

TRIBUNE

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RICE
PRODUCTION
FIGURES
MASSIVE
DEVALUATION

SHERLOCK
HOLMES
CHILLIES,
MILK BOARD

BADULLA

CHRONICLE
Nov. 22—30

BURMA
PERU,
U. S. A.,
U. S. S. R.



WITH COMPLIMENTS

C. V. BHATT

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Tribune

IN THIS ISSUE

About the Contents.

ON THE COVER in this issue we have a picture of Dunhinda Falls near Badulla. Sivagurunathan has written a nostalgic piece about his stay in Badulla. The Editor has in his Notes drawn attention to certain significant developments in the world and also to the method of making estimates of paddy production in Sri Lanka which had resulted in exaggerated and inflated and even bogus figures.

Pertinax has sent us a short piece in which he points out that the massive devaluation of the Sri Lanka rupee inherent in the budgetary proposals and other measures taken in connection with the Budget must inevitably lead to a situation of great distress in this Island. It is a gloomy piece about a gloomy situation. And we do not have to wait long to see whether Pertinax is right or whether the tom-tom beaters of the UF government in the press and the radio are correct. The latter have claimed that the 1973 budget will take Sri Lanka far on the road to a new prosperity unheard of before.

Sherlock Holmes is again on the warpath on the

question of chillies and also has started an investigation into certain aspects of the operations of the Milk Board. He castigates the army and police units which led raids on cultivators and traders who had small stocks of chillies. These raids and seizures, however, have revealed that there are no hoards of any sizable magnitude and the Government it is now reported has decided to import at least 1000 tons of dried chillies at £172 a ton. What Sherlock Holmes has to say about the Milk Board will horrify some readers, but those who are no longer sensitive to the malpractices and inefficiency in our state organisation will be only amused. The Chronicle in this issue, covers the period of November 22 to November 30

After a long time we have been able to devote some space for Reports from abroad. We have a piece about Burma. This was sent to us by friends of Burma in Ceylon. We have a piece from Moscow about a new phenomenon best described as the "cool war" (and not cold war and is opposed to the term "peaceful co-existence") A note on the Peruvian dilemma about its fishing industry as a result of the

warm current which has lingered on too long makes most interesting reading. From Washington we have a hard-hitting piece on the attempts to restrict satellite communications.

For the Record, we have the Revenue Proposals of the Minister of Finance made at the conclusion of the Budget Speech. It has been pointed out in Tribune that the Revenue Proposals do not hang on the logic and motivation of the Budget Speech. It seems an alien body grafted on forcibly on the Budget Speech which is a remarkably lucid document setting out the realities of the current economic situation in Sri Lanka. But the Revenue Proposals seem to be another cup of tea. In these proposals are found the germs of the self-defeating measures this Government has proliferated ever since it came to power in May 1970.

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RAMBLING NOTES

FROM THE EDITOR'S DESK

Change:

Paddy Production

Figures

WINDS OF CHANGE continue to sweep through the world. In New Zealand and Australia, the old conservative parties have been thrown out at the General Elections by the Labour Movement which have in both countries won convincingly with landslide majorities. What their new domestic policies, especially on the economic front will be, is hard to say, but in foreign affairs they have announced more "independent" policies than those followed by the predecessor government. For one thing, both governments have decided to recognise China and they have both taken immediate steps to implement this decision. The new Australian government has instructed its representative in the United Nations to take radically different attitudes from what had been earlier adopted on certain key issues like Rhodesia.

At the time of writing, *Apollo 16* is on the way to the moon. The Soviet Union has test-fired a rocket missile into the Pacific with a range of 4000 miles. An unusually large number of air crashes

have taken place in practically all big countries in recent months. A Jap Air Lines plane crashed near Moscow recently and a big plane crashed near Chicago a few days ago. In Vietnam the fighting is still going on. The Americans continue to bomb North Vietnam with a ferocity which is difficult to understand, and the Vietcong and the North Vietnamese are attacking the suburbs of Saigon itself. Whilst this ding-dong struggle goes on, Dr. Kissinger and Le Duc Tho are persistently continuing their negotiations in Paris. Whilst President Nixon has repeatedly stated that peace in Vietnam was imminent and that he was confident that a Vietnam peace would be a reality soon, Madame Binh has given the opposite impression to newspapermen in Paris.

There is ferment and change in very part of the world. Not since the break up and disintegration of the Roman Empire has there been so much change. Wealth and ostentatious living exist side by side with poverty and misery and this confrontation, more than anything else, has contributed to the change. In Sri Lanka, too, change is the keynote of existence. We have moved into an era of new laws. We live with ceilings and other restrictions. What the new society, which will emerge from all this change, will be like is hard to predict. But

there is not the slightest doubt that unless some fundamental measures are adopted to give direction to economic development, production in Sri Lanka will be on the downgrade. How far down we will have to go before a new upsurge of change will bring new measures to ensure increased production is something which is even more difficult to predict. Will we hit the rockbottom in 1973? Or will it be in 1974? It is only after we have reached the very bottom that something may happen to awaken people to realities and impel them to do eight hours work for eight hours pay.

WHILST THESE gloomy prospects are apparent to all except the myopic who feel that the United Front cannot do wrong, Sri Lanka has been compelled to import increased quantities of rice to be landed in the island before the end of December. Reports indicate that about 325,000 tons have been imported. Pakistan had sold us 95,000 tons and China an additional 30,000 tons. This extra purchasing totals up to 125,000 tons, and under the Rice and Rubber Agreement Ceylon had imported 200,000 tons.

But there has been a great deal of official tomtom beating about the increased rice production in 1972 that many were led to believe that self-sufficiency was round the

corner. The Paddy Marketing Board was set up and there was jubilation that every grain of paddy harvested would be channeled into government granaries by granting the Paddy Marketing Board monopoly rights in the rice business.

The activities of the Paddy Marketing Board must be examined separately but in this note attention will be drawn to another matter of great importance. *Tribune* has always contended that the government statistics for paddy production were unreal and that they were highly inflated. And each time there was a shortfall between estimated figures and the actual figures of paddy coming into the GPS (and now the PMB) stores, some excuse was trotted out. For 1972, the drought provided a valid smokescreen but the magnitude of the shortfall was much more than what was due to the drought.

For 1973 the projected estimates for rice production were such that Sri Lanka had told the Chinese that we will import less rice from them; *Tribune* has insisted that the 1973 estimate was also an exaggerated inflation. And a news item on the Radio (this will probably be carried by the newspapers shortly) has revealed one main reason for tremendous error in estimates. The Radio announcement

stated that from next year the method of making estimates of paddy production would be changed so that more realistic figures are obtained.

So far, it would seem, that estimates were made on the basis of test plots which the Department of Agriculture set up at different points in every paddy growing area. The yields from these test plots were made the basis for the projected estimates. The yield in terms of bushels on these test plots were coupled with the acreage under paddy and, by a simple process of multiplication, the production figures for each area was obtained and when all these figures were added, we had a grand total which was proclaimed as the paddy production figures for Sri Lanka.

The test plots are show-pieces on which the Department bestow much care, adequate fertilisers and the necessary doses of weedicides, insecticides, and also water. Very high yields are registered, but the fields of the ordinary farmers in the same area do not get yields anywhere near the Departmental test plots which are usually about 40' x 20'. Sometimes they are bigger, and sometimes smaller, and they can be at best be nothing more than show-pieces. To make these test plots the basis of calculating production figures is undoubtedly a deliberate

method of falsifying figures motivated with a desire to make the Department of Agriculture appear to be what it is not: a miracle-maker.

The radio news said that more realistic methods would be adopted next year to arrive at paddy production figures. We have not been told how the new computations will be made and one can only hope that it will not be a repetition of the same old story.

DEATH TAXES AND THE BUREAUCRATS

Francescantonio Moscardelli of L'Aquila (Italy) says the old adage about nothing being certain but death and taxes is not quite correct. There's also the bureaucrats, he says. Every year since 1969 he has received notification to pay inheritance tax on property owned by his wife, considered by the city revenue office to be deceased. Since his wife is very much alive, Moscardelli has been going to the revenue office each year to protest and clear the matter up. No use. Last year he brought his wife to the revenue office in person. Nevertheless, this year he has received another notification.

Tribunania

The Balanced Budget: IMF: Gloomy Prognostications.

by PERTINAX

INSPIRED REPORTS in different daily papers in the last fortnight indicate that the Ministry of Finance believe that the IMF was satisfied with the steps taken by the Government in the last Budget and that Sri Lanka was likely to obtain IMF credits and loans. There has been no official news from the IMF but the reports in our papers, which are obviously inspired by government circles, seem to be in a hurry to assure the public in Sri Lanka that the latest UF budget was a miracle which has satisfied "the progressive yet suffering masses" in the island, on the one hand, as well as appease the "reactionary bourgeois bankers of international finance" in the IMF, on the other.

For the moment, at any rate, the Government appears to have succeeded in keeping the masses happy because the price of rice, flour and sugar has not been touched and also because of the fact

that the fast dwindling class of "rich" people have been unmercifully "hit". There have been some spectacularly melodramatic taxes like extra levies from owners of Sri car owners—which while not bringing in much revenue will whet the sadistic envy of the "poor downtrodden".

What the Government believes will satisfy the IMF is the massive devaluation which has been imposed. Not many have realised (or know) that the currency parity rates were changed by a Gazette notification on November 12/13. The excuse was presumably the floating sterling, but though it was floating there was no big variations in its price.

The rate of the Rupee vis a vis the dollar was quietly changed from about Rs. 5.90 to the US dollar to Rs. 6.71.

If one is to call a spade a spade, and if terms have any meaning at all, this change in the dollar rate was devaluation amounting to almost 20% (it is not worthwhile working out the decimals in a period of floating currencies...). But since the word devaluation is taboo in the jargon and idiom of the United Front, nobody has called it devaluation. It has been simply described as a change in the parity rates.

The UF leaders at the time the UNP devalued the Rupee in 1967 had

howled so hard and so long about the horrors of devaluation that it would not do for the UF government to resort to devaluation as a device to win an approving nod from the IMF which has always been described by the UF as neocolonialist conspiracy to sustain the capitalist system.

Not once in the entire Budget Speech of the Finance Minister has the word devaluation been used: nor has there been any reference to the IMF or its recommendations. This was no doubt to satisfy the old United Front phobia against devaluation and the IMF. But there was a concerted attempt to placate and appease the IMF and the World Bank and to meet their recommendations and requirements as far as possible—though the means adopted have not been straight forward but devious.

THE IMF had wanted a cut in the food subsidies as a prelude to removing the food subsidies at a later point of time. The IMF had also wanted a further devaluation of the Sri Lanka rupee to invest our currency with an economic reality in terms of world currency parities.

In the Budget, the cut in the food subsidies was nominal and token. The free rice was taken off income tax payers and this would give the Govern-

ment a saving of Rs. 25 million which is only a very small fragmentary portion of Rs. 800 million which the Government spends on food subsidies. The IMF had, for obvious political reasons, not insisted that the entire food subsidies be cut at one go. The IMF was keenly aware of the fact that all parties in the National State Assembly including the rightwing conservative pro-capitalist UNP was wedded to the policy of food subsidies and free rice. The IMF had wanted a reasonable but sizable cut in the food subsidies (this could be partially achieved by increasing the price of flour and sugar and making greater profits to offset what it spent on subsidised rice), and at the same time a reasonable level of devaluation by whatever means possible. The IMF also wanted consumption expenditure—of individuals, groups, and private and the public sector organisations—to be cut down. At the same time, expenditure on luxury and semi-luxury items had to be cut down to the barest minimum consistent with what the country could afford.

IT IS BELIEVED that the Minister of Finance had at one time envisaged a cut in the subsidies much more than was finally adopted in the Revenue proposals. But the backbencher resistance was so great that the Minister of Finance is said to have

revised his proposals to meet the wishes of the Parliamentary group.

There is reason to believe that the IMF had also wanted a "balanced budget." The Minister of Finance, once again owing to backbencher pressures, was precluded from cutting down government expenditure on salaries or welfare expenditure on health and education.

WITH THESE OPTIONS before him, the Finance Minister had no alternative but to do what he did: he changed the rupee parity to get a 20% devaluation: he increased the FEECs rate and extended it to cover nearly 75% of the imports (whereas previously it had covered only about 25% of the imports) and finally increased the BTT in a significant manner over practically the whole range of locally manufactured articles. With these "exercises", and projected figures, the Minister "balanced the budget". But there is no guarantee that the new FEECs rate would yield as much as estimated, nor is there any guarantee that the BTT will produce as much as expected.

Though the sponsors of the Budget expect most hopeful results, there is every reason to think that these measures, especially the increased FEECs and the increased BTT would be self-defeating in the ultimate analysis. Once

the impact of the inflationary spiral stemming from these measures is fully upon the country, the "common masses" will be even more affected than the "rich" who would be virtually out of all economic and entrepreneurial activities.

The price of everything imported as well as every thing produced locally will shoot up to dizzy heights and this will drag upwards all agricultural prices of locally grown foodstuffs also to dizzy heights. Not all the raids by army and police units will bring down prices of foodstuffs produced here.

Furthermore, all the measures adopted by the Government in the Budget as well as "reform" legislation recently placed on the Statute Book (eg. Land Reform Act, etc) and also legislation which is likely to be law soon (Income Ceilings, Compulsory Savings etc) will be self-defeating. If these measures were intended to ensure greater production so that there will be more to go round (after what the rich had accumulated so far had been taken over and distributed among the "starving masses"), the real result will be the opposite: production will go down because all incentives for production have been taken out of the economic structure without any alternative scheme of in-

ducements being put in place of the "capitalist incentives" which had been withdrawn.

THERE IS today a great deal of jubilation in Government circles about the Budget and the wonderful results expected. But this jubilation will be shortlived. There is not the slightest doubt about it. One does not need to be a political pundit to say this. Plain common sense is enough to make one realise what is in store in the months ahead.

It will not be many months before the "downtrodden masses" who are being daily told through the press and the radio that the Government had given them a miracle budget are hit right where they do not want to be hit. When the hard facts of the new realities of the 1973 Budget dawn on them they will find that the hardship they will have to endure would have been much less if the free rice were cut entirely and a major portion of the food subsidies reduced. The general all-round increase of prices which will result from the Devaluation-FEECs-BTT exercise will adversely affect the living standards of costs of the ordinary man in a way which will make them howl.

How the Government will explain the maelstrom which will inevitably descend on Sri Lanka is anybody's guess.

This may seem a pessimistic view of the situation. Government apologists point to a number of streaky flashes in the sky as solid silver linings heralding a new and bright dawn (bringing happiness to the masses). But it is only make believe to think that these are silver linings when it is generally gloom on the economic front. What was a stagnant economy is now being made really sick by self-defeating measures which are not socialist or radical by any stretch of imagination. 1973 will be a difficult year for our economy and its chronic stagnation and sickness will be made worse by measures guaranteed to bring down production.

The 1973 Budget has been passed by the National State Assembly by a "huge" majority. The magnitude of the majority cannot make the paper surplus into a real surplus. The magnitude of the majority cannot generate production. The 1973 Budget is not a paper tiger. It cannot frighten anybody. History's verdict might well be that the 1973 Budget is only a Paper Doll.

ASPIRIN BAD FOR PREGNANT WOMEN

Pregnant women have been warned against taking anti-inflammatory drugs like aspirin late in pregnancy as the drugs might slow labour and cause stillbirth. The warning came in two papers by Dr. James Allen of the Lilly Research Laboratories, Indiana, US. and Dr. Rosemary Chester of ICI Pharmaceutical Laboratories, Britain, in the British science journal "Nature." Dr. Aiken, who conducted studies on pregnant rats, found that aspirin and indomethacin (a drug used in the treatment of rheumatoid arthritis) lengthened the period of labour and markedly increased the number of stillbirths.

Dr. Chester reported that aspirin not only slowed but delayed its start. Dr. Aiken said he had found that prostaglandins, the fatty substances which make the muscles of the uterus, contract during labour, were not present in sufficient quantity in the uteri of rats treated with drugs. This, he believed, caused the lengthening of the labour period. Dr. Aiken said aspirin, when taken during late pregnancy, could inhibit the activity of prostaglandins, thus adversely affecting childbirth.

IS IT TRUE?

Sherlock Holmes

* Seizing Chillies

IS IT NOT TRUE that the raids and seizures conducted by the police and the army in the chilli growing districts have had an adverse impact on the cultivators? That after a short time these raids and seizures on cultivators were called off and it was confined to pouncing on "traders"? That the police and the army boys turned veritable Robin Hoods and effected the sales of the seized chillies at ridiculously low prices like Rs. 3 and Rs. 4.50 a lb? That these police-army units are a law unto themselves. That stocks from 20 lbs to 2 cwts. were seized without granting those having these stocks any chance of offering explanations how they come by them? That the bulk of the chillies seized in this way was sold to their "own crowd", and their hangers-on and friends? That a certain percentage of the chillies seized were never accounted for?

IS IT NOT A FACT that even after all these seizures and confiscations, the price of chillies continued to be as high as when the raids started? That the only

* Milk Board Fantasies

difference was that chillies are not now freely available even at the high prices? That with the budget debate coming to an end, the authorities would slip back into regarding the chillie as a free market commodity and hope that the price would come tumbling down in some miraculous manner? That it has been announced that one ounce would be given to every ration book holder every month at 60 cts an ounce. That this scheme had not yet been put into operation.

That newspaper report say that chillies were being imported from Pakistan and China to enable the co-ops to give every ration book holder his quota of one ounce per month? That this import only supports Sherlock Holmes' contention that there was a total inadequacy of locally produced chillies and that the high prices were due to the operation of the laws of supply and demand? That the orgy of raids and seizures have revealed that there were no sizable hoards which could bring down the price of chillies? That this

was the reason for the Government's decision to import chillies? That according to the *Daily Mirror* (2/12/72) the Government was going to import 1000 tons at £ 172 a ton? That this represents a tidy amount in foreign exchange, namely £ 172 a ton? That at the present rate of FEECs and the new currency parities this would amount to over Rs. 4 millions? That if this amount had in 1971 and 1972 been pumped into the chilli growing sector as loans for water pumps, new wells for water and the like, the Government would have gone far towards making this country self-sufficient in chillies? That the current schemes for helping chilli cultivators remain on paper because the real and genuine cultivators have no way of obtaining these loans? That friends of the MPs and high officials alone manage to get these loans and that most of them thereafter divert the funds to other purposes? That they grow a few dozen chilli plants to show them to the visiting loans' officers—and that is about the furthest they go in chilli cultivation? That the genuine cultivator anxious to increase cultivation cannot get very far because he would need both a new extra well and an additional water pump to extend the area of cultivation—and the loan grant-

Is It True?

ing agencies can consider only one loan? That agencies which finance water pumps cannot help finance the sinking of wells? That the total lack of co-ordination makes it impossible for any real progress to be made?

+ + +

IS IT NOT TRUE that a total lack of co-ordination also hampers the work of the Milk Board? That grandiose schemes exist on paper? That much that can be done is not done? That it is admitted that milk production is not enough for the Milk Board to meet the demands for milk, butter and other milk products? That in spite of this, large areas where milk can be readily collected have been left out of the scheme because the pundits in the livestock world feel that milk cannot be collected plentifully in the Dry Zone? That there is no milk collecting centre anywhere north of Kekirawa. That Sherlock Holmes is aware of at least one village about 80 or 90 miles north of Kekirawa where last season 2000 local cows are not milked because the owners do not know what to do with the milk? That as a result these cows were allowed to roam as free range cattle?

That, if a milk collecting centre were set up in such places, the owners would begin to milk their cows and thereafter take

steps to increase milk production by getting breeds which would thrive in the dry zone and also cultivate special fodder? That until a market and other incentives were offered owners of milking cows will not be encouraged to spend time and energy in collecting milk and thereafter increasing production? That the biggest incentive will be to set up a milk collection centre? That recommendations that a milk collection centre be opened at this village have been turned down by the Milk Board because the Livestock Department pundits are hamstrung to the idea that milk can be "commercially" produced only in the lush regions of the Up-country? That these self-same Livestock Department pundits permitted a whole herd of cattle specially imported from New Zealand to develop hoof and mouth disease in the hill country within a few weeks of their arrival? That while waiting for these imported cold climate strains to produce more milk it would be wise to exploit all possibilities even in the so-called dryzone (rainfall 75" a year — whereas in the best parts of Israel the rainfall is only 4" a year)? That some scheme must be set in motion to import a few breeds suitable for the Dry Zone and thus enable farmers in these regions to improve their stock?

IS IT NOT TRUE that the Milk Board indulges in other inexplicable actions?

That information furnished to Sherlock Holmes revealed that Rs. 19 million in foreign exchange was spent every year to import packing material which could be produced by local manufacturers? That labels for instance, for the condensed milk tins are printed in Kuala Lumpur and imported into Ceylon? That these labels were earlier printed in Ceylon, but now they are printed in Malaysia? That a great many other things like this are imported—and these can be turned out locally cheaper and without expending foreign exchange?

ISN'T IT A FUNNY THING that the Milk Board's Import Department, which is now the sole importer of dairy equipment, does not bother to get equipment for the small producer? That one of the little gadgets which will help increase the production of butter is the cream separator? That these gadgets were freely available in the market some years ago? That they cannot now be bought anywhere? That stores and shops which stocked these earlier now refer those interested to the Milk Board?

That one such person who wanted a separator because his milk was going waste (because the Milk Board does not operate anywhere near his farm—although it should) went the round of the shops and finally ended up at

the Milk Board? That those in charge of the Import Department took a little time to realise they were solely responsible for importing these separators? One of the VIP bureaucrats in this section stated that since the Board had taken up import work only a few months previously they hadn't had the time to familiarise themselves with such items like milk separators? That the person concerned was asked to call over a fortnight later? That, when he went there he was told that since foreign exchange was short the Board was importing equipment only for its own use and that they imported only 500 gallon separators? That the Board could not consider importing small separators with a capacity from 5 to 50 gallons? That he was sorry that the foreign exchange position was such he could not help the small producer who wanted to make butter?

IS IT NOT A CRIME that foreign exchange is wasted on labels for condensed milk tins (which can be printed here) whilst cream separators to increase the production of butter (which is in short supply and fetches unrealistically high prices) are not imported? That the person concerned (he lives in the dry zone) had to utilise his milk through a tedious process to make ghee? That the labour involved turning the milk into curd and then churning

it to extract the fat in order to make it into ghee was great? That the butter milk which was a by-product was a waste because there was no one to drink the very large quantity available? That the refusal of the Milk Board to import small cream separators resulted in lowering the potential production of butter and the fuller use of the milk? That the fat-free milk left after the butter was separated makes excellent food for young goat kids and other animals on the farm?

That this person has been compelled to restrict the scale of his operations because he had no market for his milk, and not even a cream separator to make butter? That he has sold off many of his animals? That he has now lost interest about increasing his livestock and increasing the production of milk and other dairy products? That this person had started with some enthusiasm some time ago and had even dreamed about making cheese? That he had plans to improve the breed of his animals by crossing two strains of imported animals to get a breed of good milkiers for the Dry Zone? That he has now put all these plans into cold storage?

That high officials of the Milk Board evidently feel that since they are a sole monopoly it was not for them to encourage others to get into the business

of making dairy produce? That the Milk Board does not seem to be interested in increasing milk supply anywhere except in the hill country?

IS IT NOT TRUE that Government is deeply interested in increasing production at all levels and by all interested in producing things? That the actions of the bureaucratic hardcore in the Milk Board compels even enthusiasts to shut down? That it is because of the bureaucratism in state agencies (many of which are monopolies) that projected production targets of the Government are never fulfilled? That Sherlock Holmes is convinced that, in spite of the tall and bombastic propoganda of the Government, 1973 will be a bleak year for all productive effort?

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NOSTALGIC

BADULLA REMEMBERED

I spent three pleasant years with my family at Kalugalpitiya in Badulla; they glided by almost as in a dream.

Kalugalpitiya on the Hingurugamuwa Road, is about one and a half miles from Badulla bus-stand. To get there you must board the Spring Valley Bus.

When I first moved into a house at Kalugalpitiya some of my friends, long resident in Badulla, gave me the wet-blanket. They told me that the place was teeming with thieves and undesirables. I was advised by them to look for a house elsewhere. How false their warning proved to be!

By and large the people living here were poor. Religion permeated their lives and their minds were stooped in superstition. We lived in closest contact with them. The lives of these poor people touched ours. We made many friends and sampled their hospitality. Their kindness lingers in our memory. Social ostracism was something unheard of there. It was not a part of their character to indulge in violence. They would not even think of harming the hooded terror that stalked in their midst. I developed an intense respect and admiration for their

reverence for life and the feeling of kinship with all living things.

The rural atmosphere appealed to me. To whatever direction you turned, there was greenery. Every compound had a jak-tree the great standby of the poor. The bird life and the daily sight of elephants with their Manhouts, come to collect kitul and jak leaves, brought un-mixed pleasure to children. In the evenings they would be seated on the door steps and watch, wide-eyed the train from Colombo steaming down the mountain.

From our road there was a path leading up to the Spring Valley Road. The view from Spring Valley Road of Badulla town and the surrounding areas was panoramic. The sun-lit factories caught your eye while the Namunakula Hills in the distance inspired awe and wonder.

When the washerman were not there beating their clothes on the boulders you could hear the murmur of the stream which was just below our home. It's view was hidden by trees and houses. Most of the people bathed here while they used the pipe-borne water for drinking purposes. I have spent many a delightful day here with friends

Once you crossed the stream you come to the paddy field which extends up to the Colombo Commercial building. It also connects the Kanupelle Road. At your approach the paddy birds and the mynahs take off. An excited buffalo may stare at you for a few agonising minutes and then move away. Snakes and Kabaragoyas crossed your path. This is the shortest route to the Railway Station and the Town from Kalugalpitiya.

The pola days were never-to-be forgotten days. What a profusion of vegetables and fruits! They were cheap too. You yearn for Badulla with nostalgia.

I remember vividly the Dowa bus tragedy. A pall of gloom hovered over our village at that time. My landlord's son-in-law, a fabulously rich man, lost his life in this accident.

It was at Kalugalpitiya that I got opportunities to witness "Sokhari" performance. This song and dance drama would commence at 10 p.m. and continue till the next morning. As the beating of the drum rose in crescendo, my neighbour Suwaris, a carter by profession, now turned thespian, would be at his brilliant best with his singing fortified, no doubt, after consumption of large quantities of kitul toddy!

When memory roves the period I spent at Kalugalpitiya, some of the people

I befriended there, come trooping past me.

There was the *amme* who was a domestic help. She found solace and great peace of mind in religion and could lead one into the deeps of Buddhism. Although un-lettered she expressed in the simplest language profound truths. Meat-eating was anathema to her. She absented herself on Poya-days which she observed with utmost severity at near by Mutiyangane Vihara.

Little Karunasena became a member of our household. He was my children's fond and devoted companion.

It is hard indeed to think and make oneself reconcile to the fact that Mr. Moses is dead. He was a welcome visitor to our house. He could hardly make himself understood to others on account of a lung ailment. A retired tea-maker, he had an insatiable thirst for knowledge. He devoured everbook, magazine and news paper that came his way voraciously. His early life had been spent in Burma. I remember him showing me a letter written in English by a Burmese friend in Rangoon many years ago. His name was U. Thant. My friend was positive that he was none other than the last Secretary General of the U.N.O.

One-armed Dharmasiri was a sincere friend. Despite his physical handicap he earned his own living. He was not a burden, in any way, to his family. He went through life with a continual sunny smile. He had lost his limb while working in a Tea estate as an engine driver. If ever there was a person in Badulla who deserved an artificial limb, then it was Dharmasiri. He could prove his worth once again.

One cannot easily forget Wicky the cab-driver and Ratnayake. Both were eager to render help to people in their own way and at personal inconvenience to themselves. Ratnayake was the male heart-throb at Kalugalpitiya. I believe Ratnayake must be still popping in at his favourite bar to down his daily dram!

We cannot erase Reyana Nona, the Malay lady, from our thoughts. She must be missing us too a lot. She was blind in one eye and partially blind in the other. Ever since the death of her husband, the sole bread winner, she had been living under a perpetual cloud of fear and want. Her burden was great. She and her children were cooped like

hens in a hut which was exposed to the elements. In short her's was the abode of abject poverty.

There are hundreds like her in our country who are placed in similar pitiable and horrible conditions. The Government and the affluent section of our society must hold out the hand of commiseration and succour to these helpless and miserable people. They must ameliorate their suffering and increase their happiness.

"DEATH SEX DRUGS AND HORROR"

Outre-Tombe (from the Tomb) a monthly comic paper "for adults", is very popular in France. The action in the stories usually takes place in a morgue and the characters are corpses, sadists and madmen. The thirteen issues sold 60,000 copies and fell far short of demand. The next issue is to be printed in 80,000 copies. The publishers have announced that "the next *Outre-Tombe* will be an altogether exceptional issue in which death, sex, drugs and horrors will intermingle in a strange atmosphere halfway between dream and reality." And all this for only two francs!

NOVEMBER 22 - 30

WEDNESDAY, NOVEMBER 22: The 83rd day of the bank strike with no prospects of a settlement yet in sight. At the summit meeting of the UF yesterday, it was decided to re-admit the four CP members who had been "suspended" many months ago. The *Daily News* had a frontpage story that Premier Chou En lai and Premier Indira Gandhi would visit Ceylon early next year: but that no final dates had been agreed upon. The UF has decided that a number of rallies should be held throughout the island to explain the Budget and what it meant to the people. Submissions were made before the Constitutional Court on the validity of the Press Council Bill yesterday and they will be continued today. The FP was perturbed by the postponement of the nomination day for the KKS by-election. The Government has decided to buy up all the locally produced chillies at "realistic prices"—though the GPS price still remained at Rs. 3.50 a lb. India had decided to release over 6000 Pakistani internees as a gesture of goodwill.

THURSDAY, NOVEMBER 23: The 84th day of the bank strike. The four Communist Party MPs who were expelled from the Government Parliamentary Group because they did not vote for the Criminal Justice Commission Bill were taken back to the Group. A government spokesman said yesterday that the KKS by-election would be held once peace was restored at Karaiyur and the Jaffna area generally in regard to the caste clashes. The Petroleum Corporation has called for worldwide tenders for the Rs. 500m contract for supply of crude oil from January 1974. More submissions were made before the Constitutional Court as to why the Press Council Bill was invalid. At a meeting at Hyde Park in Colombo to support the Budget organised by SLFP and LSSP trade unions, Minister of Finance Dr. N. M. Perera stated that the Government would soon promulgate legislation to compel private sector firms to appoint Worker's Advisory Councils. Further frauds were discovered in the Fisheries Corporation, according to the *Observer* and four employees had been interdicted. The British Government was defeated yesterday

in the House of Commons by 275 to 240 (by a majority of 35) on the proposed new immigration rules. What was described as the last round of talks between Kissinger and Le Duc Tho had begun in Paris this week.

FRIDAY, NOVEMBER 24: The 85th day of the bank strike and the Bank Employees Union had issued a statement yesterday stating that the story in the *Daily News* that a "considerable section of the workers" were on the verge of returning to work. The Chairman of the Constitutional Court assumed at yesterday's sitting that the National State Assembly would respect its views—otherwise there would be no point in the Court continuing its proceedings. The Sri Lanka-China liner service was inaugurated yesterday by the Prime Minister who thanked China for the assistance she had given Sri Lanka to help her set up this service and also for helping Ceylon to establish a merchant fleet. Dr. Colvin R. de Silva said in the National State Assembly yesterday that Government was aware that under the guise of attacking the Finance Minister's budgetary proposals certain acts hostile to the Prime Minister were being contemplated by some subversive forces opposed to progressive measures: he also stated that the person behind these conspiracies had involved the name of the Leader of the Opposition and the Minister finally asserted that the UF would unitedly fight its enemies. Five more suspected of insurgent activities were arrested by the Police yesterday in Kandy. Many industries in Ceylon were adversely affected by the continuing strike at Amico, the largest manufacturers of metal containers in the island. The Labour Department wants to train 1000 tappers to replace the Indian tappers who had been repatriated some years under a new training scheme—all earlier schemes had proved failures. Belgium's one-year old government resigned yesterday owing to difficulties between the coalition partners over the language question—French and Flemish. Quiet returned to the Golan Heights yesterday after six days of bitter fighting between Israeli and Syrian troops.

SATURDAY, NOVEMBER 25: The 86th day of the bank strike, and both Government

and the striker's union continued to be adamant. Further submissions were made before the Constitutional Court: among other things it was contended that the 14-days limitation in the Constitution regarding any reference to the Court was not "imperative". The People's Republic of China had offered Sri Lanka re-insurance at rates which were 80 percent cheaper than those prevailing anywhere else in the world today. Over 70 persons had been rounded up by the Police in the last few days as suspected insurgents planning some new activities: they had been arrested in the outskirts of Colombo and it was said that a number of hardcore cadres "wanted" for a long time had been caught in this roundup. A spokesman of the Ministry of Finance had said that there would be no reversion to the tree tax system in Jaffna at any time in the future. The *Sun* reported that an insurgent plot to take over the city of Colombo had been foiled and that over 100 persons had been arrested since last Thursday in this connection. The *Times* reported that the average man would have to do with less of items in daily use as a result of the new Budget: items like jams, biscuits, talcum powder, toothpaste, toor dhal, pepper, cakes, curd etc. had already shot up in price. The President of Pakistan Bhutto stated yesterday that China would veto the admission of Bangladesh into the UN—until normal relations had returned on the Indian sub-continent.

SUNDAY, NOVEMBER 26: The 87th day of the bank strike. All Sunday papers devoted headlines and space to describe the "pandemonium" (for a short time) during the UNP sessions held at Sri Kotha in Colombo yesterday when Premadasa and a group of his followers staged a walk out. During the month of November, 10,000 tons of rice was expected from China: and during December 30,000 tons was due from China—these imports were necessary to ensure that there will be no shortage of rice for distribution to consumers. The Labour Party won a landslide victory in the New Zealand general elections: Labour had been out of office since 1960: the new Labour Government announced that it will recognise China.

MONDAY, NOVEMBER 27: The 88th day of the bank strike. The Budget debate was expected to finish tonight. The daily papers continued to highlight the "trouble" in the UNP. According to the *Sun*, Sri Lanka's rice imports for 1972 had reached a record high of 325,000 tons: it was reported that this was so because of the failure of the Yala harvest: 95,000 tons had been purchased from Pakistan; and China was expected to supply before the end of December an another 30,000 tons, additional to the 200,000 tons contracted for under the 1972 Rice and Rubber agreement. Another Wijeweera—said to be the brother of Rohana Wijeweera—was arrested by the Police recently. The Member for Vavuniya, Mr. M. Sellathambu, warned the National State Assembly that there would be an insurrection by Tamil youth if the Tamil United Front failed in its aims through constitutional means. One hundred and thirty Chinese workmen employed on the construction of the Bandaranaike Memorial Hall were admitted to hospital with a history of food poisoning. President Nixon was confident that peace in Vietnam would be a reality soon.

TUESDAY, NOVEMBER 28: The 89th day of the bank strike. The Budget was passed in the National State Assembly last night by a huge majority: 113 voting for and 26 against, that is with a majority of 87 votes. A water conservancy delegation and technical survey team had arrived in Colombo from China to prepare reports on the Nilwalaganga, Ginganga and the Kaluganga river basins. The Chinese workmen, who were admitted to hospital yesterday, with food poisoning were out of danger and many of them had been discharged. The *Daily Mirror* reported that Sri Lanka's chances of getting an IMF loan were brighter now. There was fierce fighting in South Vietnam and more aerial bombing of North Vietnam whilst peace talks proceeded in Paris.

WEDNESDAY, NOVEMBER 29: The 90th day of the bank strike. Sri Lanka obtained a new ship, *Lanka Kanthi*, with the assistance of the People's Republic of China. All the Chinese who were admitted to hospital recently for food poisoning were discharged yesterday.

The Government decided to take over 14 estates in the Kandy district for settling Kandyan peasants. The Minister of Finance told the Parliamentary group that no amendments would be allowed to modify the Income Ceilings Bill. King Hussein of Jordan has stated that the Libyan dictator Gaddafi was involved in the plot against his life. Egypt, Syria and Libya had decided to have consultations about the continuing problem of Israeli "aggression".

THURSDAY, NOVEMBER 30: The 91st day of the bank strike, and it was reported in the newspapers that certain UF leaders had offered a peace formula to end the 3-month old strike: this formula envisaged the return to work on a *status quo* basis. The Deputy Minister for Defence and External Affairs, Mr. Lakshman Jayakody, at a press conference yesterday stated that there had been an all-island security alert after the arrest of 70 persons last week: he said that there was no cause for public alarm and that the security position was well under control. A top-level team of Japanese businessmen were here for an on-the-spot survey. The deadline for sending in applications for Identity Cards had been extended until December 30—the final date it was announced. In the National State Assembly yesterday, Minister Felix R. Dias Bandaranaike, announced that the Prime Minister would shortly make an official statement on the new threats to the security of the state. The prices of all ready-made garments had gone up by 20% owing to the increase in the BTT. The Petroleum Corporation was proceeding with more work in exploring for oil in the Northern waters. India would release 540 Pak POWS tomorrow. The Soviet Union test-fired a missile with a 4000-mile range into the Pacific—demonstrating a range of 500 miles more than US intelligence had anticipated. A Jap Airlines plane crashed near Moscow yesterday killing 42 passengers.

THE ARANDA AFFAIR

French newspapers continue to give much space to the scandal sparked off by the statement made to the press by Gabriel Aranda, a former TV writer and technical adviser to the now retired Minister of Works and prominent leader of the ruling UDR Party Albin Chalardon, that he would make public 136 documents revealing corrupt practices on the part of 46 high-placed government officials.

The names mentioned include former UDR General Secretary Tomasini, Roger Leonard, President of the Cofiroute financial group which includes such banking houses as the Banque de Paris et des Pays-Bas and Credit Commercial de France, Gaullist deputies Fric, Saboured and Labbe and Habib-Deloncle, director of the newspaper *La Nation*, known to have close connections with government quarters. The satirical weekly *Le Conard Enchaîné* has published 12 of the Aranda documents, which show that a number of officials performed favours for private companies. Particularly sensational was the disclosure of a letter from Tomasini to Chalardon asking him to award the construction of the Narbonne-Bordeaux highway to a firm with which the author of the letter had "friendly relations."

The police are now investigating the affair. The persons involved in the scandal deny the accusations made against them. Commenting on Aranda's statement, press writers draw attention to his desire to "prove the honesty" of Giscard d'Estaing, the leader of the Independent Republican Party, which belongs to the government majority, and suggests that there is a link between the scandal and the election campaign manoeuvres of the Right. Jean Lecanuet, Chairman of the Democratic Centre, has called for early elections to the National Assembly.

THE 1973 REVENUE PROPOSALS

We publish the full text of the Revenue Proposals of the Minister of Finance when he presented the Budget Speech on November 10th, 1972.

A. FOREIGN EXCHANGE AND BALANCE OF PAYMENTS.

1. Foreign Exchange Entitlement Certificate Scheme.

(a) *rate adjustments*—Mr. Speaker, certain corrective measures are essential to improve the balance of payments position of our country. In the earlier part of my Speech, I discussed in some detail the causes for the increasing cost of imports. Simultaneously our export prices have fallen and we are thus pressurised on two sides in order to provide adequate foreign exchange for our vital development effort. I therefore propose to increase the rate of Foreign Exchange Entitlement Certificates from Rs. 55 to Rs. 65 for Rs. 100 of Certificates. This would enable us to have a more realistic rupee price for our imports in the face of rising costs in international markets. This will also provide an additional boost to our minor and non-traditional exports which earn FEECs, for which we are struggling to find a place in international markets.

(b) *merchandise imports*—*transfer of items*: Simultaneous with this increase

in the FEECs rate to 65 per cent I propose to transfer most of the merchandise imports presently in the FEEC free category to the category that is now liable to FEECs. I propose to retain in the FEEC-free category imports of certain essential goods such as rice, flour and wheat grain, fertiliser, infant milk foods, dhal, dried fish, coriander cummin seed, books, newspapers and periodicals, two-wheel tractors, implements and spares and raw materials packing materials, machinery and spares required for the manufacture of fertilizer wheat flour and infant milk food. The prices of these imports would therefore continue to remain as before in the domestic market. The necessary notification to give effects to these decisions will be issued tonight.

Mr. Speaker, consequent on these two proposals, the net revenue that would accrue to the Consolidated Fund would be Rs. 382 million. On the other hand, the cost to Government on its imports and foreign payments would increase. These include the cost of interest and amortisation payments on our foreign loans. This would necessitate an additional Rs. 65 million of

Government expenditure from the Consolidated Fund.

2. **Convertible Rupee Accounts.** As a further to boost certain minor and non-traditional exports, I propose to allow a certain percentage of their gross earnings to be retained in the form of convertible rupee accounts for certain specified imports. A committee of officials who examined this matter on the directions of the Cabinet have made certain proposals in this regard. I proposed to examine this further, and with the approval of Cabinet, I intend publicising this scheme very early.

Mr. Speaker, there are as you know, certain merchandise exports that do not get the benefit of Foreign Entitlement Certificates. These are our major exports and include tea and rubber products. These exports form the backbone of our export earnings. In the balance of payments forecast for 1973 tea exports at 465 million pounds are expected to earn Rs. 1,209 million while rubber exports at 340 million pounds are expected to earn Rs. 323 million for our country. The earnings from these two products account for almost 75 per cent of our merchandise export earnings. It is these very same exports, however, that have had to face the brunt of falling export prices in the world markets.

The problems and difficulties of these export products in world markets have been compounded by internally rising costs of production. Taking all these factors into account, I think it is both vital and necessary that some relief be afforded immediately to these exports in order that they may retain their competitive situation in world markets. I might add that long-term measures designed to encourage investment in these crops are being worked out by the Ministry of Plantation Industries.

(a) Tea—The all-island estate cost of production of tea in 1971 was about Rs. 1.80 a pound as against a net sale average for all teas sold at the Colombo auctions of Rs. 1.81. Although these average conceal wide variations from estate to estate and among elevational categories, they give some indication of the very narrow margin under which the tea industry operates. As a consequence of currency changes abroad and the proposals I have made earlier as well as other increases, the costs of production are likely to rise.

Although tea prices in 1972 have shown some improvement over 1971, there has been little or no change in the prices fetched by high grown: the increase being mainly in low grown teas and to a lesser extent in the case of mild-grown teas. While

other countries can produce teas to compete successfully with mid and low grown teas, high grown quality teas have few competitors in the world tea market. Since the cost of production of these estates is generally higher than in low country estates, the present advalorem tax penalises quality teas sold in the Rs. 1.85 range and above.

Mr. Speaker, taking all these factors into consideration, I have in consultation with the Minister of Plantation Industries, decided not to levy an advalorem tax on teas fetching Rs. 2.00 per lb. or less at the Colombo auctions. The advalorem tax will operate as at present on teas which fetch more than Rs. 2.00 per lb. up to a maximum of 70 cents per lb. as at present. Teas sold at the London auctions would pay an advalorem tax on the same basis after necessary adjustments have been made for cost of freight insurance etc. The loss of revenue involved as a result of this change in the rates of advalorem tax is estimated at Rs. 16 million.

Mr. Speaker, altering the minimum at which the advalorem tax is operative would not afford relief to teas which sell at the Rs. 1.35 to Rs. 1.85 range and which are generally produced by the less affluent type of mid-grown and small-holders. I, therefore, propose to increase the maximum rebate pay-

able under the Tea Export Duty Rebate Scheme from 10 cents to 15 cents in respect of low-grown teas selling below Rs. 2.00 per lb. and from 5 cents to 10 cents in the case of high-grown teas for the same price range. The additional expenditure required to finance the payment of these revised rebates would be Rs. 6 million.

The necessary notifications to give effect to these decisions will be issued tonight.

(b) Rubber—Mr. Speaker, the rubber industry has faced a crisis of a magnitude we have not encountered over the last two decades. In 1971, the monthly average price of RSS I to the producer did not exceed 85 cents except for a few weeks in May that year. The low prices continued during 1972 and in fact prices to the producer of RSS I did not exceed 80 cents in the first half of the year. In order to prevent rubber producers from neglecting or abandoning their holdings the Government introduced in September 1972 a scheme guaranteeing a minimum producer price of 80 cents a pound for RSS I. and and 73 cents a pound for RSS II.

In order to give some relief to the producer, I propose to increase the minimum by 3 cents. The necessary notifications would be issued by the Commissioner of Commo-

dity Purchase tonight. The cost to the Consolidated Fund of increasing the minimum price is estimated at about Rs. 10 million for a full financial year.

(c) *Coconuts*—Government has long realised the need to ensure to the producer (particularly the small producer) a stable and sufficiently attractive price for his fresh coconuts, so as to encourage better cultivation and maintenance of coconut lands.

With a view to giving effect to this proposal, it has been decided that all coconut oil for export will be purchased by the Coconut Marketing Board at a price of Rs. 1250. Shippers will in future be required to make all their purchases only from the coconut Marketing Board from whom an export licence must be produced before any shipment is made. This scheme will come into effect from 11th November, 1972. The coconut Marketing Board will make an announcement on certain transitional arrangements to cover contracts entered into prior to this date and not executed, and also to deal with stocks of copra and of oil with millers and shippers.

A price of Rs. 1250 per ton of coconut oil given the present market price of poonac will give a parity price of around Rs. 200 per candy of copra (milling quality) and Rs. 150 per thousand fresh coconuts.

B. TAXES ON PRODUCTION AND EXPENDITURE

1. Excise Duties

(a) *Cigarettes*—Mr. Speaker, in my effort to reduce the size of the unfinanced gap of Rs. 507 million I mentioned earlier I have on 31st October 1972 by a Gazette Notification increased the excise duty on manufactured tobacco by Rs. 5 per lb. to Rs. 52.50 per lb. Since I estimate that 500 cigarette-could be manufactured from one pound of such tobacco, the price increase per cigarette has been 1 cent. I hope to obtain Rs. 35 million from this decision of mine over a full financial year.

(b) *Alcoholic spirits and beverages*—Mr. Speaker, you must also be aware that pure coconut arrack is in very short supply in the domestic market. This is due to a variety of reasons including the non-availability of experienced tappers. While my Ministry in consultation with the Ministry of Labour has embarked on a crash programme to train tappers for this purpose, the shortage of coconut toddy, which is the base for coconut arrack would continue to be with us for a much further period of time. Thus small quantities of pure coconut arrack that have been issued are invariably snapped up and sold at a premium. It is for that reason that I decided to increase by 50 per cent the selling price

of very special arrack and double distilled arrack on 1st November this year. I expect to obtain Rs. 4 million from this proposal of mine.

Simultaneously I have increased by Gazette Notification on November 1, 1972, the excise duty on malt liquor from Rs. 9 per gallon to Rs. 12 per gallon. The effect of this decision of mine is to increase the retail selling price of a bottle of beer by about 45 cents. I have increased the excise duty on country-made foreign spirits such as gin, rum brandy and whisky from Rs. 81.10 to Rs. 106.50 per proof gallon. The effect of this proposal of mine is to increase the cost of a bottle of foreign spirits by Rs. 3. The revenue effect of increasing the duties on malt liquor and country-made foreign spirits is Rs. 6 million and the total revenue that I propose to obtain from excise duties over a full financial year is Rs. 45 million.

2. Income and Turnover Taxes.

(a) *Enforcement*—Mr. Speaker, I mentioned elsewhere in my Speech that increased revenue through taxation is possible in the present state of our economy mainly through the rigid enforcement of our tax laws. This means launching an all-out drive against tax evaders and tax dodgers. In this context, I am happy to say that the Depart-

ment of Inland Revenue has indicated to me that it will be able to collect an additional Rs. 35 million by concentrating its efforts on an enforcement plan designed to bring into the tax net tax dodgers of all types —those who resort to partial evasion by under-stating their incomes or turnover, and those who evade their tax completely by failing to report liability. Members are aware that in contrast to a revised estimate of Rs. 346 million for a 12 month period in 1971-72, the estimate for turnover taxes in 1973 is Rs. 374 million. The printed Estimates also indicate that Rs. 365 million would be available through income taxes in 1973. The Department has opened Branch Offices throughout the country and has commenced strict inspection of books of manufacturers and trading concerns. This has already paid adequate dividends, and I can assure you, Mr. Speaker, that a determined and concerted effort in continuing this policy will be made by the Department throughout 1973.

(b) *Business turnover tax on manufacture*—Mr. Speaker, there is however some room left for me to increase further the business turnover tax on the manufacture of certain luxury and non-essential articles. I have examined the current tax rates on this type of articles and I feel that the richer and more well to do classes can afford to pay more for some of these luxury and non-essential articles which have also a high import content.

Accordingly, I propose to increase the business turnover tax rate on such articles from tonight. A Gazette Notification to this effect will be issued by me. This is expected to provide an additional Rs. 20 million towards bridging the un-financed gap.

(c) *Broadening the scope of business turnover tax*—Simultaneously Mr. Speaker, I propose to bring to liability to turnover tax certain commercial ventures of the Government. These include commercial ventures which have been recently taken over by the Government such as the business undertakings carried on formerly by Messrs. British Ceylon Corporation and Bogala Graphite Ltd., and enterprise activities of the Government such as the Marketing Department. The liability to business turnover tax of these commercial ventures would be gazetted in another Order. The broadening of the scope of business turnover tax on this account will bring in additional Rs. 4 million.

It can therefore be seen, Mr. Speaker, that the total revenue I propose to obtain by improved enforcement of tax laws, increasing the business turnover tax (manufacturing) on luxury and non-essential articles, and expanding the liability of the tax to certain commercial ventures of the Government would bring in a total of Rs. 59 million.

(d) *Business turnover tax—rebate scheme for exporters*: Mr. Speaker, while on the

subject of turnover taxes, I propose to clarify the law pertaining to the liability to turnover taxes in regard to exports of goods manufactured in Sri Lanka. Where the manufacturer and the exporter are one and the same person, the law clearly exempts such persons from the liability to turnover tax. There is, however, some doubt as to the liability to tax when an exporter purchases articles from a manufacturer other than himself for the export of such articles. I propose to amend Finance Act. No. 11 of 1953 to grant a rebate to the exporter equivalent to the turnover tax directly paid by him on any purchases made by him from any manufacturer, provided such purchases are in fact exported. Mr. Speaker, while the loss to revenue from this decision of mine would be negligible, this amendment to the law would enable exporters to be fully competitive in world markets.

(c) *Income tax—net annual value of residence owned*: Mr. Speaker, the enforcement of the Rent Act. No. 7 of 1972 and the recent increase in the rating assessments of residential houses by local authorities have imposed considerable hardships to a class of house owner who very often owns only one house and who had built this by cotaining a long-term loan from a credit institution against his Provident Fund, pension scheme or future income. It is the declared policy of this

Government to encourage residential house building of a certain size so that the total stock of houses in this country increase at a sufficient rate to reduce the acute housing shortage. The class of house owner I mentioned earlier lives in his own house and the payment of enhanced rates has made large inroads into his already depleted income. I, therefore, propose, Mr. Speaker, to introduce an amendment to the Inland Revenue Act whereby the net annual value of one owner occupied residential house would be exempted from income tax with effect from the year of assessment commencing April, 1, 1973. This exemption will not, however, apply to Compulsory Savings. The revenue loss consequent on this amendment to the law is negligible.

(f) *Taxation of income on a current year basis*—Mr. Speaker, you may recall that in my Budget Speech for the financial year 1970-71, I introduced the Pay-As-You-Earn Scheme for Income tax from 1st October, 1971. In effect this scheme implies taxation on the basis of current income from employment. Where a tax payer is in receipt of income from sources other than employment, he is taxed on a preceding year basis. This is not an ideal situation and a tax payer should be able to assess the liability to income tax on his income from whatever source on a current year basis, so that he is al-

ways up to date in his tax payments. Such a decision would also help the Department of Inland Revenue in its task of tax enforcement, I therefore propose with the income tax year of assessment 1975-76 (i.e. from April 1, 1975) to bring to liability to income tax all incomes on a current year basis. The necessary legislation giving effect to this decision of mine in the form of an amendment to the Inland Revenue Act would be placed before this Assembly very soon.

(g) *Tax holiday—pioneering industry*: Mr. Speaker, you may recall that in the Inland Revenue (Amendment) Bill that is now before this Assembly, I have made provision to exempt from income tax the profits of an income derived from the export of goods or commodities gazetted by me in consultation with the Minister in charge of the subject. In this situation, the cause relating to tax exemption of pioneering industries in the Inland Revenue Act is superfluous and I propose to introduce an appropriate amendment to the inland Revenue Act. This, too will be brought before this Assembly for its consideration very shortly.

C. OTHER PROPOSALS

1. Food Subsidy.

Mr. Speaker, I do not intend making any changes in the prices of essential food items consumed by the mass of the people. There will be no change in the present ration of sugar.

I propose however to remove refined sugar from the permit system and to make it freely available at Rs. 2.50 per lb. I am doing this deliberately as white (refined) sugar is consumed mainly by the more affluent classes or used by industrialists or the manufacture of confectionary and other associated products. I hope to obtain Rs. 33 million from this proposal.

I also intend withdrawing the free measure of rice from income tax payers and their dependents with effect from the rationing week commencing Monday December 4, 1972. Such persons will be required to surrender their ration books as well as the books of their dependants within a stipulated period after this date, with all the unutilized coupons intact. Special legislation will be enacted to give effect to this arrangement would include severe penalties for failure to comply with the provision of the law. I shall consider granting of appropriate relief to border line tax-payers. The saving to Government on this account is estimated at Rs. 25 million per year.

2. Family allowance schemes.

The Cabinet has given serious consideration to the continuance of the scheme of rice rationing which has been in existence since World War II and constitutes such a drain on resources which would otherwise be avail-

lable for development. It has been decided to offer as an alternative to the rice ration a family allowance on a purely voluntary basis. Under this voluntary scheme, every person who opts to surrender his rice ration book will be entitled to an allowance amounting to Rs. 40/- per annum which would be made available in four quarterly instalments of Rs. 10/- each.

Income taxpayers will, however, not be entitled to benefits under this scheme. A special enumeration for the purpose of arriving at the total number of families entitled to this allowance will be undertaken during the next few months. In the meanwhile coupons in the Rice Ration Book will be utilised to operate the scheme. As the householders lists have not been compiled on a family basis this would mean that all Ration Book holders, except income payers and their dependants, will be eligible for the benefits of the scheme if they so desire. Each ration book holder will be entitled to purchase any goods including rice to the value of Rs. 10/- during each quarter on the current of a specified number of coupons from the cooperative stores/ authorised dealer to which the ration books is attached.

Further details of of this scheme will be made available shortly. I must emphasize in this connection that the scheme is a purely voluntary one.

3. Guaranteed Price Scheme—Paddy:

Mr. Speaker, as an inducement towards achieving rapid self-sufficiency in rice and thereby effecting further foreign exchange savings I propose to increase the price paid for a bushel of paddy under the Guaranteed Price Scheme from Rs. 14/- to Rs. 15/-. This increase of Rs. 1/- in the guaranteed price of a bushel of paddy will be utilised exclusively for a superannuation scheme for farmers. The Minister of Agriculture will be formulating the details of the scheme shortly.

4. Wage Increases:

There are certain classes of employees in the public service, State corporations and statutory boards whose emoluments have remained unchanged for the past three years and require some measure of relief. I refer to those classes of employees who earn below Rs. 250/- per month. The Government has decided that all monthly paid employees at present drawing less than Rs. 180 per month (all inclusive) should receive with effect from 1st December, 1972 a special allowance to bring their monthly wage or salary to Rs. 180 per month, subject to a minimum allowance of Rs. 7/50 per month. Similarly, all monthly paid employees in the wage salary group/ from Rs. 180/- to Rs. 250/- per month (all inclusive) will receive a special allowance of Rs. 7/50 per

month, with marginal adjustments between Rs. 250/- per month and Rs. 257/50 per month all inclusive. It is estimated that about 520,000 monthly paid workers in the public and corporation sector will benefit by this arrangement. State corporations and statutory boards will be expected to absorb this increase in costs through increased productivity together with an appropriate adjustment in the selling prices of their goods or services where absolutely necessary.

I am providing for a sum of Rs. 30 million in the next financial year to meet the costs of this proposals in respect of the public sector as well as for State Corporations.

5. Economics in capital expenditure:

Mr. Speaker, in the Estimates of Revenue and Expenditure for 1973 which I placed before this Assembly, expenditure on capital projects amounting to a total of Rs. 1265 million was provided for. After the presentation of these Estimates Members of the Government Parliamentary Group have made representations to the Prime Minister and her Cabinet that economic amounting to at least Rs. 100 million could be effected if the implementation of the development programme was decentralised on an electoral basis. In terms of their proposals Members will assume the responsibility for the completion

of the projects in their electorates. They expect to effect the economies referred to by inducing the masses to involve themselves in the programme of development. If Members are successful in bringing about a mass participation in the various projects arising out of the Five Year Plan such mass participation would be a guarantee of the successful implementation of the plan. The Cabinet has accepted this proposal. I consider it my duty to express the appreciation of the Prime Minister and Minister of Planning and Employment as well as my own, to the members of the Government Parliamentary Group for their willingness to come forward at a time of grave difficulty to shoulder the responsibility for the speedy and economical implementation of the development programme.

6. Private motor cars:

Mr. Speaker, when I introduced my first Budget in 1970, I made the need for austerity the key-note of my Speech. It is the policy of the Government to level down as far as is possible the scales of living of the more affluent classes. The ceiling on disposable incomes and Compulsory Savings seek to achieve this. I now propose in, addition, to impose a once-and-for-all levy on private motor cars carrying a Sri registration in the following manner:—

1 Sri series	Rs. 100
2 Sri series	Rs. 200
3 Sri series	Rs. 300
4 Sri series	Rs. 400
5 Sri series	Rs. 500
6 Sri series	Rs. 600

The revenue from this source is estimated at Re 10 million. At the same time I propose, in consultation with the Minister of Communications, to increase appreciably the annual licence fee of the larger type of private car and the registration fee of new cars imported into the country.

7. Pawn brokers:

Mr. Speaker, I regret that my proposals with regard to pawn brokers have not yet been implemented. These proposals ought to have been implemented by amendments to the Pawn Brokers Ordinance. This could be done either by means of a Bill to amend the Pawn Brokers Ordinance or by a clause in a Finance Act amending the relevant sections of the Pawn Brokers Ordinance. I propose to give priority to the implementation of this proposal.

8. Finance companies:

Mr. Speaker, I also proposed in my budget speech for 1970-71 to introduce legislation in order to control the activities of finance companies. Draft legislation for this purpose is now being examined. While I concede that one or two of these companies may by harnessing the savings of the public for

productive purposes, the bulk of these companies are diverting resources from productive ends to consumption. Moreover, a part of their resources is not derived from the genuine savings of their depositors but is obtained through credit facilities from commercial banks, thereby further eroding the credit available for productive purposes. The resources obtained in both these forms are utilised to finance speculative and non-essential purchases which the country can scarce afford at this critical stage.

Mr. Speaker, the type of control contemplated in the draft legislation was merely to protect the interests of persons who have invested their savings in these companies. I wish to go further now. I propose to lay before this Assembly at an early date additional legislation which while providing for credit institutions that could take over a part at least of such credit as was provided by these Finance Companies will bring conclusively to an end this particularly parasitic segment of the capitalist system in Sri Lanka.

9. Compulsory manual labour for staff officers in the public service:

Mr. Speaker, you may recall that in my budget speech of 1971 I proposed that all desk workers should perform manual labour for a week or two in a year. This matter

U NU and his Rightwing Emigre Groups

We have received the following article from some Burmese friends with a hint to say that *Tribune* had in previous issues published articles which they say were "slanted" and challenged us to

publish this article. We have published it in full with its quaint idiom without any cuts or alterations even though the article is not signed. Long-time readers of *Tribune* know that we publish

has been under consideration by the Cabinet for some time. I am making arrangements to imple-

ment this proposal in the departments under my Ministry from January next year as a pilot project.

Mr. Speaker, let me summarise the financial implications of my proposals:—

	Rs. Million		
Excise duties	+45	Increase in revenue	
Business turnover taxes	+59	Increase in revenue	
Relief for export crops	— 52	Decreases in revenue and increases in expenditure	
Levies on motors cars	+ 10	Increase in revenue	
Foreign Exchange Entitlement Certificate Scheme	+ 382	Increase in revenue	
Sugar	+ 33	Increase in revenue	
Withdrawal of ration books from taxpayers	+ 25	Decrease in expenditure	
Increased cost to Government on account of FEEC Scheme	— 65	Increase in expenditure	
Increase in wage	— 30	Increase in expenditure	
Economies in Capital Programme	+ 100	Decrease in expenditure	
	+ 654		
	— 147		

The net effect of all these proposals is to increase the availability of resources by Rs. 507 million which is equal to the overall unfinanced gap. The effect on the Current Account will be to convert a deficit of Rs. 397 million into a surplus of Rs. 10 million.

reports from foreign correspondents and contributors having different viewpoints and that we leave it to our readers to evaluate these reports. Burma is a difficult country from which to get political news analysis or articles, but as our readers are deeply interested in Burma as an important country in South — Southeast Asia region, we will always welcome articles and other material about developments in Burma.

—Editor

Rangoon,

Lately in Burma a process of democratization of regime outlined by the first congress of the Burma Socialist Programme Party has been growing in momentum. The regime of the Ne Win becomes by its form an ever more civilian state and party officials remove their military uniforms and start to wear civilian clothing. The administrative machinery is being recognised with the purpose of a more complete democratization. Representatives of the party and councils of workers and peasants were introduced to the local organs of power—committees of administration and security, as well as to courts.

THE DISCUSSION by the population on the new constitution generated a certain upsurge of activity. The organisational work to implement the cooperative

plan in Burma is near completion. Youth organisations of the Burma Socialist Programme Party are being formed.

All the work is being done under conditions of a complicated external and domestic political situation. Apart from the continued military actions in Vietnam, Cambodia and Laos, a situation of tension still prevails in the border areas between Burma and Thailand, Peoples Republic of China and Bangladesh.

In Burma itself delimitation of classes against momentum and the class struggle becomes ever more acute. The antagonists of the Revolutionary Council, both on the left as on the right, increase their subversive activities seeing in the measures aimed at democratization of the country and stabilising its economy a danger to themselves.

Those participating at present in the anti-government armed struggle in Burma fall into three main groupings; the pro-Peking forces with the Communist party of Burma at the head, the right-wing organisations of separatist feudal lords and the Thailand based Burmese emigrants headed by the former Prime Minister U Nu.

Those ill-assorted groupings whose common aim is to overthrow the Revolutionary Council's regime receive financial and other kinds of assistance from different external forces and are disunited.

THE ACTIVITIES of the pro-Western Burmese emigration in Thailand headed by U Nu cause, however, a certain anxiety on the part of the Revolutionary Council. "The party of parliamentary democracy" which was formed by the emigrants in Thailand strives to overthrow the Revolutionary Council's regime and to reinstate their corrupted parliament in the country. U Nu gets assistance of the imperialist circles, chiefly from the USA, interested in supporting U Nu.

The emigrant bases of U Nu are situated in the jungles of East Burma bordering on Thailand. According to reliable sources, U Nu committed himself in written form to permit foreign capital to exploit Burma's mineral resources when he returns to Rangoon. In exchange for the miserable hand-outs coming from foreign monopolies, U Nu promises to grant them concessions. Therefore, it is not by mere chance that in the emigrant bases one can meet representatives of foreign oil, mining and trade companies as well as industrialists from the USA, Britain, the FRG and Australia.

In return for the financial assistance to the supporters of U Nu, the US oil and mining companies import from Burma timber, rubber and tin using the Thais as intermediaries. Over 10 bases of the Burmese rebels are situated on the territory of Thai-

land. It is quite obvious that U Nu and his groups are backed by the US while Thailand is just a screen.

In the mountains where one can reach only by foot or in a skiff along the river of *Myawadi* you can meet CIA agents operating under the guise of buyers of cattle that was driven out Burma. CIA agents are also present among the officers of U Nu's liberation army.

American agents interfere in the internal affairs and helps U Nu to train in his camps the people who later on infiltrate the country so as "to undermine" Burma from inside. Among the so-called prominent colleagues of U Nu is the American agent U Lo Yon who left Burma a long time ago and become a foreign citizen. With the US assistance they set up an underground radio station which broadcasts propaganda directed against the government of Ne Win and incites Burma to rebellion and disobedience to the authorities.

The officers of U Nu's insurgent army wear, as a rule, the US army uniform having no insignia. Officer's rank is indicated in the identification card written in English. U Nu's soldiers are equipped with the US most modern armaments American rifle "M-16," American grenade launcher "M-79", and the majority have a perfect command of English for they were educated in the USA.

Threat to Satellite Communication

By Frank Stanton, Vice Chairman, CBS.

THE UNITED NATIONS General Assembly has before it a proposal challenging that principle which has been a tenet of our democracy, a basic article of faith since its very beginning—freedom of speech. This challenge comes as the result of far reaching new technology that has opened a new era of human progress, the miracle of satellite broadcasting. The satellite television broadcasts we receive today come into our homes

The detachments operate mainly in the areas directly adjacent to the border between Burma and Thailand but at times they carry out raids deep into the territory of Burma.

The fighting spirit of the insurgents who support U Nu is quite low. At a rule, they avoid direct contact with regular army units of Burma and prefer sabotage and raids against small army and police posts.

Foreign agents are actively engaged in getting U Nu's counter-revolution out of the framework of a purely nationalistic civil war, for they would like that Burma become a second Cambodia. They would like that in Burma the desire to solve problems in a Burmese way lead to a conflict entailing foreign interference and that Burma lose its wilful isolation.

through networks and individual stations. Through such world wide linkage, over 600 million people on six continents saw the moonwalk on television—a significant reminder of the enormous potential of satellite transmission.

The capabilities of satellite communication are such that individual receivers may one day be able to pick up broadcasts direct from satellite 22,300 miles in the sky. Such broadcasts could make it possible for people in every corner of the earth to share in the free flow of ideas, the free communication of knowledge and information.

AND YET, ironically, the prospect of this very type of satellite-to-home television broadcasting has been made the occasion for an effort to negate the principle of international freedom of communication.

On Aug. 8, the Foreign Minister of the Soviet Union, Andrei Gromyko, submitted for the consideration of the United Nations General Assembly the text of a proposed international convention governing satellite television broadcasts directly into homes. What this proposed convention asserts is that governments have the right to control tele-

vision broadcasts from abroad via satellite to their people by controlling international broadcasts at their source. It is an unfortunate fact that the leaders of too many nations have a deadly fear of information which could lead their people to topple the regimes in power. Understandably, these leaders are interested in stringent preventive measures. Hence the efforts of the Soviet Union have been encouraged by the acquiescence of other nations to a similar proposal from UNESCO.

The Government of the Soviet Union can and does jam incoming foreign short-wave radio broadcasts, at a cost estimated at \$ 300 million annually. It can and does punish its people for listening to foreign broadcasts. I am not addressing myself to the power of the Soviet Government to do what it wishes within its own borders. The Soviet proposal to the United Nations, however, raises two new points.

IT ENVISAGES not merely jamming incoming broadcasts, but also taking action directly against satellites themselves outside a receiving nation's territorial jurisdiction. The Soviet Union asks UN member states, including our country, to agree that any nation, on its own initiative, may destroy satellites to keep broadcasts from going directly into the homes of their own people.

This would make censorship a principle of international law.

Undoubtedly the nightmare haunting the Kremlin is the possibility of its people hearing something other than their official Government line—the chance that some future move like the invasion of Czechoslovakia might be reported in broadcasts directly into Russian homes, giving the lie to the idea that the invasion was joyfully received. What the Kremlin wants is assurance that it can seal off the Soviet people from everything but its own propaganda.

What makes the USSR proposal more troublesome is that a climate of plausibility has been created for it, unbelievable as it may appear, by the United Nations Educational, Scientific and Cultural Organization—UNESCO, the organization conceived in the noblest spirit of international idealism for the advancement of free cultural exchange. UNESCO experts from more than a dozen countries put together a document that can only be described as a compromise in principle and a frightening danger in practice.

THIS ASTONISHING UNESCO contribution, entitled "Draft Declaration of Guiding Principles on the Use of Satellite Broadcasting for the Free Flow of Information the Spread of Education and Greater Cultural Exchange," is on the agenda of the current UNESCO General Con-

ference which continues into next month. In general terms, the declaration proclaims the people's right to freedom of information. In specific terms, however, the declaration would have the United States accede as a matter of international law to any government's cutting off its people from direct satellite television broadcasts—and not only television broadcasts but also, going the Russians one better, radio broadcasts as well.

The rights which form the framework of our Constitution, the principles asserted in the Universal Declaration of Human Rights, the basic principle of the free movement of ideas, are thus ignored. And in their place an alien concept is proposed—a concept which gives the UNESCO Draft Declaration its clear meaning, the compromising of freedom,

The UNESCO Draft Declaration twists and turns. It commences with an altruistic allusion to "such international agreements as may be necessary to promote the free flow of ideas by word and image." It cites the message of the Universal Declaration of Human Rights that "everyone has the right to seek, receive and impart information and ideas through any media and regardless of frontiers." It even states that "The objectives of satellite broadcasting for the free flow of information is to ensure the widest possible disse-

mination, among the people of the world, of news of all countries, developed and developing alike."

THIS, HOWEVER, turns out to be window-dressing. Getting down to its real business, the UNESCO Draft Declaration declares, "Each country has the right to decide on the content of the educational programmes broadcasts by satellite to its people." And the Declaration does not stop there. "It is necessary," it continues, "that States, taking into account the principle of freedom of information, reach or promote prior agreements concerning direct satellite broadcasting to the population of countries other than the country of origin of the transmission." Thus, in a single sentence, the Draft Declaration manages to combine lip service to freedom of information and a demand for prior censorship of broadcasts through government agreement and control.

In practical terms, the UNESCO Draft Declaration gives international sanction to government control of what people can see and hear in direct satellite transmissions from outside their national borders. This means that nobody may legitimately broadcast to the USSR without the agreement of the USSR. That is what UNESCO proposes, not just for the USSR but for every nation. And despite the inclusion of all the disclaimers, what this

amounts to is clear and frightening acceptance of the very same principle which lies behind the Soviet Union's proposal to the United Nations.

REGARDLESS of what body exercises the power of the censor, the effect of both the Soviet Union draft and the UNESCO draft is to make it possible for every signatory government to assert control over the content of international broadcasts. Quite seriously, I do not, see how our government, given our Constitution, can possibly enter into any agreement in which the rights of Americans to speak to whomever they please, when they please, are bartered away.

We recognize that although the United States by tradition believes in the free exchange of ideas, most other nations do not. That fact probably explains why the UNESCO Draft Declaration was adopted by a multi-nation committee at the end of last year. What is astonishing is that the draft was accepted by a body which included a delegate from the United States. The document hence went forward as a unanimous and unopposed recommendation.

INCREDIBLY in the ensuing months, wiser counsel has not prevailed, despite the reasoned protests of the White House Office of Telecommunications Policy and the United States Information Agency, both of which are strongly opp-

osed to the Draft Declaration. Rather than face this issue squarely, the State Department's plan of action presumably is merely to plead for postponement, and to vote against the Draft Declaration as a last resort only if postponement fails.

On Oct. 12 at the United Nations General Assembly, U.S. Ambassador George Bush indicated the State Department line. He was speaking on the Soviet Union's United Nations proposals, but his remarks were clearly applicable as well to the separate and independent UNESCO Draft Declaration.

Ambassador Bush, while reaffirming "our strong 200-year old belief in the free exchange of information and in the free exchange of ideas," noted that direct satellite broadcasts "are still, so far in the future." He said that "Government will need to reflect on certain basic questions" and he spoke of "the complex and important questions deserving our most careful thought." He said that this reflection was necessary "before the international community tries to establish concrete treaty rules or even guiding principles governing satellite broadcasting."

The State Department's attitude is perhaps best described as "embarrassment" over the prospect of opposing the desires of developing countries, which support the Draft Declaration. What the Depart-

ment obviously has in mind is an attempt to avoid a head-on confrontation and give everybody a tidy diplomatic out.

BUT I SUBMIT that the central issue here transcends that kind of diplomacy. Delaying tactics, pleas that haste is unnecessary or further study is required are entirely out of place when the fundamental principle of free speech is at stake. There can be no temporizing. You don't negotiate free speech. The United States must do all within its power to block the path to international censorship.

To this end, it is imperative that the Secretary of State instruct our delegation to the UNESCO General Conference to oppose the Draft Declaration and to oppose it head on. Any other course would be unworthy of our national heritage. When liberty is threatened, when freedom of thought is challenged, the policy of the United States must be resolute and uncompromising.

IN THE NEXT ISSUE

- SHERLOCK HOLMES—
Rail Travel, Colombo Goods Shed, Paddy.
- SAFARI IN CEYLON—
Wandering in the N.C.P. & N.P.
- CANAX—
Tora, Tora, Tora.

Peaceful Existence or Cool War

By ZIAUL HASAN

Moscow,

IS IT going to be a cool war between the USA and the USSR? A cool war, according to an American scholar, has the same objective as the cold war or the hot war. Each side seeks to defeat the other because their basic interests are irreconcilable. But in a cool war, unlike in the other two varieties, the struggle is carried on within the limits of certain rules. The term was coined some time after May this year when Mr. Brezhnev and Mr. Nixon met.

It was obvious that both USA and the Soviet Union were doing their best to avoid for all time a hot war. The cold war has also lost its freezing chillness soon after Soviet-West German relations improved and the European climate began to change. Mr. Nixon's visit to China and the Soviet Union heralded bigger changes. But the change could not remove the irreconcilable conflict between capitalism and communism. Therefore the scholar coined the term 'cool war'.

Soviet scholars will agree with the social analysis, that is, that the conflict between the capitalist system and the communist or socialist system is irreconcilable. But as far as

the term is concerned they would have made a happier choice. They would have preferred an old term—"peaceful coexistence between countries of different social systems."

THIS TERM was mentioned in connection with the economic agreement signed recently in Washington. Soviet observers did not say that the existing differences between the two countries had been eliminated nor did they harp upon the adding social conflict between two systems. 'Pravda', commenting on the agreements said that the Soviet Union was only implementing fully the principle of peaceful coexistence of States with different social systems.

Soviet Minister of Foreign Trade, Mr. Nikolai Tatolichev, who signed the agreements on behalf of his country, said that the event would strengthen mutual confidence between the Soviet and American peoples, further improve relations between them and strengthen world peace. This is what we all want and we shall fight for this, the Soviet Minister added. US Secretary of State Rogers described the agreements as a "very substantial advance on the road of improving political relations with the Soviet Union, which has also created possibilities of strengthening world peace."

Thus, spokesmen on both sides agree that the framework in which the agreements were signed and

future relations would develop was the framework of peaceful coexistence. But there are influential groups in the United States who would prefer to call it the framework of cool war because they do not like the agreements and were agitating against economic dealings with the Soviet Union.

AMONG the opponents of the promotion of Soviet-American trade are the bosses of the military and industrial complex headed by the Pentagon. American observers also mention the international oil cartels and some other monopoly groupings. All those who make money out of cold war or a hot war (provided it is guaranteed safe) were opposed to improved relations with the Soviet Union. The papers that reflected their interest raised the point of extracting political concessions from the Soviets. One of them was "Washington Post" which thought now was the time to get something done in the Middle East and Vietnam. Senator Jackson agreed with it. But neither of them realised that the Soviet Union could continue to wait as it had done for a very long time. The change actually occurred in American policies. As US Secretary of Commerce Peter Peterson said, the agreements put an end to the abnormal trade relations between the USSR and the USA in the last 25 years. These had resulted from discrimination against the

Soviet Union, which deprived American business of a huge and expanding market. Such an abnormal situation could not continue indefinitely.

ACTUALLY the problem of normal relations extends beyond economics. It covers the most vital question of politics, that of peace and war. Ever since the end of the second world war an armed conflict between the Soviet Union and USA meant, and perhaps today also means, a global war. A war whose destructive potential is difficult to imagine. In any case it would mean crippling of human civilization. The war maniacs might not have bothered but their own skin was not safe. Hence the desire in America to curb the nuclear arms race and reach a working understanding with the Soviet Union. Dulles and his 'position of strength' policy was dead for all time.

A Soviet student of USSR-USA relations in a study noted that Soviet-American relations have been alternating between the point of hostility and the point of normalization. From 1917 to 1933 was the period of hostility followed by an anti-Hitler coalition from 1941 to 1945. Then the rulers of America and Britain started the Cold War. Now the process of normalization has started. But what the Soviet analysis

stressed in this connection was that despite fluctuations the process has been leading towards the establishment of the principles of peaceful coexistence. This, he maintained, was an objective historical necessity. The two have to live together on the same planet, which is now possible only in conditions of peace and co-operation.

The Cold War became more and more dangerous in view of the development of nuclear weaponry. The logic of coexistence began to assert itself. Soviet diplomacy was all the time working in favour of normal relations with the USA. At home also, American public opinion and domestic and foreign problems which the US found impossible to solve without a change in the climate, all combined to bring about the change which expressed itself in Mr. Nixon's visit to Moscow. The recent economic agreements and the subsequent steps are the direct consequence of the discussions between the Soviet Communist Party chief and the US President in May this year. Both sides at the economic talks in Washington stressed this point in their press statements.

The whole world will gain by the normalization of relations between the two giants. Just as an armed conflict between the two would be disastrous

for the whole world, cooperation between them would be to the general benefit.

Certain Governments, like Peking's, might not like the developments but that is because they have narrow-minded chauvinistic considerations and an anti-Soviet squint in their eye. The world seems to have become polycentric. But there is no denying the fact that relations between the Soviet Union and the United States are still the main index of the health of the world.

WELL-BEHAVED

The manager of a hotel at Thornton Dale (England) has advised his employer to eschew tradition and rent rooms to dogs instead of human beings. He backed his suggestion with the following indisputable arguments; dogs do not try to kiss chambermaids, they do not steal ashtrays, do not get dead drunk, do not use towels to wipe shoes, do not burn holes in bedsheets with cigarettes or complain about the service. The owner of the hotel is reported to be thinking it over.

Anchovies Disappear: Peru's Fishermen Too.

The world's largest fish-product producer, now idled, watches anxiously for return of Humboldt current.

A WARM ocean current threatens economic disaster for Peru. Flowing down the South Pacific coast, the warm waters of "El Nino"; as the current is known, have sent millions of anchovies and other marine species scurrying in search of cooler waters. The anchovy has all but disappeared from Peruvian fishing waters, and this in turn has virtually shut down Peru's fishing industry.

For a nation that earns 40 percent of its foreign exchange from fishing, the situation is one of mounting concern for Peruvians. It also could have major international repercussions, perhaps altering the world fish market which in recent years has come to accept Peru as the largest producer of fish products in the world.

In connection with the crisis, the Peruvian Government decreed an indefinite suspension of all fish-meal and fish-oil exports beginning Oct. 1—a step aimed at avoiding penalties for its failure to deliver on contracts for 400,000 metric tons of fish meal by the end of the year.

COINCIDENTALLY, the warm currents of "El Nino,"

which have replaced the cooler, nutrient laden waters of the Humboldt current, also are responsible for the worst flooding in Peruvian history. Food crops have been seriously damaged and Peru has been forced to import foodstuffs on a large scale.

Normally the Humbolt current builds a wall of cold air along the Pacific coast of Peru that prevents warm-ocean rain clouds from discharging on the arid coast. Farms in the area normally are watered by a moist fog, and by streams trickling down from the Andes.

This year, however, there was no cold-air barrier and the Pacific rain clouds, which were fuller than usual, poured huge quantities of water on the ordinarily arid coast. The result was flooding, particularly south of Lima, that virtually destroyed whole farms and small villages, leaving hundreds of thousands of people homeless. With the destruction of crops, imports of foodstuffs, particularly vegetable become necessary and prices soared.

"El Nino" is not an unusual phenomenon. In the past, the current has come every five or six years about Christmastime. The name means "The Child". Born off the coast of Ecuador, the current moves south to confront and override the strong, cold Humboldt current that sweeps up the west coast of South America from Antarctic regions. Ordinarily "El Nino" diminishes conditions return to normal in two or three months.

But this year, "El Nino" is still lingering off the coast.

AFTER ALMOST nine months of inactivity, concern is growing along the coast of Peru. The fishing industry remains idle and farm communities are trying to pick up the pieces from the damage done by flooding earlier in the the year. For fishing ports like Chimbote, north of the capital, there is fear that "el Nino" may have not only destroyed this year's fish harvest, but also permanently damaged the entire fishing industry.

Peruvians are beginning to wonder if their hard-won struggle to become the world's largest fish-product producer may have been destroyed as a result of the ecological phenomenon which still shows no signs of going away.

James Nelson Goodsell
Christian Science Monitor


BRISTOL
belongs to the world
of today



**RIGHT SIZE
RIGHT TASTE
RIGHT PRICE**

