USSR would retaliate in a big way against the UK, but the retaliation has been comparatively mild—about 15 to 20 Britons were expelled from the USSR. But where the USSR's retaliation in kind — tooth for a tooth — was on a low key, its official statements and semi-official

commentaries made it clear that it regarded the Tory government's actions as part of the cold war tactics characteristic of an era which was passing out.

But this dispute about the 105 Russian spies in the UK did not create a major stir in the world — because everybody, big powers, small powers and everybody else accept that spying is a game which everybody plays. Getting "caught" was bad, and one had to take one's medicine, but making a song and dance about spies in general and taking wholesale action, as Britain had done was certainly motivated by political considerations which do not seem realistic in the contemporary world. Whether the Tory government wanted the "scare" about the Soviet spies to get the Parliament to vote in favour of entering the Common Market is a matter which will come to light only years later when somebody tells the "inside" story. However, the numerous journeys made by the top leaders of the USSR to several countries has also been a matter of comment. Towards the end of September, Brezhnev went to Yugoslavia. The world press had for some time been reporting that there was growing conflict between Yugoslavia and the USSR.

THE "LIMITED SOVEREIGNTY" for socialist countries, also popularly termed the *Brezhnev Doctrine*, which had come into prominence after the Czechoslovakia episode in 1968, was said to be the bone of contention. Both in the final communique and in many speeches, Brezhnev declared that the Soviet Union respected the sovereignty of every separate state, including the socialist states. In a speech he had said ".....We both know well that in the world different forces exist which want to hinder such improved developments of our relations and which strive to deepen all the differences and endeavour in this or that way to divide us. They let circulate

a so-called new doctrine of limited sovereignty, spread rumours of Soviet armies which allegedly are prepared to move into the Balkans and many other fairy tales. They assert that Yugoslavia is allegedly a gray zone, and that she allegedly goes to the West and so on. I think we should not take time to deny all these slanderous publications. Still, they lead us to conclude that Yugoslav-Soviet friendship should be protected and defended."

The final communique stated, among other things, that "...the methods for building socialism, which reflect the expression and specific characteristics of the development of the individual countries are a matter for the people and the working classes in each country and should not be reciprocally opposed". Brezhnev had thereafter gone to other socialist bloc countries and ended up in France where he had been received with the same honours as a Head of State. From Paris he had gone to the GDR. Alexei Kosygin had gone to Algeria, Canada and Cuba. Podgorny had gone to North Vietnam and Iran. There is no doubt that the Soviet Union has launched a global diplomatic offensive.

BREZHNEV'S VISIT to France has been the subject of much comment. French President Pompidou "had gone all out to make sure that Brezhnev's debut in the West should be a success Their mutual support plans will be politically cemented by common efforts to sponsor European security, in which France may be as good a pacemaker as West Germany has been the initiator". On the other side of the Atlantic, Premier Kosygin's first visit to Canada opens possibilities of new horizons. At the moment, Canada is sore about US measures about trade and currency, and Trudeau has made volatile outbursts against the US about the 10% surtax. Canada had expected favoured treatment from the US as a neigh-

bour and is bitterly disappointed that the US had treated her in the same way as the rest of the world. In this situation, Canada may favour greater Russo-Canadian collaboration and trade and thereby seek to free Canada from her economic - over-dependence on the USA.

It is significant that in spite of UK's expelling 105 alleged Soviet spies the Soviet diplomatic offensive in Europe and North America has not met with any reverse. France and West Germany continue to behave as if Britain's action in regard to Soviet "espionage" did not matter. What smaller countries like Belgium and others will do is yet to be seen. The *detente* in Europe is now a reality. Even Cardinal Meindszenty was permitted to leave the US Embassy in Budapest and go to Rome.

While the Arab States are generally at sixes and sevens, the UAR, Sudan and Libya are seeking to cement their federation. The pitfalls which had wrecked the earlier UAR-Syria federation under Nasser have been avoided, but it is yet too early to say what the future of the new federation will be. Its prime objective is hostility to Israel. But new trends have begun to develop on the African continent. The Organisation of African States has sent a top-level delegation of four heads of African states to Israel to find ways and means of resolving the Arab-Israeli conflict. The Arab states had wanted to isolate Israel and cut it off from all developing and non-aligned countries in Africa and Asia — and also isolate Israel from the socialist countries. To a large extent the Arabs had succeeded in this, but now the African states seem to have developed new ideas on the subject.

In Africa itself, there have grown forces which have even begun to start a dialogue with the *apartheid* South Africa, and this in turn has

begun to compel South Africa to change some of its ultra-rigid *apartheid* practices. More and more states in Africa have taken steps to begin such dialogues with South Africa and all this indicates that the over-simplified colour line politics have begun to weaken. If Nixon and Mao can meet, there is no reason why Dr. Hastings, (or Mr. Kaunda, for that matter), should not meet Dr. Vorster.

But the most serious international problem today is the growing conflict between India and Pakistan. Whether war would break out is anybody's guess, but it is believed that Washington and Moscow had brought pressure on Pakistan to make it think carefully before it embarked on war.

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CEYLON: MARGINAL NOTES

By
Serendib

THE MONTH OF OCTOBER

was one of the most intensively active months in recent times, both internationally as well as on the domestic front. The world monetary problems continued to dominate the scene in the capitalist world whilst the USA and the other leading countries manoeuvred and counter-manoevred for positions of vantage. Nixon announced his trip to the USSR — to take place after his visit to China. Willy Brandt, the German Chancellor, was awarded the Noble Prize for Peace for the *detente* he has successfully set in motion in Europe. Britain expelled 105 Russian diplomats alleging that they were guilty of industrial and other kinds of espionage, and the retaliation from the Russian side was not so very severe. In the meantime, Russia's top leaders toured the world; Kosygin went to Algeria, Canada and Cuba; Brezhnev went to Yugoslavia, Bulgaria, and Hungary, and then later to France. Podgorny went to North Vietnam, Iran (touching India) and other places. China was admitted to the United Nations and Taiwan expelled despite the efforts of the USA. And finally, the British House of Commons decisively voted in favour of UK's entry into the Common Market on the terms negotiated by the Tories. All these and other events are bound to have their impact on Ceylon, more particularly if the continuing tension between India and Pakistan over Bangla Desh should blow up into a major conflict.

On the domestic front, after the *mini-on-account* budget on September 7, all attention was focussed on the Budget to be introduced early in November based on the PM's much-walked about "and much-expected" "package deal". The Finance Minister went the round from London to Bahamas to Washington attending the meetings of Commonwealth Finance Ministers, the IMF, the IBRD and other agencies — and he returned to Ceylon touching Tokyo. The Prime Minister left the country on October 10, she addressed the UN General Assembly on October 12, and thereafter met President Nixon, Premier Trudeau and Premier Edward Heath. Whether this visit will have any major consequences for Ceylon in the coming period is yet to be seen. The local press hailed the trip as a triumphal journey through the western world. To many, this trip of the PM to the West appeared to be a silver lining in an otherwise dismal picture at home. Others were unhappy that she was becoming unnecessarily friendly to the Capitalist West.

THE COCONUT PEST: *prothemga cumungii*, was still spreading and it had not been brought under control in October. The parasites which are said to feed on this pest were brought from Singapore and Fiji, but for some reason they had failed to procreate here. More of these parasites were being flown to Ceylon. Automatic sprayers of a special kind were also flown to Ceylon from Japan to spray some deadly insecticides to eradicate this pest. But it was feared that the remedy way prove more dangerous than the disease — because humans may be affected by the insecticide. In the meantime, enthusiasts of various kinds have suggested everything from soap suds to the Indian bul-buls to eradicate the pest.

One thing is clear is that the balance of nature has been upset in this essentially agricultural country — with the result that pests, which

would have been eliminated by nature's own eradicators, on the basis of the struggle for survival, now flourish without let or hindrance. The birds and the insects which fed on pests and parasites have all been shot up and eaten (and otherwise destroyed) by sporting fiends — and the result is that pests, which man does not eat, seem to have free sway. To liquidate the pests, deadly pesticides and insecticides were introduced (expending valuable foreign exchange), and these have caused further upsets in the delicate balance which nature has always maintained between the good and the bad.

The distressing situation created by the coconut pest, however, has been crowded out of the front pages of the newspapers by other more sensational news. For a few days in September, the disclosures about Lake House activities in regard to foreign exchange filled the columns of certain newspapers — when the report of the Commission was published. The Report of the T. S. Fernando Commission of Inquiry comprised of eleven parts and ran into 107 pages and dealt with the foreign exchange transactions and certain local activities centring around the Directors of the Associated Newspapers of Ceylon Ltd. between the period July 1, 1960 and August 31, 1969. The inquiry covered among other matters, (a) commissions from import of newsprint, (b) purchases and sale of foreign currency, (c) purchase of cars by Directors, (d) contraventions of laws and regulations, (e) allegations of bribery (f) and certain miscellaneous transactions.

The Commission reported that the exchange control laws had been violated by the receipt of undisclosed commissions abroad and the sale and purchase of foreign exchange. The purchase of cars had also violated certain laws. But the allegations of bribery were not proved. When the Report was tabled in the House of Representatives, the Lake House

papers took the bull by the horns and published the entirety of the final conclusions in their different papers. This took the sting out of the Report — when other papers, slower on the offtake, published the same conclusions. No sooner was this Report published, then the Left groups and certain trade unions re-started the old cry of *Take Over Lake House*. SLFP quarters, especially the Centre and the Right, did not display any enthusiasm to take over Lake House — or any other business for that matter — and a curious stalemate seems to have arisen in regard to this matter.

In the meantime, the hullabaloo about the Gem and Currency racket has completely overshadowed the Lake House affair. In fact, the indiscretions and violations of the Directors of Lake House in regard to exchange control paled into insignificance when the public was confronted with the tales of the activities of topnotch operators in our gem cum currency underworld. Lake House violations were chicken feed compared to what seemed to have been the normal day-to-day operations over a period of years of the bigtime men. In fact, they had conducted their activities in a semi-open fashion, and it would be difficult to describe their activities as anything pertaining to the *underworld* — the correct word would be *unofficial*. They seemd to have run a parallel Central Bank with foreign exchange transactions covering the world — in an unofficial way — no doubt, to make up for what was found wanting in the functions and services of the *official* Central Bank. The law and the sanction of the armed forces being on the side of the *official* Central Bank, the *unofficial* operators have been taken into custody, but it will be interesting to see how those alleged to be guilty of violating certain laws will be dealt with. The investigations are still continuing at the time of writing these notes. Much of what had appeared in the daily press also seems to have

vanished into thin air as sensational rumour-mongering. The hard-core facts are still unknown. When they are, it will be time enough to comment on many matters which are inter-related to the gem and currency racket investigations.

THE CEYLON SENATE ceased to exist at the end of September 1971. The old fighter of lost causes, C. Suntharalingam, challenged the decision to abolish the Senate in the Supreme Court, but his application was easily disposed off — he was not a person who was vitally interested himself in the matter. A few Senators of the now defunct Senate have made applications before the District Court and these will be inquired into in due course of time. But political matters of a fundamental nature cannot be settled in courts of law especially at a time of great flux and change. Whatever one's views about the abolition of the Senate and the strict legality of the action, there is no doubt that the Senate is today as dead as the proverbial Dodo. And nobody seems to be worried about the passing away of this institution. It must be said that at all times, the Senate had not endeared itself to the people and country. And this was to be expected. Only few of those who graced its benches could contribute usefully to the discussions or say something which could cause an impact on the public. Senate appointments had become gifts and rewards to party loyalists, and this *malaise* had started from the very beginning when the Senate had come into being in 1947. It was a notorious fact that in the first Senate itself, and in subsequent appointments, men whose only virtue was that they had given freely to party funds or worked feverishly in the election campaigns were picked out to be Senators. This tradition had been followed in the twenty odd years the Senate has existed, and it can be said that more than anything else the calibre of many people who

had adorned the Senate finally brought about its untimely demise.

The Senate has gone, *unsung*, *unwept* and *uncared for* — as the poets will sing. But the new Constitution has not yet come into view. When the United Front government had come to existence in May 1970, it was proclaimed that the new Constitution would be a reality within a few months. The insurgency and the ensuring Emergency has undoubtedly delayed matters, and many hoped that before the next National Day, on February 4, 1972, the new Constitution would be in operation. Whether 'his will be so is anybody's guess at this stage, but it significant that the broad masses of people are now less concerned about the new Constitution and have been overwhelmed by their obsession about the rocketing cost of living. With the new Budget approaching there is trepidation in every quarter. The Government's action in increasing the price of petrol by 90 cents a gallon and the cost of a cigarette by one cent will bring Rs 75 million into the treasury, and people are uncertain what will follow next. It has been proclaimed that petrol and cigarettes will affect only the "rich", but the social consequences of increasing the price of petrol are still to be determined. Moreover people who smoke will pay more for each cigarette, and continue to buy them, even if the total consumption goes down a little. It is, however, not the cigarette smoker who will suffer. He will spend the money on the cigarettes, but he will cut down — if he is a breadwinner — on what he spends on the rest of household. And, in the context of the rising cost of living, the impact of this increase on the excise duties on tobacco will have interesting repercussions.

Whilst there is speculation on what the PM has brought back from the West, the People's Republic of China continues its aid, gifts and assistance to Ceylon in a big way. The last instalment of the Rs 150

million (i.e. £ 10.5 million), interest free loan in hard currency, will be received in November. In the meantime, China has agreed to supply another 100,000 tons of rice in 1972 (to sustain our subsidised ration scheme) on the basis of a ten year loan of Rs 38,720,000, that is very nearly Rs 40 million, with the first repayments starting in 1977. In addition to this, China has agreed to start a liner service between Ceylon and China to transport the rice, rubber and other goods between the two countries. For this purpose four ships are to be used — two owned by China and two owned by Ceylon. As Ceylon did not have ships and did not have money to purchase these ships, China was willing to "loan" two ships to Ceylon until such times as Ceylon was in a position to buy two vessels. The liner service on this basis is expected to come into operation in the course of the next few months.

ON THE POLITICAL LEVEL, a great deal is simmering beneath the surface but nothing has come to the top — but the story may be different once the new Budget proposals are known. Within the SLFP, there was a little stir when Prins Gunasekera, MP for Habaraduwa, was "suspended" by the SLFP for his alleged high-jinks with Lord Avebury, the representative of Amnesty International, who had come to Ceylon and had wanted to visit insurgents inside some of the detention camps. The High Command of the SLFP, understandably hot had bothered about some of the statements and activities of Prins Gunasekera, who displayed a great deal of sympathy for the sufferings of the insurgents in the detention camps. Before the SLFP took more drastic action, Gunasekera resigned from the SLFP and crossed the floor and became an Independent in the Opposition (without coming under the Opposition whip). Prins Gunasekera's "defection", if it can be called that, has not at yet caused even a minor ripple in the political

firmament, but in the longrange perspective it must be said that this event has significance of some importance.

One result of the Avebury cum Prins Gunasekera episode on the is growing new-elite bureaucracy of United Front loyalists is that the Government had to impose a ban on Permanent Secretaries taking unilateral action without the sanction of their Ministers or issuing statements without consulting their Ministers. When the rumpus about Avebury's attempts to enter a prison with Prins Gunasekera hit the headlines, the Permanent Secretary to the Ministry of Justice, Nihal Jayawickreme, took it upon himself to decree that MPs could not visit prisons and also delivered himself of a sermon on the subject. This high-handed action was resented by all MPs, and the Government had thereafter decided that "all authorised information pertaining to each Ministry will be given to the Press and Radio only (a) by Cabinet Ministers and (b) through Ministry communiques. No officials will be permitted to make statements either to the Press or Radio for direct quotation". Additionally, the decree issued by Nihal Jayawickreme banning MPs from visiting prisons was rescinded, and it was agreed that MPs should in future give prior notice of such intended visits. This curbing of the power of the Permanent Secretaries has caused only a small dent in the overwhelming powers of the growing army of Permanent Secretaries and Additional Permanent Secretaries (together with Assistant Permanent Secretaries and the like), which the United Front government has brought into being. The power of the new bureaucracy, mousing "Left" logic, is a problem which will confront the government and the people in a big way in the near future.

Within the SLFP, particularly among the broad mass of its mem-

bers, there is deep anxiety about what the promised package deal of the PM would contain. It is reported that nearly fifty MPs had asked the PM to table the proposals before them (without disclosing any Cabinet secrets). It is also clear that the fears of the fifty have been aroused by the rumours which have been circulated by interested parties that there was a "sell-out" of the UF Manifesto. In the meantime, the two pro-left pacemakers in the SLFP, T. B. Illangarante and T. B. Subasinghe, continue their bulldozer tactics to give flesh and life to the policies which they seek to implement to make the public sector all supreme. But each of these Ministers assure the public that in their scheme of things, the private sector has an important place.

In an interview reported in the *Sun* on October 15, Mr Illangaratne had "assured a distinct role for the Private Sector in the country's trade. He said that the United Front government's trade policy does not aim to eliminate or alienate the private sector ... Mr Illangaratne admitted that the private sector had been affected owing to the enforcement of certain stricter measures to curb the wastage of resources that were scarce. This was not only in the case of the private sector but also the public sector. He would not hesitate to curtail abuses in both sectors. He said that the biggest role the private sector could play in the country's trade was in the sphere of exports. All imports would be handled by the State, as laid down in the UF Election Manifesto and the Throne Speech". Mr. Illangaratne then set out the incentives and tax rebates which had granted in regard to the export of non-traditional goods to the private sector. Entrepreneurs were also being granted foreign exchange to travel abroad to promote such exports. The report went on to say that Mr Illangaratne "welcomed investment of foreign collaboration in the trade sector so long as it fell in line with

Government policy. He stated that TRP holders had been completely eliminated from the country's import trade." He also had to take serious steps to curb the malpractices of such TRP holders in regard to exports. The report concluded thus: "Mr Illangaratne said he was firmly committed to the task of implementing the pledges made in the Throne Speech in regard to trade. The serious foreign exchange shortage confronting the Government was adversely affecting the implementation of some policies. He was confident it would be overcome."

Mr. Illangaratne's assurances have not created any new confidence in the private sector. There is also a great deal of speculation what influential sections of the SLFP would say about the way that Mr Illangaratne has set about implementing the UF Manifesto. To make matters more interesting, Mr T. B. Subasinghe has also begun to set a pace which created many misgivings in many SLFP circles. In a recent speech at the CISIR, at a seminar on Employees Councils, (vide *CDN*, 15.10.71), Mr Subasinghe had stressed that the ideal situation cannot be brought about by a victory at an election or a political decision by a well-meaning Government. "Along with political sanction and declaration, the socio-economic changes in the country play a very big role in the matter of this change. We are just about to embark on these changes ..." Mr Subasinghe had explained that Employees Councils were in the first experimental stages in the country, and said: "We look forward to the time when, with the changes now being contemplated and implemented, the climate will be created for real self-management of most of our industrial organisations. With the promise of a socialist society the ordinary worker also should be able to foresee the avenues of advancement which have hitherto been blocked by economic and social barriers. Not only the

economic structure should change for an ideal situation for genuine worker participation: the values upheld by society which promote these inequalities should necessarily change".

It is true but an unfortunate fact that Employee's Councils had not proved very successful in many places mainly because workers had become infected with the same kind of lethargy, red tape, apathy and ineptitude which has gripped the top echelons of bureaucratic managerial hierarchy of the public sector. What will happen to these experiments in Employees Councils which Mr T. B. Subasinghe wants to set up, on a one-year basis for a start, is yet to be seen. But many observers feel that Mr T. B. Subasinghe was setting a pace, in the same manner Mr T. B. Illangaratne was setting the pace in his field which the rank and file of the SLFP and the ordinary peasant and a large section find of the ordinary workers would difficult to accept or sustain — leave alone employers and other people in that category. To run too far ahead is as dangerous as tailing behind a slow moving political structure.

Whilst the two TBs in the SLFP are there setting a pace which may recoil — simply because the goods cannot be delivered in time especially with the rising cost of living and other inflationary trends — many of the politicalised trade unions want an even faster pace. The Joint Committee of Trade Union Organisations at a meeting held on October 24 (vide *CDM*, 25.10.71), issued a "pre-budget warning — *don't burden workers any more...*" and insisted that the Government effect radical changes in the country's economy which could eventually bridge the gulf between the haves and have-nots. The Committee also raised the slogan "Down with the Bureaucracy" and several speakers had complained that the bureaucracy, which did not sympathise either

with the policies of the United Front or the working classes, continued to "rule the roost" and in certain specific instances "mislead the government". There was consensus at the meeting that the time had come to call upon the Government to cry halt to the authoritarian attitude of the bureaucracy. The Joint Committee also agreed that all Ministers should be urged to ensure that workers' participation in the management of both Government departments and state-sponsored corporations should be implemented. The Joint Committee unanimously demanded among other things that (1) the entire export trade should be taken over by the State; (2) that the repatriation of capital or profits should be stopped; (3) that the findings of the Lake House Commission should be accepted and Lake House should be taken over; (4) that the State should take over all large-scale engineering, textile and other industrial ventures; and, (5) that all foreign commercial banks should be nationalised. Furthermore the united front trade unions in the plantations sector have demanded higher wages on the ground that the workers in the plantations have never had the benefit of wage increases on any scale comparable to what industrial and other urban workers had received.

While the trade unions are on the warpath for a greater dose of pro-socialist public sector orientation by the government, the employers in the private sector are faced with dismal prospects with the raw materials quotas slashed down to thirty and forty percent of the quotas already allocated for 1971. What are classified as "semi-essentials" will receive only a 40% of their quotas allocated for this year — which was in any case much less than what they got in 1970. Among the products regarded as "semi-essentials" are beer, margarine, some motor spare parts, kerosine cookers, etc. The so-called non-essential industries will have a 70% cutback on these

allocations, and these include cosmetics, chocolates, toys, refrigerators. Only to those which are termed "vital industries" will higher quotas be given — and only if the raw materials are "principally" used are local. What all this amounts to is that industrial production is being frozen at about 30 to 40 percent of what the Government had thought possible for 1971, which was a cutback on the 1970 allocations. How employers in the private sector can continue to employ the workforce is not known. Even the trade unions have begun to realise that the employers whose industries are affected will be justified in retrenching workers. The Minister of Labour has passed legislation that no worker could be retrenched or sacked without the prior sanction of the Commissioner of Labour. A very difficult and tricky situation can arise in the private sector as a result of the freezing of raw material allocations on a low percentage.

Whether the new Budget will resolve the problems which are gathering force below the surface can only be determined when the Budget proposals are known. The Left Parties want to accelerate the pace of "socialism" (via state enterprise and state controlled capitalism), but whether the bulk of the SLFP and the ordinary people of this country are ready for it are matters which can be estimated only after the Budget. In the meantime, it can be said that what the majority of the population want is not slogans about socialism or capitalism, or this *-ism* or that *-ism*, but cheaper food, more employment, elementary housing and a reasonable degree of security. Most people are now tired of slogans and ideological formulations. They feel that they have had an overdose of it in recent times, and what they want is cheaper vegetables, cheaper fish and the ending of the queues for the ordinary household articles. Will the new Budget pave the way for a better state of affairs?

CELEBRATIONS

CYRUS, THE GREAT — THE FIRST ARYAN

BETWEEN October 12 and October 19, the Shah of Persia mounted an extended and expensive spectacle at the old city (now only an archaeological ruin) of Persepolis to mark the 2500th anniversary of Persian monarchy. These celebrations should have taken place 9 years ago, but the present Shah wanted to do some window dressing before staging this "show-of-shows". The pageant which was staged at Persepolis was meant to recall the grandeur of the Achaemenian Empire founded by Cyrus, the Great.

There have been many cynical comments about these celebrations. For one thing, monarchy though continuous in Iran as a mode of government for 2500 years, the dynasty has changed, religion has changed and many other things have changed. The dynasty of the present Shah was established only in the first quarter of this century, and the founder, the father of the present Shah, cannot trace a lineage to connect with the old rulers of Persia.

But, a monarch is one with effective power, and in the ultimate analysis, that is what counts. The present dynasty in Iran came by right of conquest at a very late stage of history, but it has justified its rule in more than one way.

But the celebrations which were staged has astounded the world, by the magnitude of its splendour and the unlimited extravaganza of the money spent. The *Economist*, 9.10.1971, while admitting that the occasion provided "for some justifiable trumpeting of Iran's recent economic transformation," declared that "it has swollen into an extravaganza that few industrialised nations would attempt." The amount to be spent can only be "guessed," but the estimates range from £ 50 million to £ 300 million.

REPORTS FROM TEHERAN indicated that there was widespread discontent in the country regarding the colossal expenditure — especially when the focal point Persepolis was out of bounds to all but a few selected guests, very

exclusively invited for the occasion. This spectacular celebrations, however, has helped to provoke the growth of an urban guerilla movement and of student unrest — without "the compensating advantage of being a focus of popular loyalty to the Crown". The massive security arrangements "will prevent most Iranians who have not been personally invited from getting close enough to see the ceremonies first hand."

But these celebrations have brought the name of Iran even to the "remotest corners of the globe." It will boost the tourist trade. But there has been much adverse publicity inside the country. The Government refuses to disclose what has been spent, and there is an attempt to gloss over everything by lumping together the expenditure on the entertainments with that on the infrastructure of roads, hotels, electric power plants and municipal improvements. The massive Shayyad monument, to honour Cyrus the Great, was partly paid for by a public fund collected from indivi-

viduals and companies. There has also been a fund to collect money to erect 2500 commemorative schools which will cost between £ 250 to £ 1,000 each. Though every government employee had a day's pay deducted as a contribution, the bulk of the money had come from government revenues.

The celebrations have no doubt generated economic activity, especially in the year marked by a major drought. But the expenditure together with the shortages created by a bad harvest has been responsible for Iran's "worst bout of inflation in several years." The Government has to deal with the question of high prices and employment (especially in winter), but for the moment the main concern is to root out the urban guerillas "for whom the celebrations have provided a natural target." There have recently been bank raids, attacks on police posts and explosions. There was also an attempt to kidnap Prince Sharam, the wealthy son of Princess Ashraf, twin sister of the Shah. The guerillas have been furiously attacked and had suffered badly at the hands of the Shah's security forces called SAVAK. About 2,500 have been detained as a precautionary measure, but they are likely to be released once the celebrations are over.

The preparations for the show had drawn a great deal of attention, but the show itself was something to remember. The guests included one reigning Emperor (Haile Selassie of Ethiopia), nine Kings, five Queens, 13 Princes, eight Princesses, 16 Presidents, three Premiers, four Vice-Presidents, two Governor Generals, two Foreign Ministers, nine sheiks and two sultans. It was undoubtedly one of the biggest tamashas in all history, but whether it was also "the most wonderful thing the world has ever seen", as the Shah described it, is a totally different matter.

Representatives from 69 states, including assorted sheikdoms, went to Iran. A new Persepolis has arisen on the wind-swept 5,000-ft high plain next to the ruins. It was a 160-acre oasis studded with three royal "tents" and 59 lesser ones arranged in star pattern. The "tents" were more or less permanent, of synthetic material with cement bases and wooden partitions. They were built to withstand fire, rot and winds up to 70 m-p-h. The tents were decorated by Jansen of Paris, were air-conditioned and furnished with the most expensive fittings. Most of everything had come from Paris, and Paris merchants had been busy for over a year to bring in supplies and do up the place.

Much will be written about what took place in Persepolis, the protocol mix-ups, the security arrangements, the pageant of history and what not. But it is also clear that the Shah has focussed attention on Cyrus the Great, the Aryans, and the great empire he had built.

THE FIRST ARYAN: Historians, encyclopaedists and humanists have all given laudatory descriptions of Cyrus the Great, "this first Aryan whose character is known in history". To list them all would be pointless, but extracts from a few well known authorities may be quoted.

The *Encyclopaedia Americana* describes him thus: "CYRUS demonstrated that policy of humanity and tolerant autonomy for conquered peoples that by 500 B.C. had swept Persian arms and rule to the Danube and the Nile's first cataract. All those Gods which the archaizing, fearful Nabonidus had brought to Babylon for safety, Cyrus returned to the Mesopotamian cities. Strong and magnanimous, just and humane, this warrior-statesman's enlightened policy of tolerance toward local peoples and cultures, his encourage-

ment of agriculture, commerce and trade, his genius for efficient and just administration, helped to inaugurate a new era in the ancient world and justified the title 'Great' which his compatriots and posterity conferred upon him."

British historian Sir Percy Sykes in his "*A History of Persia*" gives this picture of the founder of the Persian Empire: "His manly beauty, his soldier-like qualities of bravery and activity, were apparently conspicuous throughout his life and he never lost his virility through luxury and self-indulgence, as so many great men have done. His ideals were high as he laid down that no man was fit to rule unless, by his own qualities, he was more capable than all his subjects". Sykes concludes his appraisal of Cyrus's qualities with these words: "... the evidence of the Holy Writ, of the classical writers and of the Persians themselves all tends to show that Cyrus was indeed worthy of the title 'Great'. His countrymen loved him and termed him 'father' and we, too, may feel proud that the first Aryan whose character is known in history should have displayed such splendid qualities."

The *Encyclopaedia International* gives this account of Cyrus the Great: "As the King of Universe, Cyrus proclaimed peace for all. In 537 B.C. he permitted 40,000 captive Jews to return to Palestine to rebuild the temple of Solomon and was called by them 'the Lord's Anointed'. Virtually everywhere he appeared as a liberator, a tolerant, just and efficient administrator."

MAN WHOM THE GODS LOVED. Cyrus is an exceptional personality in world history who, even during his own life-span transcended national renown to become world famous. In the whole history of the world there are few figures who have been praised by friend and foe alike to the extent that Cyrus has.

Herodotus, the noted historian of antiquity, describes Cyrus as "a king of strong character, simple and brave. He treated his subjects with great benevolence and in a paternal spirit. He aspired always for the well-being and happiness of his subjects, so much so that they were accustomed to referring to him as 'father'....."

Aeschylus, the great Greek poet in his famous work *The Persians* calls Cyrus "the just king who brought happiness and contentment to all his subjects,," and adds, "He was a fortunate man and the Gods loved him because he had a weath of wisdom".

Diodorus Siculus, noted historian writes of him, "Cyrus excelled his contemporaries in competence, prudence and other virtues. He was as merciful and generous towards his subjects as he was brave in the face of his foes. Therefore the Persians called him 'father'. Cyrus was a great leader and a great friend of his people. During his reign the Persians ruled numerous peoples. He gave all of them the rights of free men. And by that he won their hearts and his soldiers stood ready to face any peril in order to serve him. If among his subjects there was found someone who could offer just and reasonable advice he was not angry; rather he gave the subject complete freedom and speech...He rewarded all those who provided him with good advice. This encouraged the sages to put at his disposal their reason and their experiences.

Under his rule the vast Persian empire realized an ever-increasing well-being, profiting from the liberties accorded to it from the harmony which prevailed throughout the country and from which his successors benefited."

Xenophon, in his book *Cyclopaedia*, writes of him: "Cyrus was a perfect genius who served throughout his life, a sacred and supreme cause. He was a friend of humanity, a defen

HISTORY

CYRUS - MAN AND KING

THANKS to the ancient Persian habit of recording history on inaccessible mountain-sides and durable metal tablets, and the parallel accounts on the same events given by contemporary Greek and Jewish historians, we can reconstruct Cyrus's biography quite fully, separating the facts from the legends that are invariably woven around the lives of the great.

We know that Cyrus was born in the first half of the sixth century B.C. in Anshan, a small kingdom that later merged with Persia, the ancient name for the province of Fars from which the name Persia is ultimately derived. He came from a long line of local kings, and was a great-great-grandson of Hakamanesh, or Achaemenes as the Greeks called him, after whom the first Persian imperial dynasty is named.

der of reason, and a man resolute honest and righteous. Who else besides Cyrus has been called "father" after his death, by those nations whose governments he had overthrown? For this title is normally given to a benefactor not to a conqueror".

THE OLD TESTAMENT: There is one way in which Cyrus has been honoured above all men, by which his fame is known to scores, even hundreds of millions of people all over the world. In fact, many of them know Cyrus through this, because this tribute does not come from historians, poets, philosophers, or great politicians; it does not even come from a prophet, but from the Old Testament, which is considered by Moslems, Christians and Jews to be a holy book, and the word of God.

His father was Cambyses, the vassal king of Anshan who paid tribute to Astyages, the Median king. The Medes, also an Iranian people, controlled a large area covering most of north Iran, and had their capital at Ecbatana, on the site of modern Hamadan. To secure his position, so most historians say, Astyages had married his daughter to Cambyses, and from this union Cyrus was born. In 559 B.C., Cyrus succeeded his father as King of Anshan, ruling from Pasargadae, a small unfortified mountain capital some 70 kilometres north of Persepolis.

He scorned his grandfather's decadent and luxurious court, where he had grown up, and from the start of his reign planned to assert his independence. Appealing to family and national loyalties and exhibiting an early talent for leadership, Cyrus was soon able to unite the various Persian tribes, and in 550 B.C., after a short campaign, in which the disaffected Median troops deserted to Cyrus, he defeated his grandfather and overlord, and captured Ecbatana (now Hamadan).

Media then ceased to be an independent kingdom, becoming the first satrapy, or province, of the Persian Empire. Thus, the first Aryan dynasty in the history of Iran was superseded by another Aryan dynasty, a Parsi dynasty.

CRUSHED CROESUS: This victory gave him titular control over Assyria, Northern Mesopotamia, Syria, Armenia and Cappadocia, and he spent the next three years establishing effective rule over this large area.

After the fall of Ecbatana, the two territories Media and Pars were

made into one country. Iran, This alarmed Croesus, the king of Lydia and an ally of the Medes. He decided to crush the power of the Persians before they grew any stronger. He formed a pact against Cyrus with Babylon, Egypt and Sparta, which had also become perturbed by the growing power of the Persians.

But Cyrus forestalled his enemies by falling upon Lydia with unwonted swiftness and in the cold of winter, and capturing Sardis the capital of Lydia, then the richest city in the world. And thus Lydia ceased to be a state.

Cyrus, contrary to the custom of those days, did not have his defeated opponent executed, but treated him with such kindness and respect that, Croesus became his devoted courtier and for the rest of his life served Cyrus as a loyal adviser."

In the course of a short period after the fall of Lydia, all the various parts of Asia Minor, including those inhabited by the Greeks, and also many of the Greek islands, were conquered by the commanders of Cyrus's armies, so that by 545 B.C. the whole of Asia Minor belonged to the Persians.

From Lydia, Cyrus turned eastwards, and fought for eight years, strengthening the Eastern and Northern borders of Iran and extending his domain. In the course of these campaigns, Cyrus pushed northwards as far as the River Seihoun in Central Asia, where he built a city named after himself, the remains of which have recently been excavated.

In the East he advanced his power up to the River Sind in India, and thus Khorasan, Sogdiana, Parthis, and Western India were annexed to the Iranian Empire.

FALL OF BABYLON. Now Cyrus considered the time ripe for carrying out his most important plan, namely the conquest of Babylon. Babylon was then "the pride of the world", the heart of the greatest empire in the world, a

stronghold of ancient days so redoubtable as to be renowned as "The invincible City". Its surrounding walls, built of bricks bonded with tar, were 45 kilometres long, 59 metres high, and 25 metres thick and had 150 towers and 100 metal gates. The river Euphrates ran through the middle of the city and the royal palace covered 14 acres of its area.

The importance of Babylon, however, lay not so much in its size, strength or population, as in the fact that it was the representative of its age and of thousands of years of history of the civilization and ruling system of Egypt, Assyria, Chaldea, Phoenicia and the like, the whole bases of which were entirely different from those of the Persians.

Cyrus's attack on Babylon was, in fact, the challenge of a new age in the history of the world and its onslaught on the old. Thus it was that the fall of Babylon ushered in a new era in world history. Minorities from various conquered nations and peoples lived in Babylon as slaves, the Jews being the most important of them. These Jews, 40,000 in all, had been taken into captivity 47 years before. After Nabonidus, the famed Babylonian king had captured their and, pulled down their temples and massacred tens of thousands. These Jews were carried off to Babylon as slaves. Throughout the ensuing years, Jewish prophets in Babylon had sustained the spirit of their followers with hopeful prophecies: and long before Cyrus even began his conquests, the Jewish nation in Babylon had been looking forward to the advent of the "Redeemer from the East".

Cyrus was a lover of freedom, set the Jewish prisoners in Babylon free, and returned them to Palestine under his protection. In Palestine he ordered the reconstruction of the famous temple of Jerusalem destroyed by Nabonidus, and gave the

Jews back all the riches Nabonidus had plundered. Thus, the Jewish nation returned after half a century, to the Holy Land the memory of this magnanimity of the Shahanshah of Iran has been recorded forever in the Bible as "the Lord's Anointed."

HUMAN RIGHTS. In all his conquered territories, in fact, he was seen as a tolerant, just and efficient administrator. As Phyllis Askerman, the noted historian of the period puts it: "Restoring temples, honouring local divinities and customs, supporting native pride, he created an organic complex of cultures, joined for mutual advantage."

IT WAS AT THIS MOMENT OF HISTORY THAT CYRUS DECLARED HIS FAMOUS CHARTER, WHICH HAS BEEN DESCRIBED AS A FORERUNNER OF THE UNDECLARATION OF HUMAN RIGHTS IN VIEW OF ITS HUMANITARIAN CONCEPTS.

With the fall of Babylon, the countries annexed to it, Syria, Phoenicia and Palestine, fell to Iran, and practically the whole of the world, Western Asia and North-Eastern Africa, except Egypt, were annexed to Iran. Ethiopia too, soon became part of the Iranian Empire.

The last great country of the ancient world unconquered by Cyrus was Egypt, and he was probably contemplating an expedition there when news reached him that the Massagetae, a wild tribe from Central Asia, were attacking his eastern frontiers. Leaving his son in Babylon as regent, and with the empire now organised into a well-administered union of satrapies, Cyrus in 530 B.C. marched east to put down this new menace.

Crossing the Jaxartes river, the eastern limit of his empire, he led his troops into enemy territory and, it is reported, was ambushed and

CYRUS, MAN AND KING

killed. But this tale, the truth of which Herodotus himself did not vouch, can hardly be true, because if it were, Cyrus's body would have remained with the conquerors. So Xenophon's version, telling of his death among his people and commanders, seems closer to the truth.

His body was embalmed and brought back to the ancestral home of Pasargadae, and buried in the tomb he had already built for himself. Arrian, the Greek historian, who visited the tomb, records the simple inscription he saw there: "*O man, I am Cyrus, the son of Cambyses, who founded the Empire of Persia, and was King of Asia. Grudge me not, therefore, this monument.*"

Thus it was that Cyrus founded the Iranian nation and the Achaemenian Empire and an Imperial regime destined to last 2,500 years after him. In later eras, few empires were founded to achieve such grandeur.

What the Iranian Empire offered the world was not only the "Iranian Peace" which lasted for more than two centuries over a large part of the civilized world of that time. It also introduced a new social and administrative organization, new ways of thought, and unprecedented system of Government which was followed by other Empires and regimes.

The achaemenids based their system of Government on coded laws and regulations and a special administrative system devised by themselves. The achaemenids empire was the originator of organised governmental administration. In accordance with this system the country was divided into provinces called Satrapids whose governors, or Satraps had certain defined power and governed according to specific regulations, while the courts of law and special Imperial inspectors super-

vised the just process of all State affairs.

Taxation and conscription were based on accurate statistics, and no discrimination or extortion allowed. Directives went out from Susa and Persepolis to all parts of the country, near and far, while reports and petitions were brought to the capital city from all quarters of this vast empire.

Special postal stations were set up all along the highways to relay communications. This system, the first postal service in the world, was later followed and imitated by other nations. The Imperial highways, which ran from Sardis to Susa and from Egypt to Persepolis, provided the best means of communication then in existence. Brisk trade was carried on between the different parts of the Empire through the medium of gold and silver units of currency.

This great Empire was founded by Cyrus the Great on the basis of liberty, racial and religious tolerance freedom of speech, and free observance of national customs, and it was the greatest gift to humanity.

Cyrus did more than change the geographical and political set-up of the old world; he brought about a great ethical and moral revolution, and laid the foundation of a new system of living based on co-operation between the member nations of the Iranian Empire — something without precedent up to that time.

COMMONWEALTH — Cyrus laid the foundation of a "Commonwealth" 25 centuries ago, and he did this not on the basis of a relationship between conqueror and conquered, but on one of mutual cooperation and understanding. Girshman says: "Generous and benevolent Cyrus had no thought of forcing conquered countries into a single mould,

but had the wisdom to leave unchanged the institutions of each kingdom he attached to his crown. Wherever he acknowledged and honoured the gods of the different religions".

This respect for other cultures was a basic part of the philosophy of the rulers of the Achaemenian empire, the biggest the world had ever seen and created from the beginnings of a small kingdom in southwest Iran within the span of a single generation. This empire was in fact a synthesis of ancient civilizations and the Achaemenians had no complexes about adopting what they found good in the cultures and civilizations of others.

Cyrus, the great, laid the main foundations of all this in the 6th century B.C.. It was a system copied by others later, but it was distinctly Iranian, one which every Iranian king since then has tried to adhere to. The king is not only a political and military chief, but also a spiritual guide and teacher.

Cyrus was a man of undoubtedly sincere religious convictions, giving credit to the great Aryan god *Ahuramazda* for his successes, while at the same time he also respected the deities worshipped in the various parts of his empire. Although the facts are by no means certain, it seems likely that the great prophet and teacher Zoroaster (or Zarathustra), founder of one of the great religions of the world, grew up in the reign of Cyrus.

Cyrus's eldest son, Cambyses, succeeded him as emperor, but he died eight years later with signs that he could not hold the empire together, Darius took over and developed Cyrus's ideas much further, ushering in the most glorious era of the Achaemenian civilization.

As a man Cyrus seems to have been an outstanding personality, brave (as his march on Sardis and

his last campaign show), humane (as his subjects readily acknowledged and modest (as we see from his epitaph) and his reported love of meeting people from all walks of life without ceremony). A king we may well conclude, in every day worthy of the title "Great" which was universally bestowed on him after his death.

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CHINA

Mao's Problems with the "MAOISTS"

By

WILFRED BURCHETT

Peking,

It is probably difficult for the outside world to grasp that the "Maoists," as they are called abroad were a major problem here at the height of China's cultural revolution. Officially designated today as "ultra-leftists," the "Maoists" acted as if violence in itself was the supreme expression of the "thoughts of Chairman Mao." Among the most dramatic illustrations of their actions, pointed out by officials during my visit to Peking, was an attack on the Chinese foreign ministry in May 1967 and the burning of the British embassy three months later. In the latter case the Peoples Liberation Army intervened and the instigators were "severely punished," according to the terms used in an official apology to the British government.

AS INSTIGATORS of indiscriminate violence, there were two categories of "Maoists" — the operatives and the organizers. There were those who acted spontaneously in the general context of "bombarding the headquarters," Chairman Mao's own battlecry for waging ideological war against Liu Shao Chi and his supporters. In the beginning, they were relatively harmless "petty bourgeois elements insecure about their own position and proving themselves by being 110 percenters," as one Chinese official explained it. But at a very high level, from within the party's political bureau, these elements were mobilized into a structured organization, the existence of which they probably never even suspected.

In other words there was a well-defined plot aimed at diverting the cultural revolution in the name of "Maosim" to ensure mass support, a top-level group aimed at seizing power, at ousting Lin Piao from the army leadership, ousting Chou Enlai as premier and elevating Chairman Mao as a sacred Buddha, to some exalted height from which his influence would be nil. While Mao and his most devoted supporters thought they were engaged only in a frontal battle against the "rightist" line of Lu Shao Chi, a new front was opened up behind their backs. At least this is the way it is explained today by those competent to know.

EXERCISED POWER BRIEFLY.

For a time, it is said, this tightly organized group at the top had usurped effective power, acting in the name of the central committee and cabling instructions to embassies abroad with the conscious aim of wrecking China's relations with friendly countries. According to one version it was this group which sent out instructions in the name of the central Committee recalling all Chinese ambassadors abroad. A shadow cabinet was formed, ready to take over as soon as power had been consolidated at the top.

The identity of the leaders was such a closely guarded secret that several were elected to top positions at the 9th party congress in April 1969, although a crack-down against the "ultra-leftists" started in the latter half of 1967. The ringleaders have now been identified. They are no longer in circulation and doubtlessly the names will be revealed in due course. Lower level activists called themselves the "Wu Yao Liu" group—literally the "May 16th"

group—after the date in 1966 of a fundamental central committee directive on the principles governing the cultural revolution. When one visits factories and other institutions today in Peking and elsewhere there are chalked-up inscriptions on the walls in which a foreigner can recognize among the ideographs the number 5-16—May 16th. Questions as to what they represent led me to unravel that part of the story which is public knowledge among Chinese, but of which little has been published so far, even in China. The unravelling of the story is still not completed.

The complexities of the struggle Mao Tse-tung got involved in when he launched the cultural revolution can be judged from the fact that the May 16 directive, apparently drafted by Mao himself, was aimed at a self-styled "group of five in charge of the cultural revolution" and a "report" they had circulated there months earlier in the name of the central committee about the "current academic discussion."

MAO'S AIMS WERE DIFFERENT. If there was one thing Mao was not interested in, it was an "academic discussion." He had launched the whole business to smash the existing party and government bureaucracy and replace it with something much closer to his own heart and mind. The "group of five" was headed by Peng Chen, the late discredited secretary of the Peking party committee. It also included Kang Sheng, subsequently one of the main animators of the cultural revolution, who was elected at the 9th party congress as one of the five members of the standing committee of the political bureau.

However, the May 16 directive accused Peng Chen of having "concocted" the "Group of Five Report" behind the backs of Kang Sheng and the others, with the aim of attacking the "proletarian left." This is now explained as having been a "right-hand punch" of Liu Shao Chi, but having been defeated

in time, Liu resorted to a much shrewder "left-hand punch" with another group which pretended to be the super-champions of the "proletarian left", symbolically taking the name of the "May 16 Group." What could have been more orthodox?

No Chinese official or contact with whom I spoke initiated discussion about the "Maoists," but if one dug for information, replies were forthcoming. The director of a cadres training school, 20 miles outside Peking, a tough old army veteran, charged with "remolding" the ideology of government employees along the new lines which emerged from the cultural revolution, in response to my query said:

"Of course we knew about them. We old revolutionaries are very angry with them and hate their guts. They tried by hook or by crook to take over the revolutionary headquarters and even the PLA (Peoples Revolutionary Army). Liu Shao Chi and Pen Chen hoped to dull our vigilance while they organized this attack behind our backs. After we had ferretted out their intrigues and Liu Shao Chi could see the writing on the wall, he brought up Tao Chu from the Kwantung party committee and put him onto the central committee to stab us in the back. As we see it now, it was natural they should have made such an attack and try to capture the headquarters from within. They were waving the red flag to oppose the red flag and using revolution to smash the revolution. It was a good lesson for us all."

Tao Chu from the Kwantung party committee and Wang Li, one of the editors of Red Flag, the theoretical organ of the Communist party, are two of the second-level figures who have been publicly attacked. Those at the top level have not yet been publicly named. Wang Li is credited with having taken over all propaganda activities and with having named an American, Sidney Rittenberg (who had taken Chinese

nationality and joined the Chinese Communist Party), in charge of Peking Radio and foreign propaganda.

SOURCE OF ATTACK ON HO CHI MINH. Rittenberg, whom I had met in Peking just after the assault on the Chinese foreign office, was a super-enthusiast Red Guard, who organized a group of foreign residents into the "Norman Bethune Brigade" of Red Guards (named after a Canadian communist doctor who served and died with the Red Army) into ultra-leftist "Maoists." Rittenberg allotted them "avantgarde" tasks such as publicly attacking Ho Chi Minh for "betraying" the Vietnamese revolution. A few foreigners who refused to join and some more who dropped out because they objected to the Rittenberg line were subject to the most vicious threats. Shortly after the attack on the British embassy, Rittenberg and some of his more ardent followers disappeared from circulation.

Attacks on veteran cadres, including the killing of a certain number, vicious attacks on Foreign Minister Chen Yi, who was only saved by the personal intervention of Chou Enlai, are among the activities credited to the "May 16" group. Part of their activity, it is stated, was consciously directed at ruining China's relations with her closest friends and damaging her image abroad.

From the fact that anti-May 16 hand-written posters still appear on factory walls, it appears that the fight against China's Anti-Mao "Maoists" is not altogether over, although Chairman Mao, Vice-Chairman Lin Piao and Chou Enlai have unquestionably emerged as the victors. In discussions with Chinese officials on the analogy with some "Maoist" groups abroad, a frequent dry reaction was that perhaps they should get down to studying the "thoughts of Chairman Mao" instead of just pinning on Mao badges.

INDIA

WAR OR NO WAR?

New Delhi,

Are we reaching the point of no-return in another confrontation with Pakistan? This question is being asked by practically everybody in New Delhi as reports of mounting tension all along the far-flung Indo-Pak frontiers poured into the Capital during the last few days.

And it is not just a case of tension. The massing of the armed forces on the Pakistan side of the border has been reported in the world press. The most significant reports are those appearing in the Soviet press, which can by no means be accused of sensation-mongering. *In fact, one of the complaints among the impatient sections of Indian public opinion—outside the orbit of the "red", baiters—has been that Moscow had been laying too much of a stress on the maintenance of peace and stability—even to the point of being misunderstood about its sympathies for Bangla Desh.* So, when the Soviet press focusses attention on the Pak military build-up on the western sector, there is hardly any room for complacency about the possible proximity of war.

In recent weeks, New Delhi has displayed remarkable restraint in facing the explosive situation. There has at the same time been no underplaying of the fact that the options facing this country are fast getting reduced. When the Prime Minister recently referred to the war danger during her tour in Mysore and Maharashtra, she was not voicing a generalised caution. She was posted with the details of the latest deve-

lopments along the frontiers, and within hours of her return to the Capital, consultations at the highest level — together with the Service Chiefs — took place. Reports from some of the sensitive spots called for utmost vigilance, combined with restraint. Rarely has the Government leadership had to face a more difficult situation. One cardinal aspect of New Delhi's present strategy — both political and military — is that it will try its utmost not to be hustled into any ultimate decision. This is a sign of strength and not of weakness, as tub-thumping agitators would like to make it out to be.

A QUESTION that faces many in New Delhi is: What does Yahya Khan hope to gain by provoking a war at this stage? It does not require any mastery of military strategy to say that the Pakistan Army, being caught badly in East Bengal—with the stepping up of guerilla activities and the inevitable logistic difficulties it faces in the event of an open confrontation with India—would concentrate its attention on the western sector, and if any Government in Islamabad can take even a chunk of the Kashmir Valley as a present to the West Pakistanis, it may hope to save itself from the dishonour of having lost East Bengal.

It is precisely here that Islamabad is likely to make the fatal mistake. Compared to the situation prevailing in 1965, the situation in the Kashmir Valley today provides little ground for optimism for Pakistan. There was a certain amount of confusion among the Kashmiri public at the beginning of the Bangla Desh crisis. But as reports of the Pakistan Army's barbarities in East Bengal began to percolate into the Valley, the mood unmistakably changed even among the followers of the Plebiscite Front, because their line of campaign in favour of Kashmir joining Pakistan was very much derailed when it was found that within Pakistan itself, its biggest

national group, the East Bengalees, were treated so brutally by the West Pakistani military junta. The experience of Mr Mir Qasim in his 40-day tour throughout the Valley in August and September—during which he covered every block—bore this out. As he puts it, Yahya Khan by his own misdeeds has vindicated the stand of Kashmir's political leadership in favour of joining the Indian Union. Mr Sadiq has throughout spoken both in Kashmir and outside about the significance of the Bangla Desh struggle for every democrat in this country.

THE DEMONSTRATION of solidarity of Kashmir's leadership that has now been provided with Mr Qasim joining the Sadiq Cabinet will no doubt have its impact also on the public mood in the Valley. In contrast, there are persistent reports of a rift inside the Plebiscite Front, with some of its veterans anxious to come over and join the Congress. Sheikh Abdullah's own position today is a measure of the demoralisation in the anti-Indian elements in the Valley. Otherwise, he would not have agreed to attend Mr Jayaprakash Narayan's recent conference on Bangla Desh.

In a changed situation like this, the chances of Pak infiltrators making an inroad into the Kashmir Valley are rated low. Incursions by professional saboteurs are only to be expected, but they are incapable of turning the table. As for the defence of the Valley, Indian forces are much better prepared today to rebuff any attack than they were in 1965.

Gen Yahya Khan's calculations of a lightning thrust can therefore prove to be a fiasco. He may find his army caught in the deserts of Rajasthan while losing Bangla Desh to the growing legions of freedom fighters there. After Field-Marshal Ayub's failure to capture the Kashmir Valley in 1965, the morale of the Pakistan armed forces can hardly

be boosted by holding out Kashmir as an easy prize.

New Delhi, however, is not taking a complacent view. Because, knowing the ways of military dictators, there is no certainty that Yahya Khan would not opt for a desperate gamble. With the haunting prospect of the different nationalists in West Pakistan soon going the way of Bangla Desh, the desperation of the rulers at Islamabad can defy all rational calculations.

There is also the possibility that his rivals among the Generals may force Yahya Khan to the suicidal course. New Delhi's efforts till the last are being directed to preventing Islamabad from forcing an Indo-Pak war as a way out from its quandary in Bangla Desh.

THROUGHOUT the diplomatic campaign from New Delhi has been directed towards keeping the right focus on Bangla Desh, and not let it become another Indo-Pak dispute. At the same time, it has long been realised in the highest circles here that unless the defences are on a 24-hour alert in this crisis, the military adventurists in Pakistan who have had no scruple in unleashing a bloodbath on their own people in East Bengal, may be tempted to go in for further mischief. In other words, any slackening of our defence preparedness may turn to be an invitation to provocation. On the other hand, if the military junta in Islamabad finds that the Indian frontiers are kept in a state of total alert, there is still a possibility that saner counsels may prevail there against going over the brink.

This state of preparedness embraces something more than a military alert. In the rear, the country has to demonstrate a degree of cohesion and unity without which no defence can be reinforced. In this context, not only is New Delhi's

attention directed towards the festering political sore that is presented by West Bengal today, but there is a greater sense of urgency over the need felt to actively combat communalism. The initiative shown by Bihar in holding the anti-communal convention has been appreciatively noted in the Capital. For, it is realised that communalism in any form can play the role of a very effective fifth column for Yahya Khan. Hence, the need to fight it has grown in importance more than ever before.

FRANCE

★ BANGLA DESH

★ MONETARY

★ TRADE

Paris,

There has been a great deal of interest in France about Bangla Desh, India and Pakistan, after the recent conference in Geneva where various United Nations agencies, through which much of what aid there is has been channelled, met to see what they could do about what, even according to their standards, was "an appalling situation". Refugees, it was accepted, were pouring in from East Pakistan into India at the rate of 30,000 a day — and there were already 9 million thrust down upon the eastern states of India. To keep them alive, on a minimal level, would require \$ 1,200 million a year, and of this amount only \$ 118 million has come from the rest of the world — although it is generally accepted that this particular refugee problem is an international one.

THESE UN AGENCIES had run a lot of criticism in June for their

slow reactions, when the world realised what had happened. The relief operations thereafter got under way — two months late. Many governments, like the British, which had promised a great deal, were extremely slow in providing the supplies. A further appeal has now been made for \$ 558 million. In the meantime, the Indian government is reportedly trying to absorb the shortfall into its own budget and this will necessarily land India into a major budgetary quandary. And, what is worse, is that across the Indian border in East Pakistan, the problem is just as bad. At least half the population, now down to about 64 million, are threatened with famine. The hunger is real and there seems to be little anybody is doing about it.

The political situation in Pakistan is, according to reports reaching Paris, even more tricky. Wheels within wheels are seeking to turn the cogs of power — so that the same old power groups continue to rule, if necessary with new "leaders" and figure-heads.

French political and diplomatic circles assert that the military administration in Pakistan acted rashly when it decided that the East Pakistan leader Mujibur Rahman should be tried by a military tribunal. They believe that the administration had thereby restricted its options for manoeuvre as far as the settlement of the crisis to East Pakistan was concerned.

They are inclined to believe that India was bound to take advantage of this mistake made by the Pakistani leaders. The reports coming from India indicate that the Indian Government will make use of the outcome of Mujibur Rahman's trial, which they believe will be enough to provoke general indignation in India and throughout the world in order to expand her military aid to East Pakistan forces and even to recognise the Government of Bangla Desh in exile. The possibility cannot be ruled

out that India may even start an open conflict with Pakistan. Because in the event of a severe sentence on Mujibur Rahman, world public opinion was bound to turn every anti-Pakistani.

These Parisian circles are surprised at the decision of the Pakistani military administration not to extend the proclaimed amnesty to Mujibur Rahman. They also say that Yahya Khan has been compelled to treat Mujibur Rahman not as he would personally like to do. His attitude is believed to be conditioned by local and foreign circles who are not interested in a meaningful or successful solution of the crisis in East Pakistan — for Yahya Khan personally. These circles are obviously guided by selfish aims, namely, to have Yahya Khan do away with Mujibur Rahman, and then remove the President himself who would then have become totally compromised to the point of unpopularity, both in his own country and abroad.

BUT FRANCE itself is much more concerned with its own monetary and trade problems which have been complicated by Nixon's protectionist measures. For a time, the bitterness and anti-US sentiments were hidden behind diplomatic wraps but now the French have begun to say what they feel. The ECC estimates show that at least 300,000 people will lose their jobs if the American measures are maintained, and there could be a one percent cut in industrial output. It is only now that Europe's capital goods manufacturers have begun to realise how seriously President Nixon's package deal was going to hit them. What has riled them is not so much the 10% surcharge, which is bad enough, but the discriminatory investment incentive tax which would be available only for goods made in the US. Great stress has been laid on the fact that the US has flagrantly flouted Article 3 of GATT. Unless patient negotiation can produce

results, a real trade war will become inevitable. And a trade war will be disastrous for all parties.

Understandably, US Secretary of the Treasury Connally's remarks in Washington recently on the possibility of lifting the import surtax for West Germany's goods were, to say the least, unwelcome in business circles in Paris and other ECC countries. Bernard Guillerez, writing in *La Nation*, stated: ".....At the same moment that President Nixon turns his diplomatic efforts towards a *detente* with Communist China and the Soviet Union, he throws the Western world into monetary chaos by maintaining the unrealistic supremacy of the dollar. Not content with that, he is trying to destroy the unity of the European countries. Is this really the way to unify the western world?....." The Communist Party newspaper *L'Humanite* was no more friendly than *La Nation* and commented that Mr Connally's idea sprang from the "politics of division".

But those who were worried about the financial unity of Europe were happy when the West Germans showed clearly that they did not intend to negotiate separately with the United States. As *L'Aurore* put it after the Luxembourg Foreign Ministers meeting: "..... Mr Brandt has reminded us that while the rehabilitation of the United States trade balance (the cause of the crisis) preoccupied the Americans, it also interests Europe, and Europe should contribute to its purification. However, he also said that an agreement along those lines with the United States should not be made to the detriment of European solidarity. On the whole the, Chancellor Brandt expressed his attachment to Europe and he will not secede from it very firmly. The temptations offered by the Americans are thus spectacularly rejected....."

A new dimension will be added to all these problems when the U.K. votes to join the ECC. Will Britain

seek to play down the growing anti-US sentiments in Europe over Nixon's recent monetary and trade measures, or will Britain adopt the hardline attitudes of other European members of the ECC?

IRAN

CYRUS, THE GREAT, MADE THE WORLD'S FIRST DECLARATION OF RIGHTS

IT IS ASTOUNDING TO THINK THAT so long ago, a ruler, with the idea of according peace and quiet to all men, lived within a couple of centuries of a ruler like Assurbanipal, who had an inscription made to mark his decapitation of 600 enemy soldiers on the spot and burning alive of 3,000 prisoners at Ginabou and who boasted "I let 3,000 people feel my word" at Ur.

^s "A new wind blew across the world, carrying away the cries of murdered victims, extinguishing the fires of sacked cities and liberating nations from slavery". Roman Grishman, the famous scholar, writes of Cyrus's campaigns. Until that time, in all the countries of the world government was based on military might and the right of conquest. The first thing most victorious kings did was to oppress, massacre, burn, enslave, and destroy in the conquered lands. Wherever they set foot they destroyed the temples of the defeated nations and threw down their idols.

The Persian empire actually founded in October 539 B.C. started with a declaration which was promulgated after the conquest of Babylon by Cyrus. In this declaration inscribed in baked clay, known as the *Babylonian Cylinder*, excavated in

Babylon in 1879, A.D., and now in the British Museum in London, Cyrus says:

"I AM CYRUS, king of the world, great king, mighty king, king of Babylon, King of the land Sumer and Akkad, king of the four quarters son of Cambyses, great king, king of Anshan, grandson of Cyrus, great king, king of Anshan, descendant of Teispes, great king, king of Anshan, progeny of an unending, royal line, whose rule, Bel and Nebu cherish whose kingship they desire for their heart's pleasure.

"When I, well-dressed, entered Babylon, I set up the seat of domination in the royal palace amidst jubilation and rejoicing. Marduk, the great lord, induced the magnanimous inhabitants of Babylon to love me and I sought daily to worship him. My numerous troops moved about undisturbed in the midst of Babylon.

"I did not allow anybody to terrorize the land of Sumer and Akkad. I kept in view the needs of Babylon and all its sanctuaries to promote their well-being. As to the citizens of Babylon, they saw their heart content because I lifted the yoke that was unbecoming to their social standing. Their dilapidated dwelling I restored. I put an end to their misfortunes,

"At my pious deeds, Marduk the great lord, rejoiced and to me, Cyrus, the king who worships him, and to

Cambyses, my son, the off-spring of my loins and to all my troops he graciously gave his blessings, and in good spirits before him we glorified exceedingly his exalted divinity. All the kings who sat in throne rooms throughout the four quarters from the Upper to the Lower sea, those who dwelt in other types of buildings as well as the Kings of the West who lived in Tents, brought me their heavy tributes and kissed my feet in Babylon.

"FROM ... to the cities of Ashur, Susa Agade, Eshnuma, the land of Gutium, the towns Zambau, Me-Turau, Deri as well as the holy cities beyond Tigris whose sanctuaries had been in ruins for a long period. I returned to their places the gods whose abode is in the midst of them, and housed them in lasting abodes. I assembled all their inhabitants and restored to them their homes.

"The gods of Sumer and Akkad whom Nabonidus had to the anger of the lord of the gods, brought into Babylon, I at the bidding of Marduk, the great lord, restored, unharmed, to their own habitants, delightful abodes. May all the gods whom I have placed with in their sanctuaries address a daily prayer in my favour before Be land Nebu, that my days may be long, and may thou say to Marduk my lord, " May Cyrus the king who reveres thee, and Cambyses, his son"

The capture of Babylon, the so-called invincible capital of the greatest empire of that time, astounded the whole world. For the first time in history a victorious commander declared plainly that the captured city would be under his protection that there would be neither oppression nor trespass, and that no Persian soldier might enter any house.

Babylonian priests declared him to be "the girdle of God" and issued a proclamation acknowledging Babylonian's debt to Cyrus, the Great.

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54th ANNIVERSARY

Growth and Distribution of the National Income in the USSR during the Ninth Five-Year Plan Period.

By Leonid Pekarsky

Moscow,

A fundamental feature of the Soviet state is that each Soviet citizen irrespective of the job does regard himself as a joint owner of the net national product. In the USSR, being free from the exploiting classes, no social group can parasitically appropriate the net national product. The entire national income is used to meet the country's needs and the interests of its people.

By the end of the ninth five-year plan period in 1975, the national income is expected to reach sum of 365,000 — 373,000 million roubles, an increase of 100,000 million roubles over the 1970 figure. What will take place, or to put it exactly, is taking place, in the matter of distributing the national income under the new five-year plan? What are the trends that can be traced?

Let me draw your attention, first and foremost, to that part of the national income which the economists call the consumption fund. The consumption fund increment accounted for 69.2 per cent and 73.6 per cent of the total national income increments obtained during the seventh and eighth five-year-plan periods respectively, whereas during the ninth five-year period it will account for 75.7 per cent, and the accumulation fund increment for 24.3 per cent of the total increment, of the national income.

This by no means signifies that prospects are decreasing for the productive accumulation, i.e., for enlarging production. The point is that the main stress in economic development is now being placed on the better utilization of labour, material and financial resources; on the acceleration of scientific and technological process, and, in the final analysis, on raising labour productivity. In the current five-year period it is planned to obtain a 80-85 per cent increment of the national income due to this factor. Therefore, the increasing production efficiency serves as the chief source of multiplying the Soviet people's material benefits.

THE REAL INCOMES of the population are made up of wages and salaries, the receipts from the social consumption funds and from price cuts. In the new five-year-plan period, the aggregate sum of the population's real incomes will go up by 72,000 million roubles, whereas in the past five years it rose by 54,000 million roubles. In terms per head of population, the real incomes will rise by 30 per cent.

Under socialism the material wealth is distributed according to labour, which is an economic law inherent in the socialist system. He who works more and better, receives a larger remuneration, a higher wage or salary. In the ninth five-year-plan period, the Soviet population will receive approximately three quarters of the accretion in their income through payments for labour. Wages and salaries will rise by 20-22 per cent and payments to peasants for their work on collective farms, by 30-35 per cent.

The current five-year plan provides for a constant realization of the CPSU's programme target of steadily bringing the levels of payments for work close together. In this connection, great attention is paid to the improvement of the

living conditions of the lower paid categories of the working people. During the past 15 years, the minimum monthly wage was increased three times in the USSR, reaching at present 60 roubles.

During these five years minimum monthly wage and salary will be raised to 70 roubles. The basic wages and salaries of the medium paid categories of workers, as well as additions to wages and salaries in a number of regions with rigorous climate, will also be increased. All in all, these measures will affect the interests of some 90 million factory and office workers. As a result, the average monthly pay for workers and office employees will rise to 146-149 roubles.

THE PUBLIC CONSUMPTION funds play an enormous part in raising the standard of living, since the state meets many needs of the people free of charge. These include medical aid, education, physical training and sports. The Soviet state shoulders the expenses on housing construction, the bulk of the expenditures on the upkeep of children's institutions, maintenance of dwelling houses and cultural science of the population.

Payments and benefits accruing to the population from the public consumption funds now comprise a third of the incomes of factory and office workers. Although a powerful incentive in the growth of labour productivity, the payments for labour done entails inequality in consumption. This inequality can be intensified by the fact that different families contain different numbers of children and disabled members. Therefore, even equal payments are distributed among different numbers of consumers.

The aim of the public consumption funds is to provide every member of Society with wide opportunities for meeting his requirements, without

diminishing the economic role of wages. In 1970 every family of four received 1,048 roubles from these funds.

It is clear that families with the smallest cash income per each member will benefit by the rapid growth of the consumption funds most of all. The share of free benefits in these families' total volume of consumption is, as a rule, larger than in those with higher incomes. Besides, they receive these benefits on more privileged terms. For instance, the maintenance of every child in a kindergarten or creche costs the state from 400 to 500 roubles a year. The parents' share in this depends on their wages and salaries and accounts for 15-25 per cent of the total costs. As a result, the real incomes of different groups of population are to a certain degree levelled and their children can develop under equally good conditions.

IN THE CURRENT five-year plan period, the public consumption funds will increase by 40 per cent, so that in 1975 it will amount to 90,000 million roubles, or 350 roubles per each person. It is planned substantially to increase the material assistance to families with children, to extend the privileges of the working mothers and increase the number of paid days of absence to attend to sick children. Big sums of money will be spent on the expansion of the network of children's institutions. Kindergartens and creches, accommodating more than 2,000,000 children will be built in the period between 1971 and 1975 at the state's expense.

The state makes vast allocations for promoting social maintenance. Since July 1, 1971, the minimum old-age pensions have risen to 45 roubles a month. The minimum pensions for collective farmers were likewise increased, as well as those for invalids and families that have lost their breadwinner.

The state also allocates large amounts of money for the promotion of public education, culture and health services. During the current five years new general educational schools for some 6,000,000 pupils will open. As many as 9,000,000 specialists with higher and secondary education will be trained. In 1972, the scholarships will increase by 25 per cent in higher schools and by 50 per cent in specialized secondary schools.

A GREAT DEAL of what is being done through the public consumption funds is directed at raising the living standards of the lower-paid categories of workers and employees. This includes the introduction of cash allowances for children where the total family income is comparatively low, the increase of the minimum pensions, the increase in scholarships, the extension of scholarship eligibility and the ramification of the network of schools and pre-school institutions.

One more highly efficient way for raising the living standards and the cultural level of the working people in towns and villages is the steady improvement of their skills, and, hence, the rise in their incomes.

The planned development of socialist production makes it possible to transform unskilled labour, mechanize technological processes and introduce automation. Under socialism this does not signify loss of a job, for there is no unemployment in the USSR. Moreover, this step is aimed at lightening his labour. All technical development plans of factories provide for the improvement of their personnel's skills. In the current five years, some 9 million highly-skilled workers will be trained in the USSR and, of course at state expense.

GREAT ATTENTION is being paid to the re-training of workers

right on the job. Auxiliary workers and those whose jobs involve hard labour receive new trades and professional knowledge at factory schools and courses. This also leads to higher pay. Scientific and technological progress under socialism facilitate the solution of such key social problems, as the removal of essential distinctions between manual and mental work and between town and country and the creation of favourable conditions for the all-round developments of the personality.

To sum up, this is the real meaning of the socialist system of distributing the national income in the USSR, and its major part — the public consumption funds.

CHILE

THE COPPER WAR — THE NEW WAY

Santiago,

The Government of National Unity headed by President Salvador Allende has been in power in the Republic of Chile for less than a year only. Yet, the changes for the better that have occurred in this period are more significant than those that took place during the many years under previous governments. Many successes have been scored in the restoration of Chilean national wealth.

Copper is the principal wealth of the country. Now it belongs to the Chileans. The biggest copper deposits, such as Chumcamata, El Teniente, El Salvador and Andina, have been nationalized. In mid-September one of the major plants of the Republic, Madeco copper-smelting works that consists of two plants situated in Santiago and Anto-

fagasta were placed under state administration.

The Government is taking over the control of the metal industry as well: it has already bought out the shares that belonged to the American Bethlehem Steel Corporation and the shares of the coal-mining Lota-Schwager company. The Chilean state now owns nitrate interests, 26 formerly private banks and the principal textile mills. The Government has also gained control over the activities of such foreign enterprises as Ford Motor Company, Nibso and Purina. Two plants for the distribution of liquid gas and petroleum products have already been built by the State. On September 22 the American International Telephone and Telegraph Company was nationalized as well.

THE RESULTS of the changes became evident almost immediately. The production of copper increased by more than 14.5 per cent during the first five months of the current year as compared to the corresponding period of the previous year. The output of copper at the Andina mines was 19 per cent more in August than in July which is a record increase in production since the mine became operative. In July alone, the output of finished articles by the country's industry increased by 7.9 per cent in comparison with the same period in 1970. In the first half of the current year the coal output in Lota-Schwager mines increased over 30 per cent.

At the privately-owned enterprises the so-called Industrial Committees of vigilance are formed. Their task consists in exercising control over the process of production, in countering sabotage, black market and growth of prices, as well as in assisting and supervising the fulfilment of the terms of agreements between the employers and trade unions, trying to ensure increase in the output of goods.

There is a campaign under way in the Republic to create volunteer teams of workers and students to build houses, schools, hospitals, sports grounds, play grounds etc.

The Allende Government is active in introducing social reforms in agriculture as well. The agrarian reform is carried out on a very wide scale. Over 1,300 big estates were expropriated by the 1st of September, 1971. The Chamber of Deputies of the National Congress decided some time ago that estates belonging to the deputies are obliged to turn over their excess land to the Agrarian Reform Corporation.

Wages, salaries and retirement pays in the country were raised which resulted in increasing the purchasing capacity of the population. Since the beginning of this year, according to the Decree of the Government over 3 million children of school and pre-school age receive daily half a litre of milk free. A decision was adopted to improve medical care of women and children. There are plans to introduce free medical care for workers and farmers in the nearest time.

A number of steps have been taken to improve education by making it universally accessible. Already this year 120 thousand more people than in the previous year were admitted to educational institutions in the country.

THE SUCCESS of the first steps taken by the government of the National Unity makes it the object of the frenzied attacks of the United States which, in collusion with the local reactionaries, does everything and anything to interfere with the normal functioning of nationalized enterprises. It is the United States and its agencies which are responsible for this dislocation of work, and for the attempt to organise the forces for a *coup d'etat*

and the overthrow of the Government of National Unity which the US does not find to be to its liking. Big shipments of weapons were smuggled into the country to arm rightist terrorist groups. That caused the Chilean Government to publish this September 23 a Decree strictly prohibiting the import to the country of arms and ammunitions as well as their transportation in the Republic's territory. The Chilean Ministry of Defence alone can do that.

The policy of Allende government is warmly welcomed and supported by the overwhelming majority of the country's population. That is evidenced by many meetings and manifestations in support of the Government's decisions and against the intrigues of foreign and local reactionaries which are attended by many thousands of people.

Latin American countries attentively follow the developments in Chile and the execution of the program of the National Unity Front. The Chilean experience has shown that the country should not fear US monopolies if the policy of its government aimed at defending the national economy is supported by its entire population. Peru, Venezuela, Equador and a number of other countries are also nationalizing major industrial interests.

Latin American nations gradually come to realize that only their own efforts can ensure their economic and political independence from foreign — mainly North American capital.



PERU

STRUGGLE FOR A NEW LIFE

Lima,

On October 3rd, the Peruvian people solemnly marked the third anniversary of the coming to the power of the present Government of the country. The three years of the present regime have greatly transformed the economic, social and political life in Peru.

In the recent past, Peru's economy wholly depended on US monopolies. It is, therefore, understandable that the Peruvians have always associated progress and improvement of their living conditions primarily with the liberation from this dependence, with obtaining opportunities for solving their problems on their own. It is towards this end that the present Government of Peru is pooling all its efforts which find complete support among the broadest sections of the nation.

WITHIN A FEW DAYS after the accession to power, Peru's Government nationalized the American International Petroleum Company which operated freely and without control in the country, and instead set up a national company. The reform in agriculture is being carried out successfully. The lands expropriated from the big landlords are being given to peasants. The Government also supports the setting up of agricultural co-operatives, and on the basis of large nationalized estates agrarian-industrial facilities have been set up. State control has been introduced over the production and export of sea products, mainly fish meal, in the manufacture of which the country, as is known, occupies the first place in the world and which gives it a large share of foreign currency reserves.

Control has also been established over all bank operations which made it possible to put an end to the black market selling of, foreign currency and stop its drain from the country. The Government has passed a series of laws and decrees which are to boost the general industrial development of the country and improve the living conditions of the people.

As a result of all these measures, the Gross National Product (GNP) of Peru is on the upgrade. Speaking on September 8th of this year at a meeting of the Association of the Leaders of Trade Enterprises, Peru's Minister of Economics and Finance General Francisco Morales Bermudes, pointed out that during the first six months of this year, the country's GNP increased by 3.5 per cent compared to the same period last year. There has been an 18 per cent increase in the construction industry, a seven per cent increase in the power production and a 30 per cent increase in the fishing industry etc.

IN THE FIELD of foreign policy Peru is steering a course which has given it high authority in the Latin American continent. The statement of Peru's Foreign Minister, Edgardo Mercado Harrina, made at a press conference in New York with regard to the introduction by the United States of a 10% additional import duty, has been hailed by all Latin American nations. The Minister said that this measure would have a baneful effect on the economics of developing nations and called on these nations to set up a united front and take retaliatory measures. He stressed that the developing countries should not be made to pay for the economic crisis in the United States.

This independent foreign policy of the Peruvian Government provokes the hostility of both the United States and the local circles which are closely connected with

American capital. These circles are doing their utmost to make the country give up its independent policy. During the entire three years of the new regime. U.S. monopolies and the American Government have been exerting pressure on Peru, applying economic sanctions against it, and even encouraging plots inside the country, organizing the acts of sabotage, terror and provocations.

Quite recently, for example, the House Agricultural Sub-Committee of the American Congress adopted a resolution for increasing by 20 dollars the customs duty on each ton of sugar imported from Peru. This decision of the US Congress has set off a wave of protest throughout Latin America. So now, the American Government does not dare implement its decision.

In the middle of September, the government exposed a group of provocateurs who tried to use the teachers' strike as an instrument for organizing anti-Government acts. At the press conference which took place in the Peruvian capital on September 16, a spokesman of the Ministry of Interior said that members of special sabotage groups of the "people's party" — APRA — have been arrested. This party is closely connected with US monopolies.

THE UNITED STATES does not give up attempts at changing the existing regime in Peru. The Peruvian newspaper *Expresso* in its issue of August 28 of this year wrote about the activities of the reactionary circles in the country: "It seems that everything is taking place according to a well-written scenario. Somebody is trying to organize the escalation of unrest similar to that which was attempted in Chile and which succeeded in Bolivia".

During his recent trip through the country, Peru's President, Juan

Velasco Alvarado, repeatedly stressed in his speeches the intention of the Government unflinchingly to pursue a policy of protecting the "deceived, downtrodden and exploited". Pointing out that a plot is being concocted which is financed by the local oligarchy and from abroad, the President stated that the Government is determined to crush any conspiratorial attempt of Reaction.

While pointing out to the growth of the movement in the countries of Latin America in defence of their national riches, the American magazine, the *US News and World Report* stated in its issue of April 26 of this year that nationalism raised its head so high because in Latin America and in other developing areas of the world the people have realised that they have no share in the "good life" and are therefore determined to right this wrong.

USA

CONFRONTATION WITH CHILE — NEW PROBLEMS

New York,

Relations between the USA and the Chilean government of President Salvador Allende have reached the lowest point of deterioration since the new government came to power last year. The USA has much to be worried about, particularly about the way President Allende has moved in on the foreign copper interests in his country. Nationalisation of mineral resources has been a popular theme in all Latin American countries, and it was noted in the US that not a single senator or deputy had stood up to oppose the copper nationalisation law passed by the Chilean Congress on July 11, 1971.

But the way that Dr Allende is applying the law has provoked the US to "retaliate" in a hesitant sort of way.

DR ALLENDE had always promised to *compensate* the three American companies affected — Anaconda, which used to run Chuquicamata, the largest opencast mine in the world, Kennecott, which formerly held El Teniente, the world's biggest underground copper mine, and the Cerro Corporation, which came later and has much less to lose. The Chilean government took its time to decide what the book value of the investment amounted to, and in the meantime Dr Allende had presented the companies with a hefty bill of some \$ 770 million for "excess profits" and another king-size bill for repairs to plant and equipment amounting to \$ 1 billion. It is clear that Dr Allende's bill for "excess profits" exceeds the American estimates of the investment, viz \$ 700 million. Many observers feel that this action by the Chilean President is a "manoeuvre designed to camouflage outright compensation". If the Chilean devise to sidetrack compensation succeeds, it will naturally set in motion a chain — reaction — of nationalisation of American investments throughout Latin America. The USA has no alternative but to face this confrontation squarely — if it is not to lose all its investments in Latin America.

Another problem has also arisen over Insurance. The Overseas Private Investment Corporation (OPIC), an official American agency, will have to pay some \$ 120 million to the three mining companies in insurance payments if their investments are confiscated — and it also faces the prospects of having to pay another \$ 100 million to the International Telephone and Telegraph Co (ITT), whose assets in Chile were taken over by the Government recently. Since OPIC's reserves are only

worth about \$ 126 million, it will have to ask Congress for extra funds.

The Chilean Foreign Minister, Sr Clodomiro Almeyda, has said that he expects the USA to apply economic sanctions against Chile. Already economic aid to Chile has been cut by the USA from August. Whether the US will enforce sanctions on Chile is yet to be seen, but hard-line politicians seem to prefer to close the US market to Chilean export trade which last year had amounted to \$ 154 million including \$ 112 worth of copper exports. In view of Chile's foreign exchange difficulties and the world glut of copper, such a trade embargo, it is felt, may cause Chile to reconsider some of its policies. There has even been talk about breaking off diplomatic relations, but by this there is no doubt that the US stands to lose more than to gain. "The climate in Latin America has changed radically since the Americans forced the expulsion of Cuba from the Organisation of American States, and Chile would be generally seen as the injured party". In the circumstances, US options as to how it can deal with Chile are limited and difficult.

Already, however, the US has begun to take a hard line. Chile had wanted a loan of \$ 21 million to buy three Boeing jets for the Chilean national airline LAN CHILE. The Export-Import Bank (an entirely US institution) refused the loan. Various reasons were given why the Bank had turned down the loan, but it is felt that the refusal was political rather than commercial. US interests have accused Chile of discrimination against the United States because Chile has left German, French and Dutch properties alone. US airplane manufacturers are, however, worried that Chile may turn to the USSR for commercial planes and there is every likelihood that the Soviet Union would

respond quickly on the most attractive terms.

COMMENTS have been sharp and bitter in the US about the Allende method of nationalisation, but it must be said the comments have been mild, comparatively speaking, to what would have been said a few years ago. There is none of the old sabre-rattling which had been inevitable when Latin American governments had staged a revolt against the US. The interpretative piece written in the *Christian Science Monitor*, on September 30, by James Nelson Godsell, is typical of what the more responsible journals have written. It was a long article, but the following excerpts reflect the trend of thinking:

“.....Chilean Marxist President Salvador Allende Gossens has set the stage for the long-expected confrontation between his government and the United States. As expected the issue will be, compensation to United States companies for their nationalized coppermines. And the whole point of the confrontation is simply this: there probably won't be any. That is how observers are reading the announcement this week by Dr Allende that two United States copper firms will be required to pay Chile \$ 774 million in excess profits — an amount considerably larger than the book value of the nationalized property. In his broadcast speech to the nation, the Chilean leader said that compensation to the two firms would be shaved by the \$ 774 million figure because of excessive profits they are held to have earned over the last 16 years. On the basis of the Allende announcement it is possible that the two firms — Anaconda and Kennecott — could end up owing the Chilean Government millions of dollars....”

The *New York Times*, in an editorial on October, 3, 1971, summed up US reactions on this problem in a succinct way. It said:

“.....During his eleven months in office, President Allende has often promised fair compensation for American and other foreign enterprises nationalized in Chile. He has now defaulted on that pledge with a bizarre book-keeping maneuver that effectively nullifies the possibility of any payment for three nationalized copper mine previously owned by two American firms. This default may have been inevitable, given the Marxist domination of Dr Allende's coalition Government. Leaders of his own Socialist Party and their Communist allies have insisted for months that Chile should pay no compensation for the Anacodan and Kennecott copper properties. In this, as in other matters, Dr Allende may have been swept along by forces he could not control.....”

“In any event no objective observer will be persuaded by Dr Allende's claim that he acted 'rationally and legitimately' in arbitrarily deducting \$ 774 million for 'excess profits' over the last fifteen years from compensation due to the two firms. Kennecott points out that its alleged excess profits exceeds its total earnings from Chile during this period. Even less defensible is another deduction of \$ 1 billion—at least twice the estimated value of the American holdings — claimed by Chile's copper Corporation for alleged deficiencies in property, equipment and plans at the mines and mills.....” Far more is at stake here than the fate of the two firms and their past sins in Chile, real or fancied. In an action widely hailed in the hemisphere as industrial statemanship of a high order, Kennecott in 1967 offered a partnership in which the Government of Chile would hold a 51 per cent interest. Two years later Anaconda responded to pressure from President Frei, Dr Allende's predecessor, and negotiated a comparable partnership with Chile for its copper holdings.

“In effect, Chile has now changed the rules for the copper companies

for the third time in less than five years. The question of good faith raised by what amounts to confiscation of these properties is bound to discourage the investment from abroad that Chile needs — and insists that it wants under proper conditions, such as the kind of partnership arrangements the copper firms had accepted. The actions cannot improve Chile's chances for the assistance it requires from such lending agencies as the World Bank and the Inter-American Development Bank. And it will make vastly more difficult the achievement of those 'best possible' relations with the United States that Dr Allende has often said he wanted.....”

USA

NIXON IS SAID TO HAVE TOLD CHIANG IN APRIL OF SHIFT IN CHINA POLICY

Washington,

President Nixon was reported to have advised President Chiang Kai-shek late last April that the United States planned to support the seating of Peking in the United Nations this autumn. A message that the United States was dropping its long-standing opposition to mainland China's entry into the United Nations but would fight any effort to expel the Nationalists was reported to have been carried by a former Under Secretary of State, Robert D. Murphy. Administration officials said that Mr Murphy had notified President Chiang in April of what has emerged more recently as the Administration's official policy of dual Chinese representation in the United Nations.

MR MURPHY, who is chairman of board of the Corning Glass Company, has confirmed that he had visited Taipei, the capital of Taiwan, late in April in connec-

tion with his Company's plans to build a plant to produce television parts. He also confirmed that he had been received by Generalissimo Chiang and Mrs Chiang, whom he met first in Cairo in 1943 and again in Taipei in 1952, but he declined to comment on any political conversations he might have had during this audience. For Mr Murphy, who is 76 years old, the mission in Taiwan was the latest in a long series of special assignments, many of them highly confidential, that he has undertaken for four Presidents since his retirement from the State Department in 1959.

Under the circumstances, the announcement by Secretary of State William P. Rogers that the United States would support the seating of Peking along the retention of the seat for Nationalists, could have come as no surprise to the Government in Taiwan. This was in marked contrast to President Nixon's announcement on July 15 that he would visit Peking before May, 1972, and that Henry A. Kissinger, his assistant for national security affairs, had just returned from a secret mission to China. James C. H. Shen, the Nationalist Ambassador here was informed of Mr Nixon's announcement by Secretary Rogers only 20 minutes before the President spoke to the nation on radio and television.

Mr Murphy had met President Chiang about three weeks after Peking responded for the first time to the Nixon Administration's overtures for improved relations by issuing an invitation on April 7 to a United States table tennis team to visit China. This invitation is generally regarded as having been a major turning point in Washington-Peking relations. It appeared to be a response to the State Department's announcement on March 15 that the 20-year ban on travel of Americans to mainland China was being lifted.

Reconstructing the spring's events, informed officials here said

that the invitation to the American table tennis team set in motion secret negotiations that eventually lead to Mr Kissinger's visit to Peking.

USA

HOW NIXON SIGNALLED HIS CHINA POLICY FOUR YEARS AGO

Washington,

The announcement on July 15, that Kissinger had just returned from a secret visit to Peking and that President Nixon would go to China before May 1972, had come as a political and diplomatic bombshell to a large number who should have known better. It had been obvious, for a long time, to all knowledgeable observers that the Nixon Administration was edging towards a new policy on China. The ping pong games in April only marked the beginning of the end of phase one.

Actually, this change should have been expected. Two years before he became President, and four years ago, in October 1967, Nixon had written an article in the prestigious magazine Foreign Affairs on the question of US attitudes to China. This article had been reprinted in the US News and World Report of October 23, 1967. And ever since Nixon had come to the White House, he had quietly taken steps to secure a new US policy towards China, but it was in his third year that he was able to get moving — his proposed visit to Peking and China's admission to the UN (but he failed to prevent the expulsion of Taiwan) — and it will be in that last year of his term that he will go to China (that is, if all goes well). With his visits to Peking and Moscow next year, it is believed that Nixon will win his second term without too much difficulty.

Below are a few excerpts from Nixon's article first published in October, 1967. ".....Any American policy toward Asia must come urgently to grips with the reality of China. This does not mean, as many would simplistically have it, rushing to grant recognition to Peking, to admit it to the United Nations and to ply it with offers of trade — all of which serve to confirm rulers in their present course. It does mean recognising the present and potential danger from Communist China, and taking measures designed to meet the danger. It also means distinguishing carefully between long-range and short-range policies, and fashioning short-range programs so as to advance our long-range goals.

"Taking the long view, we simply cannot afford to leave China forever outside the family of nations, there to nurture its fantasies, cherish its hates and threaten its neighbours. There is no place on this small planet for a billion of its potentially most able people to live in angry isolation. But we would go disastrously wrong if, in pursuing this long-range goal, we failed in the short-range to read the lessons of history...

"The world cannot be safe until China changes. Thus our aim, to the extent that we can influence events, should be to induce change. The way to do this is to persuade China that it *must* change, that it cannot satisfy its imperial ambitions, and that its own national interests requires a turning away from foreign adventuring and a turning inward toward the solution of its own domestic problems....."

"If the challenge posed by the Soviet Union after World War II was not precisely similar, it was sufficiently so as to offer a valid precedent and a valuable lesson. Moscow finally changed when it, too, found that change was necessary. This was essentially a change of the head, not of the heart. Internal

evolution played a role, to be sure, but the key factor was that the West was able to create conditions— notably in the shoring up of European defences, the rapid restoration of European economies, and the cementing of the Atlantic Alliance—that forced Moscow to look to the wisdom of reaching some measure of accommodation with the West. We are still far from reaching a full detente, but at least substantial progress has been made.....”

“During the next decade the West faces two prospects which together could create a crisis of the first order: (1) that the Soviets may reach nuclear parity with the United States; and (2) that China, within three to five years, will have a significant deliverable nuclear capability, and that this same China will be outside any non-proliferation treaty that might be signed — free, if it chooses, to scatter its weapons among ‘liberation’ forces anywhere in the world.”

“This heightens the urgency of building buffers that can keep the major nuclear powers apart in the case of ‘wars of national liberation,’ supported by Moscow or Peking, but fought by proxy. It also requires that we now assign to the strengthening of non-Communist Asia a priority comparable to that which we gave to the strengthening of Western Europe after World War II.....”

“Some counsel conceding to China a sphere of influence embracing much of the Asian mainland and extending even to the island nations beyond; others urge that we eliminate the threat by pre-emptive war. Clearly, neither of these courses would be acceptable to the United States or to its Asian allies. Others argue that we should seek an anti-Chinese alliance with European powers, even including the Soviet Union. Quite apart from the obvious problems involved in Soviet participation, such a course would inevitably carry connotations of Europe

vs. Asia, white vs. non-white, which would have catastrophic repercussions throughout the rest of the non-white world in general and Asia in particular.....

“If our long-range aim is to pull China back into the family of nations, we must avoid the impression that the great powers or the European powers are ‘ganging up’. The response should clearly be one of active defense rather than potential offense, and must be untainted with any suspicion of racism.....”

“For the United States to go it alone in containing China would not only place an unconscionable burden on our own country, but also would heighten the chances of nuclear war while undercutting the independent development of the nations of Asia.....”

“The primary restraint on China’s Asian ambitions should be exercised by the Asian nations in the path of those ambitions, backed by the ultimate power of the United States. This is sound strategically, sound psychologically and sound in terms of the dynamics of Asian development. Only as the nations of the non-Communist Asia become so strong — economically, politically and militarily — that they no longer furnish tempting targets for Chinese aggression, will the leaders in Peking be persuaded to turn their energies inward rather than outward. And that will be the time when the dialogue with mainland China can begin.....”

“For the short run, then, this means a policy of firm restraint, of no reward, of a creative counter-pressure designed to persuade Peking that its interests can be served only by accepting the basic rules of international civility. For the long run, it means pulling China back into the world community — but

as a great and progressing nation, not as the epicenter of world revolution.....”

*

These excerpts show the logic of Nixon’s thinking on the question of China, and incidentally even on the Soviet Union. And it brings home another important fact that whilst Democratic Presidents and the Democratic Party took a tougher hard line towards Communist China — they wanted a change in Peking before starting a dialogue — the Republicans had a more realistic and pragmatic approach — that a dialogue must start to induce changes in China’s policies which would entitle her to a place in the family of nations.

There is no doubt a touch of patronising aloofness in the way that Nixon and the Americans want to induce changes in other countries, including big powers like China and the USSR, but with all the wealth, power and military strength of the US this is the least that could be expected. Other powers with much less often assume more pretentious and arrogant postures which seem absurd and ridiculous.



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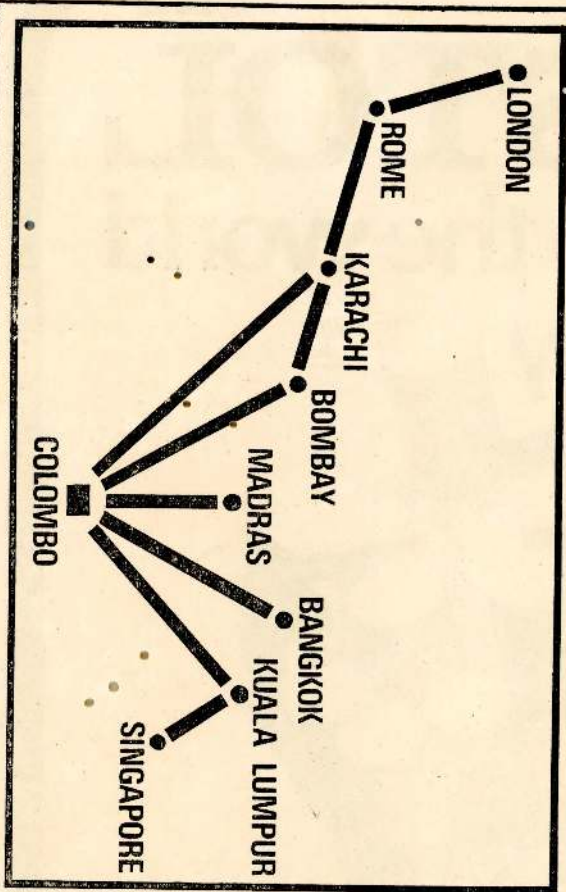
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