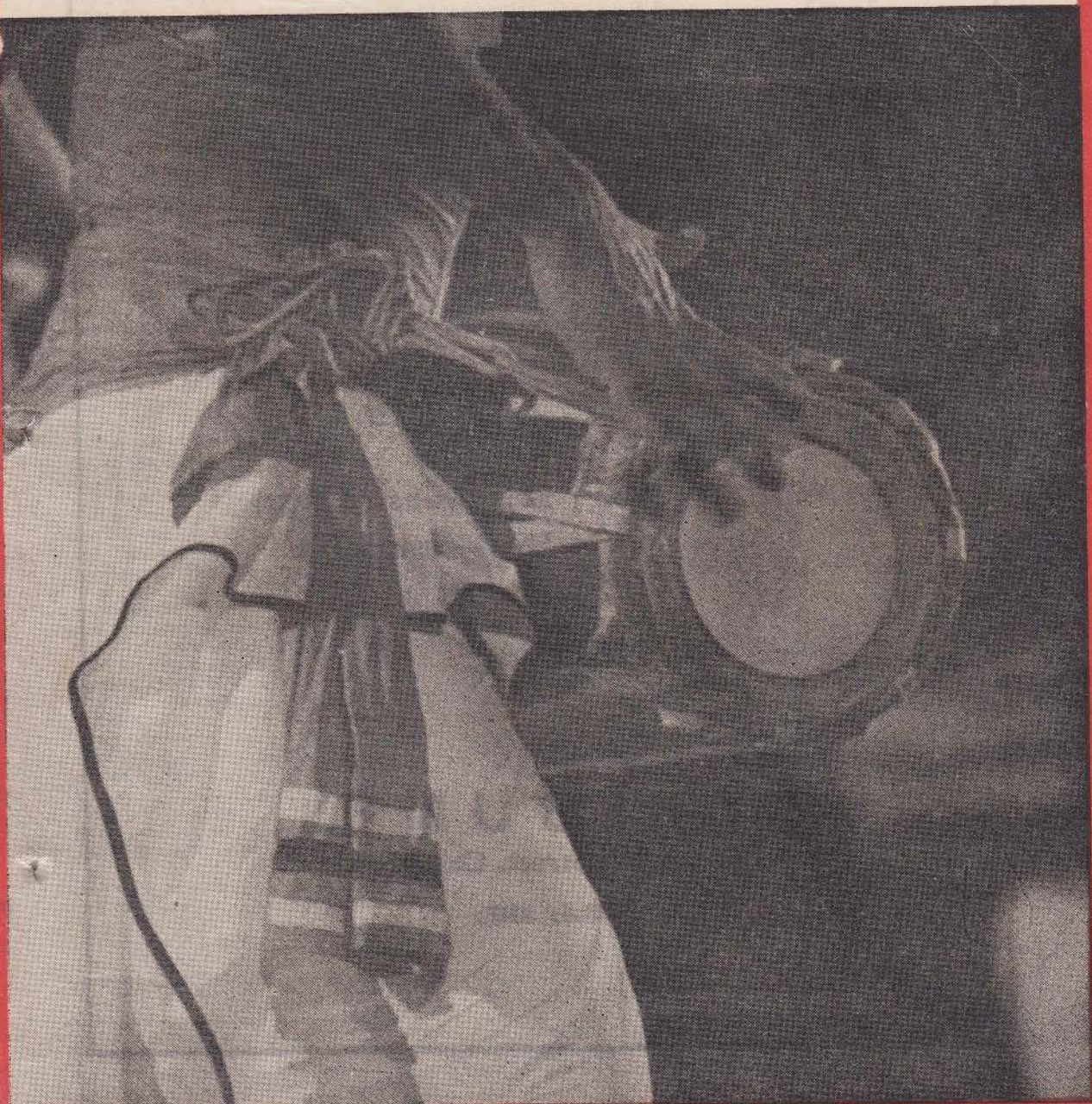


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# Letter From The Editor

THE PICTURE on the cover, this week, is symbolic of the date of issue of this number of *Tribune*, December 31, 1977. The old year is drummed out and the new year is ushered in with the familiar beats of a traditional Kandyan ceremonial drum. The year which has just ended has been one of the most momentous in the island's history. The United Front Government with a majority in Parliament more overwhelming than any previously obtained by any Party or Coalition, had assumed power in 1970 with loud proclamations that a brave new world would be brought into being in double-quick time. Before the initial euphoria could fade out, came the insurgency of April 5, 1971, which shook not only Ceylon but became a major event in the contemporary history of the world. The United Front government met the challenge of the insurgency by incarcerating 17,000 suspected insurgents and also by adopting stern repressive measures in which the number of youths killed is still a matter of controversy. Special laws were promulgated and special courts were set up—all contravening basic human rights and also violating the basic principles of the rule of law. The insurgency was suppressed, but the government was so alarmed that it rushed into what it thought were "radical reforms" in the belief that they would not only cut the ground from under the feet of the JVP but also lay the foundations for a "socialist" society. The JVP movement was certainly debilitated, but the new Republican Constitution, the Land Reform Law, the Administration of Justice Law and other similar measures failed to usher in the dream-world of United Front "socialism". This failure to bring relief to the ordinary people, the failure to check soaring prices (no doubt partly due to global inflation) and more importantly the inability to check the rapid rise of unemployment, all contributed to a crack-up of the United Front. Whilst the SLFP looked for succour from the capitalist West, the LSSP wanted to embark on more drastic "radicalism". This led to a SLFP-LSSP split in the second half of 1975. The CP continued to cling to the SLFP and to what was left of the UF until February 1977. By this time, the efforts of the SLFP to obtain a postponement of the elections due in 1977—this was also on an extended term from 1975—proved abortive. A hasty prorogation to circumvent an embarrassing no-confidence motion following in the wake of a disastrous rail strike brought the premature and unexpected end of the entire edifice of Emergency. The dissolution was put off to the last possible date—May 9th. The General Elections took place on July 21, and the UNP won an awesome majority bagging 139 of the 163 seats. The Pottuvil election, held later, brought the UNP strength to 140, and with the defection of the TULF Second member for Pottuvil, the UNP now has 141 members in the NSA. The TULF is second with 18 seats and the SLFP has 9 seats. The LSSP and CP failed to win any seats. This is the first time in 47 years that the island's parliament has no Leftist. The supreme victory scored by the UNP did not prevent post-election violence from July 21-31 and an outbreak of anti-Tamil violence from about the middle of August for about two weeks. The UNP government survived this challenge without resorting to an Emergency and without promulgating any special laws. Further, the UNP fulfilled one of its main election pledges by repealing the CJC Act, the Foreign Exchange Laws, the Administration of Justice Law and similar laws repugnant to natural justice and the rule of law. Besides, the government enacted the Second Amendment to the Constitution introducing the Presidential system of Executive Power. A Select Committee is now busy on other amendments to the Constitution, and one change that is likely to be adopted unanimously is proportional representation. The Government has also adopted a new Local Government Act with proportional representation and franchise for plantation workers: and local elections avoided by the UF and the SLFP for seven years will be held soon (with direct elections of the head and deputy head of local bodies). The most important change, however, from a long range point of view, is the complete turn-around effected in the Budget. The UF (LSSP) budgets from 1970 to 1975 and the SLFP Budgets for 1976 and 1977 had brought the country to the brink of ruin under various radical and pseudo-socialist slogans. All their budgets had vainly claimed to push this country on to the path of a non-capitalist development towards socialism. The UNP, whilst still talking of "democratic socialism", has produced a Budget which seeks to take this country on the path of capitalist development—with such democratic constraints and restraints essential in a poor developing third world country to keep its population at least a little above the hunger line or a minimal subsistence level. How far this will succeed will be seen in 1978 and in the years immediately after.

# TRIBUNE

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## EDITOR'S NOTEBOOK

## • Budget And Ministers

## • US Dollar

Colombo, December 24.

The Budget debate is over. It has been one of the most momentous of such debates in the legislature of this island. Nimal Karunatileke, whose lobby notes on the meetings of the NSA over the SLBC is an outstanding innovation of which the government can be truly proud, has succeeded in maintaining an objectivity of a high order. In one of his broadcasts, he said that if anyone was interested in the mechanics of racket-busting, he should have sat through the Budget debate. There is no doubt that this session of parliament brought to light the most astounding acts of corruption. *Tribune* was aware that in the years 1970-75—and its columns will testify to it—corruption had reached proportions never before known in this island. Very often in this period we had lamented the fact that our pages were not enough to spotlight the entire gamut of corruption that had spread into every level of public life. *Tribune* had also expressed its frustration that whatever was written about corrupt acts—however factual and correct—did not evoke the slightest response from the then government. And what was worse was that much of this corruption was hidden under an ideological smokescreen. It was claimed that what was done was in the interest of ideological imperatives: that anyone who criticised the administration, the bureaucrats, the politicians and the government were ideological and class enemies.

But ever since the UNP government came to power and had access to the files, exposures of corruption proliferated every day. And, at every sitting of the NSA more and more came to light. And during the Budget Debate, especially during the Committee Stage, one sensational story followed another. *Tribune*, which has always kept its ears to the ground and had followed every scent that

savoured of corruption, was taken aback by what has surfaced. There are over fifty to sixty commissions and committees of inquiry now sitting, but even these will not be enough to uncover even a part of what has been disclosed. From misdeeds in Municipal Councils to graft (in millions) in the establishment of a Urea factory is a long story.

What is to be done to clean up this corruption on a national scale is something beyond *Tribune*—we can only say that the maximum publicity should be accorded to all these exposures. And it is also necessary that every act of suspected corruption by politicians, administrators and others, even at the present time, should be exposed ruthlessly and fearlessly.

The debates on the votes of a few ministries stand out: Finance, Irrigation, Education, Agriculture, Industries, Trade and Food and Co-operatives. The discussions on the affairs of other Ministries were also extremely important, but the above mentioned Ministries were concerned with vital sectors of life in this country. Finance and Planning Minister, Ronnie de Mel, did extremely well in piloting a difficult budget through the NSA. Gamini Dissanayake has a mighty challenge before him in Mahaweli and if he acquits himself in administration with the same verve he displayed in debate, good work can be expected in the ambitious Mahaweli programme. Nissanka Wijeyaratne has assumed the role of a giant in education: pragmatic, realistic and sound—full of horse-sense in deciding what is right and what is wrong. He is emerging as one of the most powerful and outstanding of speakers on the government benches—his oratory, his wit and his repartee are daily getting better. E. L. Senanayake, if he is not provoked into racket-busting, showed a mastery of the work of his ministry, and what is expected of it. His voyage into a paddy field in a pair of tennis shoes at Panduwasnuwara will soon be forgotten—if he will implement even a fraction of what he said his Ministry will do. Cyril Mathew is sharp and incisive, and he has shown that he can get things done. He is a no-nonsense Minister and he will go far in getting our industrial sector on to the rails if he persists in what he is doing. Lalith Athulathmudali has a grip on

his subject and has won all round admiration for his sense of fair-play and justice. He has won friends among the Tamils and the TULF more quickly than many others. His is a difficult and tricky Ministry and it will be interesting to watch him in action in the coming months. S. B. Herat has an unenviable task with Food and Co-operatives, but he has shown a willingness to clean the Augean stables.

With the introduction of the Presidential system, there will be changes in departments now joined together under different Ministries. There is no doubt that in the days of the United Front, departments had been grouped together to suit the imperatives of power that Mrs. Bandaranaike and the SLFP wanted to achieve for personal, sectarian and party interests. Further, with the surfacing of each split and faction, departments were switched around, and new ministries created. The system of departments and ministries which came down to the UNP was the most illogical and irrational that could have conceived if one had the development of the country in mind or the maintenance of law and order.

How Mr. J. R. Jayawardene will set about the re-organisation of departments is hard to say, but there is public confidence that he will do a good job of it.

But, the greatest challenge J. R. Jayawardene will face in the coming year will come from the contradictions and conflicts that already torment the capitalist West in the field of finance, trade and economics. Apart from the questions of the protective barriers coming up in the EEC countries and the USA, there are a large number of other matters of great importance and consequence which have to be resolved.

The US dollar has been falling steadily for the last few months. President Carter, a few days ago, announced emergency measures to "save" the dollar because it had depreciated 32% against the Japanese yen and 17% against the West German mark.

The debacle of the US dollar has been the subject of much comment. Under the heading MONETARY PEARL HARBOR HITS DOLLAR, David Goldman



in the *New Solidarity*, 29/11/77, stated: "In what the European newspapers have dubbed a 'monetary Pearl Harbor,' the US dollar lost more than two percent of its value against other major currencies last week, with no bottom in sight. The collapse occurred despite huge amounts of support for the dollar by the European and Japanese central banks—leaving the Europeans convinced that major political action is necessary to prevent the shattering of the world monetary system. Last week's new record dollar lows on the international markets came about in response to the Treasury's flaunted unconcern for the dollar spiral at international meetings last week, and the Federal Reserve's public capitulation to the hyperinflationary policies of Werner M. Blumenthal's Treasury Department. All previous efforts to prop up the dollar through conventional central bank policy have failed, and the market has responded accordingly."

After discussing, in polemical style, some of the reasons for the collapse of the dollar, Goldman went on to say: "But the real story of what is happening to the US economy has been kept from the popular press, and barely hinted in the financial journals. Government economists were ecstatic about the 4.8 percent rise in Gross National Product (total sales in the economy) between the second quarter and the third quarter of 1977. But more than half of the rise was prompted by a sudden \$ 14 billion increase in government spending for defense contracts, makework jobs, and other items, which kept the economy going—despite the deterioration of the underlying situation. This deterioration was underscored by an auto company's announcement on Nov. 24 that new car sales in mid-November had fallen by 4 percent from 1976, a huge turnaround from previous sales levels of 15 percent above 1976. Since auto is one of the few sectors holding the economy up, the news is ominous. The importance of Federal handouts is clear from the just-released figures for October capital goods orders; accelerated defence purchases pushed the figure up by 4.5 percent. Non-defence capital goods rose a miserable 1.1 percent. Behind the fall of the dollar, then, is a process of hyperinflationary spending and economic deterioration

that began in June. The Treasury has lied about the trade collapse and the hyped-up spending, cheering on the dollar collapse. Fred Bergsten's old senior colleague at Brookings, economist George Perry, told a reporter last week, 'The left government spending is providing is keeping the economy going. Spending must continue until a lift is provided from elsewhere.' Perry added that the dollar collapse 'helps exports' by cheapening their relative price!

"With no sign of a sane economic policy coming from the United States, Western Europe is thrown back on the option mooted by European financial leaders over the past few weeks; use Western European gold reserves to substitute for the collapsing dollar and expand trade. Whether the City of London will be able to dominate the chaos, or whether the Europeans and Japanese will unshackle themselves and opt for gold, remains to be seen. But, barring a dramatic change from Washington in favour of a high-technology export program—to put real value behind the dollar—the United States will lose either way."

On December 6, the *New Solidarity* published an article by Richard Schulman entitled **NEW SLIDE BY DOLLAR HEIGHTENS DANGER OF WORLD TRADE PLUNGE**. He said: "The dollar plunged to new lows against the stronger European currencies last week, nearly falling through the current 'psychological barrier' of 5.20 West German marks on Friday afternoon. This latest collapse of the dollar was touched off by the growing fears of the Carter Administration's plans to try to pump new life into the stagnant US economy via faster deficit spending and money printing. The non-stop plunge of the dollar now threatens a full-scale flight out of the world's principal trading currency and the disruption of world trade."

Last week's events have made fools out of those who imagined that US Trade War specialist Robert Strauss's provocations against Japan could provide a viable defense of the dollar. Although the US press has been claiming that Japan has capitulated to Strauss's and Treasury Secretary Michael Blumenthal's demand that Japan outstrip the US in trade

deficit, and take the heat off the dollar, the foreign exchange markets remained impressed for only several days with the yen's alleged ritual surrender to General Blumenthal's dollar. Concerned that the latest round of currency chaos could precipitate a new ratchet of economic collapse before measures such as the US Labor Party's proposal to expand the trade-fostering activities of the Eximbank are implemented, Labor Party Chairman Lyndon La Rouché issued a public call to US bankers on Friday to take immediate measures to turn the existing dollar liquidity into credits for promoting hard commodity production and trade

"However, so far it has been European bankers, not American bankers, who have been the most aggressive in financing new trade deals and backing up their currencies with production and trade. The nuclear deals that France and West Germany are concluding with Iran are the most notable example of their trend. Exemplary of the chaos the continuing dollar slide is engendering is the situation in Western Europe. Foreign exchange traders report that what remains of the European currency "snake"—the agreement to align currency parities to foster trade stability—could blow to pieces at any moment. The appreciation of the trade-backed deutsche mark against the dollar has widened the spread between the West German currency and the weaker European currencies to the point where the Belgian franc and the Danish and Norwegian crowns may have to drop out of the snake."

"The British are eager to see the snake collapse, and replace it with the 'European Monetary Union'—the monetary scheme designed by EEC Commission head Roy Jenkins to put Europa's currencies securely under City of London control. However, ongoing moves by the West Germans and others to establish gold-backed monetary arrangements early next year to stabilize trade would counter the British plans. As a well-informed International Monetary Fund official noted last week, 'If the dollar continues to fall, then not only individuals, but central banks will grab for gold, definitely.' He also confirmed rumours circulating in New York that there are currently discus-



sions among the West German, French and Japanese finance ministries about a three-way fixed rate link among the currencies, with gold backing. The metaphors being used to describe conditions on the currency exchanges leaves little doubt as to the immediate danger to world trade—which depends on stable currency relationships."

Schulman then went on to discuss the intricacies of the impact on the capitalist world in the West of the continuing slide of the dollar: "Last week an official of the New York Federal Reserve said the markets are manifesting 'more of a gambling atmosphere than we've had in really more than a year or so,' the *New York Times* reported December 1. Commentators are freely describing the markets as 'rumour swept.' The West German daily *Die Welt* pinpointed the British role in this chaos Dec. 3 by noting that an article in the recent bulletin of the Moscow Narodny Bank, authored by a British banker, was in part responsible for the recent onslaught against the dollar. The article stated that while the dollar might have seemed to have stabilized, it was not immune to renewed attack. However, there are more substantive reasons for the latest slide of the dollar. In a feature article on Dec. 3 headlined 'More Analysis Predict New Inflation Spiral or Recession in 1978', the *Wall Street Journal* reported that a growing number of financial analysts 'see even the possibility of renewed double-digit inflation in the coming year.'"

The origin of these fears is not far to seek. According to money market analysts, the Federal deficit for the next two quarters (the last quarter of this calendar year and the first quarter of the next) will reach \$ 44 billion, a figure which already exceeds the \$ 40 billion deficit run up during the last fiscal year. At the same time, money analysts are worried that 'conservative' Arthur Burns has opted for 'easy credit' policies of inflation rather than high-interest credit policies that risk throwing the economy flat on its face. Meanwhile, Britain's imperial dreams of turning sterling into the new international reserve currency have been punctured after a short-lived existence of several weeks. When the Bank of England

ran up the Minimum Lending Rate two weeks ago to prevent an explosion of the money supply in England the price of the several new Eurosterling bond issues being offered on continental markets immediately plunged by 3 percent in the same short period. Swiss and West German bankers are 'pulling a Rothschild' and will not long touch Eurosterling bonds. It is one thing to sell tea biscuits with 'By appointment to Her Majesty the Queen' on the box in foreign super markets, and another matter altogether to sell Eurosterling bonds to investors wary of a different kind of crunch."

As we have mentioned in this column often, the failure of the capitalist countries to resolve these contradictions can lead to a new global war—unless all these rich and affluent countries pass the buck on to the third world countries or involve the socialist bloc in a war.

Whether we like the US dollar or not, whether we believe that Yankee imperialism (or neo-colonialism) is the root cause of global ills or not, there is no doubt that world peace largely hinges on the the immediate fate of the US dollar. In an editorial, the *New Solidarity* sets out the position very clearly: "Behind the daily fluctuations of the Middle East lies a more fundamental crisis that is threatening to unleash the chaos and disintegration that would make Middle East peace, or peace anywhere else, an illusion. This is the crisis of the US dollar. For the first time since August 1971, in fact, the fate of the world's reserve currency has become an unabashedly political issue. The US population is already measuring its consequences in thousands of layoffs and municipal service shutdowns, as the newspapers and TVs blare bulletins on the dollar's collapse. As usual, the controlled media's concentration on an economic reality is not without malevolent intent. The mouthpieces of the City of London's 'destroy the colonies' policy are cynically publicizing the dollar crisis so as to convince the country to accept a cut in oil imports, and other austerity measures that will exacerbate the very deindustrialization policy that weakens the US dollar to begin with.

"The necessary policy is precisely the opposite. The dollar—whose name is increasingly synonymous with speculation—must be saved by restarting and expanding the industries that can give it high-technology content. Not next year, but now. The needed mechanism is readily available in the Export-Import Bank which can take immediate action to turn the billions of hot dollars into export credits with claims on US industry. The corollary policy is the adoption of a comprehensive nuclear energy program. Such action alone will save the dollar, and world peace."

After this preamble, the editorial goes on to examine the political implications of the fall in the value of the dollar: "To understand the consequences of a US dollar collapse, one has to realize first that such an event is political. The draining away of the dollar's productive industrial and agricultural backing has filled the currency with hot air, but did not predetermine its precipitate fall against currencies such as the Italian lira. On nearly every count but the crucial area of rate of capital formation, the US economy and standard of living still outstrips any country in the world. It didn't just fall of its own weight, somebody pushed. That somebody is the coterie which takes its orders from the Rothschild-infested City of London and allied investment houses around the world. London led a break from the dollar over the summer, only to turn around and sabotage the joint European action which would have offered both the dollar and the pound a new lease of life within a new gold-backed monetary system. London has been the chief rumor center for predictions of imminent Arab defection from the dollar, and the chief financial beneficiary of those rumors. London, through its agents James Schlesinger and W. Michael Blueenthal, has sabotaged every effort within the United States to embark on the high technology export and production program which would serve as the basis for international economic co-operation and a rapid deflation of Queen Pound. London has taken the political ball away from the United States, leaving the world's prospects hanging in the balance."



The New Solidarity has been leading a campaign for high-technology export nuclear program as a way out. This is what it says: "There is ample evidence that a network of industrialists and bankers on both sides of the Atlantic understands what's at stake with the dollar collapse and the broad outlines of the high-technology export nuclear power program which can reverse it. They know that peace is unthinkable without monetary stability and growth: that stability and growth are impossible without the removal of Blumenthal and the Lunatic Schlesinger. They have been launched a propaganda campaign across America for a return to the 'creative genius' of the American mind and high-technology capital formation for export. So what are they waiting for? Every wasted day is a flirtation with disaster. There is no question how it can be done. The charter of the Export-Import Bank already provides for taking subscriptions and extending low interest credits along the lines of Alexander Hamilton's Bank of the United States. Thus the dollars now being dumped on the international markets can be pulled into such a profitable operation, while the Federal Reserve and the supportive European central banks implement a sharply punitive credit policy toward speculative investments."

"The immediate object would be to gear up US industry for high-technology exports, particularly in the areas of steel and nuclear energy. The smoothest transition to this policy would involve a simultaneous move into a gold-based international monetary system, but there is not need to wait for such a step. A high technology export policy will immediately provide the basis for US proposals for Middle East economic development—the only chance for a durable settlement in the area. It will stop the progression of the worst depression in history. So far, the dollar is being held up by the Western Europeans only at deadly expense for their own industry and trade. This cannot continue: we are living on borrowed time."

We have dwelt on this question at length because we know that developments in the global economic situation will have the most serious repercussions in Sri Lanka. And what is unbelievable

is that newspapers and media do not pay the slightest attention to these developments. They are so concerned with parochial problems that they forget that global economic earthquakes can disrupt and thwart all developmental work.

Coupled with the consequences of the collapse of the dollar and monetary system of capitalism, the question of the debt burden on third world countries—a burden that has been artificially inflated by the rich countries—will come up in a big way in 1978. Gamini Corea of UNCTAD, was recently asked by a western press correspondent whether the cancellation of debt was regarded as one way of redistributing wealth as between rich and poor countries. He gave an evasive answer and said that this will be one of the questions that will be tackled not only by UNCTAD but by the North-South dialogue in 1978.

Sri Lanka and its UNP government will be called upon to participate in these discussions and help to resolve them. The non-aligned community will also discuss the question of debt among other matters. All these matters are tied up with the demand for a new international economic order. This column will discuss the debt problem as well as the question of the new international economic order, in the context of realities of 1978, in coming issues.

+ +

### BUDGET — 6

## Developments In 1976 and 1977 — 2

Mr. Ronnie de Mel, Minister of Finance, drew attention in his Budget Speech to the monetary trends in 1976:

The economy witnessed an unprecedented monetary expansion, the money supply increasing by Rs. 1,077 million or 34.9 percent, the major expansionary factor being the fiscal operations of the Government. Government increased its borrowings from the banking system by Rs. 730 million, the expansionary effect of which was mitigated to some extent by an increase in its deposits with the banking system, resulting in a

net expansionary impact of Rs. 540 million.

The need for the Government to borrow so much from the banking system arose from the fact that the budgetary out-turn for the year showed a significant departure from the original estimates. The overall expenditure rose by Rs. 1,059 million while the compensating increase in revenue was only 107 million, thus raising the budget deficit from Rs. 2,296 million as originally estimated to Rs. 3,248 million.

The second most important expansionary factor was an increase of Rs. 470 million in net external banking assets, which came about by the improvement in the balance of payments that I have just described.

These expansionary pressures were further accentuated by an increase of Rs. 175 million in net bank credit to co-operative institutions and Government corporations. Although bank credit in favour of the private sector rose rather sharply by Rs. 427 million, the effect of this sector's operations on the money supply was contractionary owing to an increase of Rs. 487 million in its time and savings deposits with the banking system.

Certain monetary policy measures were introduced by the Central Bank during the year 1976 but in a context where money supply expands under the main thrust of Government fiscal operations, monetary policy which operates essentially through restrictions on bank credit to the private sector was of limited usefulness.

He went on to point out:

Money supply continued to increase in 1977 at about the same rate as last year despite an upward revision of the Bank rate from 6 1/2 percent to 8 1/2 percent on January 26, 1977. In the first six months of 1977, the money supply rose by Rs. 782 million at an annual rate of nearly 38 percent. During this period, the major expansionary forces were an increase of Rs. 356 million in bank credit (net) to the private sector (including co-operative institutions), an increase of Rs. 359 million in net credit to Government corporations and an increase of Rs. Rs. 298 million in net external banking assets. Government financial operations, on the other hand, resulted in a con-



tractionary impact of Rs. 254 million.

Mr. de Mel then set out the corrective increases the new government took when it assumed office in July:

In the context of a monetary expansion arising primarily from an extension of credit to the private sector and Government corporations, a series of anti-inflationary measures were adopted by me in August, a few weeks after our Government assumed office. The Bank rate was raised to 10 percent and limits were placed on accommodation granted to commercial banks by the Central Bank at the Bank rate. In order to mop up excess liquidity in the economy and from a longer term angle to promote savings, new and attractive savings schemes were introduced by the National Savings Bank. The rate of interest on savings deposits was raised from 7.2 percent to 8.4 percent and new fixed deposit facilities for 6, 12 and 18 month terms have been introduced carrying attractive interest rates of 12, 15 and 18 percent respectively. Commercial banks have followed the National Savings Bank in revising their deposit rates upwards which has also meant increased lending rates.

These measures are vitally necessary, Mr. Speaker, to reverse the monetary trend of the eighteen-month period ended June 1977 and thus combat inflationary pressures in the economy. They have already begun to take effect and it is the expectation that the level of money supply will fall substantially in the second half of the year.

So far as the revenue for 1976 was concerned:

The total revenue was estimated at Rs. 5,644 million in the original budget estimates for 1976. However, the actual revenue collection in the financial year was Rs. 5,750 million representing an increase of Rs. 107 million or 2 percent over the original estimates. The amount collected during the year was also higher by Rs. 657 million or 13 percent as compared with the actual revenue in 1975. The major contributors to the increase in revenue were corporate and non-corporate income tax (Rs. 936 million), rents, interests, profit and dividends (Rs. 255 million), export

duties (Rs. 421 million), tea (ad-valorem) tax (Rs. 276 million) and BTT (Rs. 711 million). The increase in export duty collections of Rs. 108 million over the original estimates was mainly on account of the higher prices enjoyed by rubber exports. The increase in tea prices was favourably reflected in the collection of tea (ad-valorem) tax. The amount collected as rents, interest, profits and dividends exceeded the originally estimated amount by Rs. 127 million. The total income tax collections in 1976 were higher by Rs. 341 million over the original estimates. This increase is mainly attributable to a higher collection of arrears and better performances in the manufacturing, transport and banking sectors. Higher prices that prevailed during the year have resulted in an increase in Business Turnover Tax collection by Rs. 76 million.

On the other hand, revenue collection from FEECs, and Tobacco Tax at Rs. 1,074 million and Rs. 452 million respectively, were lower than originally estimated, the short-falls being Rs. 526 million and Rs. 111 million respectively. Reduction in FEEC receipts is mainly attributable to the increased value of imports in the 'A' category and the lower rate of utilization of import licences on 'B' category imports. The revenue short-fall of Rs. 106 million from the sale of food items was due to losses incurred on the sale of both sugar and flour.

Then he set out that, "the total Government expenditure in the financial year 1976 was Rs. 8,997 million, which represents an increase of approximately 16 percent over the previous year. The recurrent expenditure in 1976 increased by Rs. 401 million or 8 percent compared with an increase of 14 percent recorded in 1975. The original provision for recurrent expenditure in the financial year 1976 was Rs. 5,459 million. In the course of the year Supplementary Estimates to the extent of Rs. 274 million and Special Law warrants of Rs. 30 million were authorised making a total provision of Rs. 5,763 million under recurrent votes. The principal supplementary provisions were in respect of Education (Rs. 76 million), Public Administration (Rs.

51 million), Defence & Foreign Affairs (Rs. 35 million), Health (Rs. 35 million), and Transport (Rs. 33 million). In the event, how expenditure of Rs. 209 million or 4 percent, the actual recurrent expenditure was Rs. 5,554 million. The Advance Account activities of the Government resulted in an outpayment of Rs. 80 million. The total recurrent expenditure inclusive of outpayments on Advance Account activities amounted, therefore to Rs. 6,635 million."

Then he pointed out that in 1976 there was a Current Account surplus:

"The difference between the revenue collection of Rs. 5,750 million and recurrent expenditure of Rs. 5,635 million has given rise to a current account surplus of Rs. 115 million which contributed to the financing of capital expenditure."

Regarding capital expenditure he said:

The original allocation for capital expenditure excluding a provision of Rs. 649 million on account of Sinking Fund contributions and amortization payments, was Rs. 2,441 million. The supplementary estimates and Special Law Warrants authorised in the year in respect of capital expenditure amounted to Rs. 624 million, increasing thereby the total allocation to Rs. 3,714 million including Sinking Fund contributions. The major supplementary provision comprised Irrigation, Power and Highways (Rs. 176 million, Social Services (Rs. 165 million), Transport (Rs. 64 million), Industries and Scientific Affairs (Rs. 60 million) and Shipping, Aviation and Tourism (Rs. 45 million). Actual expenditure as a result of an under expenditure of Rs. 351 million however was Rs. 3,363 million. One of the remarkable features of capital expenditure in 1976 is that under-expenditure has been significantly less being 11 percent as against an expected 26 percent in the budget estimates for 1976.

He summed up the situation by discussing the Budget deficit:

The overall budget deficit that required to be financed was, therefore, Rs. 3,248 million after taking credit for the current account surplus of Rs. 115 million. This was financed from the following sources:



## Budget-6

	(Rs. Million)
Domestic market borrowing from non-bank sources ..	1,160
Domestic market borrowing from bank sources ..	639
Administrative borrowing ..	254
Commodity-aid Counterpart fund ..	524
Project Loans and grants ..	693
Cash balances ..	-22
.. ..	<u>3,248</u>

Mr. Speaker, I have in my review of fiscal trends given an idea of the emerging budgetary problem and shown how it had to culminate in the massive recourse to borrowings from the banking system as has been the experience in 1976. As the figures show resort to bank borrowings was Rs. 639 million or almost 20 percent of the budget deficit for the year. This, Mr. Speaker, is by any standard excessive. Its disastrous effects on the money supply particularly at a time when the build-up of external assets also tended to add to the money supply, cannot be over-emphasized. This was the chief cause of the increase in price levels that occurred in the last two years, bringing unbearable burdens and suffering to the ordinary man.

Finally, he discussed the revised budgetary out-turn for 1977:

"The revised budget deficit for 1977 is estimated at Rs. 2,752 million which is more or less the same as originally anticipated. However, thanks basically to the good prices our tea exports have fetched and the revenue collected therefrom, the revised estimates of revenue reveal an increase of Rs. 436 million over what was originally anticipated. Almost Rs. 300 million of this increase in revenue is to be absorbed by estimated increases in recurrent expenditure of which in turn almost half the amount will be accounted for by reimbursement of losses to corporations not originally anticipated. The revised estimate of recurrent expenditure is Rs. 6,195 million (net of under-expenditure but including a provision of Rs. 50 million on account of net out-payments on Advance Account activities). The current account is estimated to generate a surplus of Rs. 302 million or almost Rs. 130 million more than in the original Budget estimates. The provision for capital expenditure exclusive of Sinking Fund contributions and under-expenditure is expected

to increase from Rs. 2,056 million to Rs. 2,240 million. The variations from the original estimates are as follows:

	(Rs. Million)	
	Revised Estimates	Change over original Estimates
Recurrent expenditure (excluding Advance Account payments) adjusted for under-expenditure at 2%	6,145	+258
Capital expenditure adjusted for under-expenditure at 25%	2,240	+184
Sinking Fund & Amortization Payments ..	814	-34
Net out-payments from Advance ..		
Account ..	50	+50
Total expenditure	9,249	+458
Total revenue	6,497	+436
Revised Budget		
Deficit ..	<u>2,752</u>	<u>+22</u>

In any review of 1977, the revaluation exercise of Felix R. Dias Bandaranaike must occupy an important place:

You will recall the disastrous and ill-fated revaluation exercise of the Sirima Bandaranaike Government in March this year. One of the supposed benefits of this irresponsible exercise was a reduction in the expenditures which had an import element in it. The latest revised food subsidy bill is, however, estimated to be only Rs. 162 million lower than the original estimate of Rs. 1,061 million. Savings consequent to revaluation in recurrent expenditure items other than the food subsidy bill was estimated at Rs. 36 million. Nevertheless supplementary provision in respect of recurrent expenditure in the course of the current financial year is expected to amount to Rs. 412 million. A good part of the provision in the supplementary estimates has been on account of subsidies to Petroleum Corporation (Rs. 75 million), the Weaving supplies Corporation (Rs. 55 million), the Fertilizer Corporation (Rs. 75 million) and the CTB (Rs. 47 million). The other major items are on account of a grant to Sri Lanka University (Rs. 30 million) and the Department of Pensions (Rs. 25 million).

The total supplementary provisions in respect of capital expenditure are estimated to be Rs. 341 million while a saving of Rs. 109 million was expected consequent to the revaluation which lowered the import costs in rupee terms. The savings in capital expenditure due to revaluation are naturally higher than in recurrent expenditure because of the higher import content of the former. The major supplementary provisions are in respect of drought relief (Rs. 158 million) and expenditure on Malaria control (Rs. 68 million) both of which are to be financed entirely from foreign aid. There is a saving of Rs. 34 million expected on foreign debt repayments consequent to the rupee revaluation.

He concluded this part with an analysis of the revised revenue estimates:

The revised revenue estimates for the current financial year is Rs. 6,497 million representing a big increase of Rs. 436 million over what was expected at the time of the Budget. Substantially improved tea prices on which a higher ad-valorem tax was levied on the basis of rates which were twice revised upwards during the year are expected to bring almost Rs. 300 million more than originally expected as ad-valorem tax. Tobacco Tax collections are also expected to be Rs. 60 million more while Income Tax and BTT collections show increases of Rs. 50 million and Rs. 15 million respectively. Export duty and import duty collections are also expected to be up by Rs. 43 million and Rs. 30 million respectively; the former due largely to increased duty collections on rubber. On the negative side, decreases are expected from excise revenue from liquor (Rs. 54 million) due to lower than expected sales while capital levy collections have not been as high as expected.

The budget deficit of Rs. 2,752 million is expected to be financed from the following sources:

	(Rs. Million)
Appropriation Act Loans ..	1,500
Commodity Aid Counterpart funds ..	850
Project Aid and Grants ..	450
Administrative Borrowings ..	150
Chas Balances ..	198
.. ..	<u>2,752</u>



There has been a substantial increase in contributions to rupee securities and Rs. 200 million more is now expected as a result. Unlike in 1976, the entire subscription are to be from non-bank sources. The reduced level of commodity aid and project aid largely reflect the reduced rupee proceeds of foreign aid consequent to revaluation. The excess cash has been made use of to retire Treasury bills held essentially by the banking system, as part of my strategy to contain the rapid expansion in the money supply that the fiscal operations of the previous Government have brought about.

Tribune has published practically the whole of the first part of the Budget speech in regard to the economy in six parts. We have done this at the request of our readers not only those in Sri Lanka who do not buy the daily papers but also those abroad who rely on Tribune for all news about the island.

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## THE WEEKLIES

# Neither Here Nor There

By The Archivist

THE SOCIALIST NATION, the organ of the LSSP, of November 11 and 18 continued to plug the party's socialist line with a heavy hand. Only the committed and the convinced will find it palatable reading with its overdoze of jargon, clichés and weighty homilies. An anonymous "communication" details some spicy goings-on in Lake House, especially about the drop in circulation of the Daily News from 70,000 to 47,000 copies a day. This had earlier been dealt with by The Nation but both papers did not mention that when the Daily News sold 70,000 copies, the Sun had been closed down and the Daily Mirror was in the doldrums.

In the issue of November 18 the Budget is dissected at length by N. M. Perera. The lengthy thesis is entitled RONNIE MUST TELL THE TRUTH, TOO MANY CONTRADICTIONS IN BUDGET. It repeats all the familiar arguments about UNP trek to capitalism under the auspices of the IMF. On page 2, is another piece by N. M. Perera

on AN OBJECT LESSON FROM WEST BENGAL regarding the way the CP-M is seeking to make a success of its "Leftist" policies. Page three reproduces Batty Weerakoon's paper read at the Centre for Society and Religion about the SOUTH KOREAN FREE TRADE ZONE—i.e. about selling cheap labour to foreign exploiters. On the last page, the column Notes and Comments is concerned with the surrender of the UNP to imperialists, capitalists and the like. The concluding paragraph sets out the arguments: "Because Mr. Ronnie de Mel does not understand this and thinks that our economic problems is one of inviting foreign capital and securing foreign loans and grants to increase production and provide employment for our unemployed, he permits himself, as Finance Minister, to become the instrument of undermining all the achievements of the last twenty years and restoring the full extent of control that imperialism formerly had over our economy. He thereby aggravates the very problems that he proclaims he is seeking to solve. The device of a one hundred per cent devaluation of our currency that he has resorted to on the dishonest pretence of 'unifying exchange rates' is so ridiculous, it defies comment. It is the final act of self-abasement of our economy. It cannot even excite the pity of exploitive international imperialism for our condition, only its complete contempt. The decision to float the rupee has one saving grace; the Finance Minister will be saved the humiliation of announcing repeated devaluations, since the value of the rupee will float down systematically as if it were complying with the law of gravity. The relationship between our developing nation and the imperialists is, at the same time, an aspect of internal relationship in our own nation. The capitalist class profits from this relationship, while the rest of the nation is oppressed and exploited by it. This is what makes necessary the regime of 'controls' over our economy which the UNP Finance Minister curses. It is another matter that Mrs. Bandaranaike could not administer them efficiently. The apparatus of controls is vital to the preservation of our resources, to halting the depredations of world market forces and clearing the road to the mobilisation of our

dormant resources. In the course of attaining these objectives—we have no doubt about it—it is also imposes a strait-jacket on our native capitalist class. It is natural that the UNP should rage about this. By contriving to win back political power, the very first UNP budget has freed the exploiters from the strait-jacket that was put on them. The working people, the producers, are now being put in the strait-jacket. The UNP does not realise that this is a very much more difficult operation."

The most interesting article in the issue is the column Communications. It is on WIJEWEEERA AND HIS MISTAKES and is by T. M. R. Rasheed. The article merits reproduction for the record: "At the interview given to the Press soon after his release from Prison, Rohana Wijeweera, is reported to have admitted that the JVP had committed serious mistakes in the past and these will be avoided in the future. This recantation, coming as it does from the person who masterminded the insurrection of 1971, is to be welcomed, though it comes a little belatedly and that too after a costly and bitter experience of the JVP experiment. In the course of the same interview he has declared: 'On earlier occasions we had to manufacture bombs because we were suppressed. But now we want to reform the people. If this cannot be achieved then we should spend our whole life in prison.' The last part of his statement leaves several questions unanswered. Chief among them: does Wijeweera take up the position that, if he and his Party fail to rally the people around them, there is the possibility of him and the JVP indulging in such activity as would earn them a prison sentence for life? We hope not. But if that is what he actually means, then is it wrong to conclude that he and his Party have not learnt the lessons of their own past mistakes? The damage the costly mistake of the JVP wrought on the mass movement (in terms of loss of, though politically virgin nevertheless dedicated, lives and the obstruction of the forward flow of the mass movement) is so heavy that a political recurrence should not be permitted to occur. The biggest mistake of all the mistakes was the JVP itself. It was an artificially created organ planted



in the body politic of the mass movement by persons who sought to substitute themselves for the masses, in complete disregard and contempt of the state of the political consciousness of the masses and of the specific conditions obtaining in this country. It was Che Guevara who succinctly said in his book *Guerilla Warfare*. 'Where a government has come into power through some form of popular vote, fraudulent or not, and maintains at least an appearance of constitutional legality, the guerilla outbreak cannot be promoted, since the possibilities of peaceful struggle have not yet been exhausted.' Sri Lanka not only falls into the category Che mentions, but also has the unique record of having changed governments at every poll since 1956. In April 1971, when the JVP engineered the insurrection, the United Front Government was not yet one year old. The mass mood at the time was one of general expectancy. If the JVP was a Marxist party, as it claims to be, it could have taken these factors into account before it launched the irresponsible action on 5th/6th April 1971. They would instead, have pursued a course which would have helped advance the consciousness of the mass movement which was developing at that time. This was not to be. The ideology of the JVP precluded it from seeing things as they were. The ill-digested ideas of Guevarism, Maoism and Blanquism, which formed the elements of the hotch-potch JVP ideology, propelled its leaders to give vent to their subjective feelings and desires instead of taking an overall account of the concrete conditions prevailing at that time. This tendency manifested itself in substituting the tasks of a later and higher stage of the revolutionary process for the tasks which the state of the mass movement at that time actually permitted. When one looks back in the context in which the insurrection took place one would clearly see the futility of the action. The insurrection was in fact an abortive and premature operation on the mass movement. It was akin to forcing a child birth prematurely. It is no wonder the insurrection was defeated despite the self-sacrifice and heroism displayed by the participants. This utterly wrong, irresponsible and destructive course of action of the JVP not merely hindered the forward flow of the mass movement,

but actually destroyed that process as later events were to show. The mass movement is yet to recover from this destruction and resume its flow once again. The 1977 General Election results have shown that, in conditions of a weakened mass movement (to which the 1971 insurrection contributed in no small measure) and a strengthened Right, the masses tend to shift to the Right. This is the meaning of the victory of the UNP. The Left today faces an uphill task. The mass movement needs to be reviewed and reactivated. This is a task that cannot be postponed. But in undertaking this job the Left will have to exercise revolutionary circumspection, especially because in a situation like the present, when the Left is wholly out of Parliament and the working class and the mass movement in a state of dis-spiritedness and confusion, various attempts will be made to stultify the revival. These attempts will not only emanate from Right-wing quarters but would also come from within the Left. Any activity similar to that pursued by the JVP in the 1970-71 period will lead the mass movement into a blind alley. The history of the international Marxist movement is replete with the damage caused by destructive influences within the Left to the general movement of the masses. Lesson are too many for any genuine revolutionary to ignore. Rohana Wijeweera and the JVP, if they are going to resort to the same adventurist course of politics that is so characteristic of them, are sure to be not only a disruptive influence but a definite destructive elements within the Left. It is in this context that Rohana Wijeweera's above quoted statement will have to be viewed."

**THE JOURNAL (UNP)** of November 18, had its front page full of simplistic self-praise about the Budget. NEVER A BUDGET SO WIDE DISCUSSED BEFORE PRESENTATION: and HIGHLIGHTS OF BUDGET. There was also a report about the results of the Dehiwela by-election UNP MAINTAINS ITS LEAD IN PARLIAMENT. Page two carried a report of the answer given in the NSA regarding FELIX'S DRAWING FROM UK HIGH COM. Page three had an article on FRASER'S GAMBLE ELECTIONS ONE YEAR AHEAD and the last page

had a tidbits from the Air Ceylon inquiry entitled ORCHIDS FOR WICKREMANAYAKE. It is a pity that *The Journal* now that the UNP has become the Government Party and has the *Lake House* and *Times* under its control and the SLBC at its command has begun to lose whatever merit it may have acquired in the last year or two before the elections. There is much *The (UNP) Journal* can print and publish as a party paper which the *Lake House*, *Times* and SLBC cannot (and should not) write about. *The Journal* should not be allowed to deteriorate into becoming a paper only to collect advertisements at very high rates.

*The Journal (UNP)* of November 15, 1977 however, is a better issue than the issue of the 18th. On the front page begins a lengthy article COMMENTS ON THE BUDGET and is continued on pages 2 and 4. It is a commendable summary of what the Budget is and the comments revolve round the implications of what the Budget would mean to particular individuals or groups. The front page also has a piece on A. Ratnayake who died recently. On page 2 writes a stunt article on Minister Premadasa's efforts to build Colombo and a Greater Colombo on modern lines and in that process provides greater employment and ensure prosperity. Page three reprints a Colombo Plan feature on "A Paradox of Continuing Relevance" and page 4, apart from continuations from other pages expresses alarm because SOME BUS CREWS CAUSING ALARM. It is alleged that some bus crews are spreading dissatisfaction against the Government—this they are entitled to do as a democratic right. But it is suggested that this "dissatisfaction" is artificially generated by (a) large scale fraud by CTB conductors after 5 p.m. by refusing to issue tickets for monies collected (because no surprise ticket checks are made after 5 p.m.) The article also refers to other dodges and tricks conductors resort to make their "usual" pocket money by defrauding the CTB. The article calls for "better overall supervision". *The Journal* should call upon Transport Minister Mohamed to pay some attention to these mundane matters without devoting all his time to money consuming construction programmes and contracts (rail line



from Matara to Kataragama and now from Batticaloa to Kalmunai) or to expediting the concretising orders to import buses, locomotives, carriages and waggons costing several thousands million rupees.

**THE INDEPENDENT** of November 25, attempted to catch the eye of the reader by spreading a bold banner headline across the front page **SLFP, LEFT, TUS, FLEY MUSCLES FOR ASSAULT ON GOVT.** Though the headline sounded so sensational bloody, the report had nothing meaty to bite on. The editorial **POLITICS OF RICE** repeated clichés, platitudes and old truisms about rice as a populist vote-catcher. The editorial advised the government to ensure a steady supply of rice at Rs. 2,90 a measure and also to prevent leakages into the blackmarket. The editorial felt that the SLFP, LEFT and some other groups would pounce on the cut in the food subsidy to mount a major campaign against the government. *The Independent* suggested that the government should raise the level at which free rice is given to families below the Rs. 500/- level and not below the Rs. 300/- limit. *The Independent* was gravely concerned about "Discrimination in Central Bank"—pointing out Tamil officers were not being given a square deal in regard to extensions after reaching the age of retirement. *The Independent* has a front page grouse that Government has turned down a Norwegian offer to set up a model farm for a 1000 Tamil refugees. No reasons, the paper states, have been given for this inexplicable decision. Page two has a reprint from the *Indian Express* i.e., "The Trial of Indira Gandhi" by A. G. Noorani. Page 3 has a continuation in the series on **A PEEP INTO HISTORY**. It has also a letter from a reader about an injustice in the army that has been corrected by proper conduct. R. I. Michael has the full page (4) to himself on **RACE RELATIONS: BACKGROUND TO BITTERNESS**. It is a highly rhetorical and emotional outburst repeating all the customary complaints of the Tamils. If this article is the Introductory Chapter on a book on the communal troubles of 1977, it is not likely to interest the serious minded who look at matters in depth in the perspective of history. Emotionalism and rhetoric, however relevant or repetitious, has little validity

in serious political literature today. Michael's facile pen and his easy journalistic makes his writing readable, but one expects more from Reggie Michael. Jagatheswari Nageendran **THE GODS WEAR MANY FACES** and also has a poem on page 5 on **JAFFNESE AND JEWS**—a skit on a UNP Muslim MPs reference to Jaffia Tamils being akin to Jews. For the rest of the 8 pages, there is a reprint from the *Economic Review* on "Unemployment" a reprint from the *Morning Star* on "Achieving Unity" and the reprint of the SLFP editorial on the UNP Budget.

*The Independent* has a wide readership among the Tamils and it thrives on providing a forum for different shades of Tamil opinion and publishing articles that will interest TULF Tamils as an Opposition group in the NSA and outside.

**THE INDEPENDENT** of December 2, delivered an editorial homily on "Delivering the Goods" and concluded the piece, "But as the oldest political party in Sri Lanka helmed by a shrewd, sagacious leader and manned by quite a quota of talent, the UNP must start delivering the goods instead of delivering speeches; must win the hearts of the people instead of whining against the SLFP; must take a grip of the present instead of griping about the past." The main lead frontpage story was that the Opposition Trade Unions were planning to call a **HARTAL**: "The launching of a Hartal against the UNP government has been proposed by SLFP and Left Trade Union in order to dramatize what they call 'the people's discontent' on the Budget. A firm decision is to be taken on this and other measures when the Joint Council of Trade Union Organisation meet next week. The SLFP which had opted out of the JCTUO earlier has now agreed to come in after peace parleys with the Left groups. Meanwhile, the CP trade unions have decided that those in Rs. 300 and below income bracket should not hand over their ration books when Food Department officers demand them. This proposal is expected to be approved by the JCTUO next week. Another proposal coming up will be refusal to fill any forms relating to ration books. An attempt will also be made to extend this all party Trade

Union unity as evidenced by the revitalized JCTUO to the political front. But here the snag reportedly is that the SLFP will insist that in the event of forming such an United Front, Mrs. Sirima Bandaranaike must head it. This is strongly resisted by the LSSP and Nanda Ellawella's People's Democratic Party. SLFP stalwarts Stanley Tillekeratne and Anura Bandaranaike both expressed this view, 'Unity, yes', they said, 'without Mrs. Bandaranaike, No.' at the well attended SLFP rally at Hyde Park on Tuesday."

This number also reprinted N. M. Perera's article in *The Socialist Nation* on the Budget. "Ronnie Tell The Truth". The former PM's interview to *The Nation* on her return from Yugoslavia is also reprinted. In this issue too R. I. Michael has started a series **REPORT ON THE NORTH** about the communal disturbances. This series is likely to proliferate into a booklet or book—judging by the way it has started.

**THE INDEPENDENT** of December 16 frontpaged a story **COMMISSIONS TO BE GIVEN POWER TO PUNISH**. It was not a new story and has been in the air for a long time. It is difficult for a weekly, in Sri Lanka, to carry top exclusive spot news on its frontpage, and the **INDEPENDENT**'s attempt to mix daily and periodical journalism has, so far, failed to make any impact. A front-page box carried the news that the JCTUO will finalise plans on December 28 at a mass rally at Hyde Park for the launching of a General Strike: "Bala Tampoe's CMU, N. Shanmugathasan's Peking-Oriented Union, Vasudeva Nanayakara's radical LSSP and the JVP have agreed to participate in what the organizers say will be "a massive show of strength" against de-rationalising the Rs. 300 and over income bracket. We have won the first round, crowed a JCTUO spokesman pointing out to the postponement of the rationing scheme and the alleged refusal of enumerators to visit houses and collect ration books. The spokesman said that police intelligence had alerted the Government about the opposition to the new rationing scheme hence the postponement of its implementation. He pointed out that Government wanted most schools to close on december 9 to enable enumerators



## Flour Mill Scandal

to be housed. But though the schools were closed no enumerators took residence there." The editorial was a sitting-on-the-fence dissertation whether the revelations made in the NSA—e.g. Mrs. Bandaranaike's Land Reform mysteries—were fact or fiction!

One interesting "historic" document published in this issue was a Confidential police report filed in 1957 by former IGP John Attygalle, when he was ASP CID in which he had "predicted the Tamil upsurge with amazing foresight". It is an interesting report, written in police officialese and a valuable document for a political analyst of that period.

This issue of *The Independent* reprinted a piece from *The Nation* on "Singapore Democracy"—a comment on the news item in the *Weekend* that the police had suggested to the government that a new Internal Security Act on the lines of the Act in Singapore should be introduced in Sri Lanka. A writer—one does not know if it is not a pen-name—calling himself Arya Gunatilleke has a critical piece on the Ministry of Transport. In an earlier issue, the same writer had written an article on the Ministry of Finance. *The Independent* is transparently anxious to have "Sin-hala" names as contributors and commentators! There is also a repeat of an old article by S. A. Kathiravelupillai MP "Co-existence, Not Confrontation." It is a repetition of the traditional FP-TULF-Eelam logic.

THE SOCIALIST NATION of December 7, 1977 repeated in banner headline prominence on its front page the story about the flour mill which it had highlighted in its issue of September 23. It is an interesting "revelation" about this deal under the heading MORE ABOUT FLOUR! Rs. 500 MILLION PROFIT TO SINGAPORE FIRM. The story read: "More information has recently been made available about the Flour Mill deal between the J. R. Jayawardene Government and the Singapore firm, Prima, which we characterised in our issue of 23rd September as an act of national betrayal. It is now certain that our news story underestimated both the quantity of bran that will be available to Prima from the milling of the imported wheat and the price at which the bran, which will belong entirely to Prima in terms of the

deal, will be sold in the world market. It is now estimated that 165,000 tons of bran will be exported from Prima the mill every year. The current price of bran is 109 dollars per ton and is likely to fluctuate between this figure and 250 dollars per ton. At the lower figure, the annual income of Prima from the export of bran is likely to be 17,985,000 dollars per year and at the higher figure 44,550,000 dollars. Assuming that the mean of these two figures is likely to be the actual income realised, Prima will receive an income of 30 million dollars per year or 600 million dollars over 20 years, the lifetime of the contract. Trade rivals of Prima, who have furnished an alternative proposal to the Government, consider that the financing of the purchase of the flour mill, its installation and operational costs will be a maximum of 5 million dollars per year or a total of 100 million dollars over 20 years. This will leave Prima and its local agents with a clear profit of 500 million dollars.

"As against this, the Flour Mill will need 2,200 tons of wheat for milling every day or assuming a working year of 300 days, 600,000 tons per year. This wheat cannot be secured on concessional terms or from foreign aid, since the conditions of such "aid" do not permit the export of any quantity of goods supplied or their by-products. Purchase of wheat on the open market will cost between 60 and 160 million dollars per year. Further only 75% of the wheat processed at the mill will be available as flour, 25% being bran belonging to Prima. If wheat is imported at 90 dollars per ton, the cost of flour (at 75% of wheat milled), will be 120 dollars per ton. This is hardly any kind of economy! In the light of these facts it is imperative that Prime Minister J. R. Jayawardene, who has made such a big noise about his Government's determination to eliminate corruption and malpractice, should order an immediate halt to the implementation of this questionable deal. A Commission should be appointed to examine all aspects of this multimillion dollar contract that was rushed to finality with improvident and unseemly haste by all parties concerned, including the UNP government."

Incidentally the *Ceylon Daily Mirror* reprinted this story in its issue of December 12 and also wrote a bold editorial asking the Minister of Industries to investigate the allegations made in the *Socialist Nation*. "If these allegations are based on truth then the implications are frightening. These are some of the questions the Minister of Industries should seek answers to so that the citizen can be certain that he is not being taken for a massive and disastrous ride."

On December 14, the *Daily Mirror* penitently published an over-simplistic "answer" from an unidentifiable source (presumably official) that the facts set out in *The Socialist Nation* were "incorrect". To a neutral observer, the reply was as unconvincing as the deal appeared "phony" (too good to be true.), but the *Daily Mirror* remorsefully bowed down with a Note by the Editor: "we are grateful to the government for making available to us all the relevant facts in this connection". The climb-down by the *Daily Mirror* is not understandable. If it had even a *prima facie* investigation before writing the editorial of December 14, it should not have given up the battle so easily.

In any case bloodhounds, sleuths and quidnuncs, attached to the *Tribune* have become interested in this deal and they may come up with many things either to prove or disprove *The Socialist Nation's* allegations.

The *Nation* of December 10 and 17 has nothing new or startling to write home about. It is falling into the age-old Sri Lanka oppositional pattern of having articles to "debunk" the party in power on every little trivial matter—forgetting larger issues before the nation. The *Nation's* journalism has become stereo-typed, and the idiom is repetitive. A slick sophisticated style will give life and vivacity for one or two months, but clever words cannot make up for lack of content and logic. The old criticisms of the Budget and the FTZ, and JR and EL, with new aristotelian metaphors will raise a laugh only among synophants.

The only political comment of any significance in the editorial UNHOLY ALLIANCE to proclaim that the SLFP will not have anything to do also with the LSSP and the CP. It went further and

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discovered a conspiracy: "Any observer of the local political scene during the past few months will have noticed without much search the existence of an unlikely combination and an unholy alliance. A look at the post-election *Dinamina* the *Aththa* and the *Janadina* will confirm this suspicion and verify this convergence of interests. The UNP, LSSP and the CP seem to be hand in glove in a conspiratorial alliance. The UNP with its reactionary and anti-people ideology is hell bent on destroying the SLFP. The LSSP and the CP with their socialist facade are also travelling in the same direction—waving the red flag to throw much at the red flag. The latter parties, we understand, are working on the hopeful theory that by discrediting the leadership of the SLFP they could win over its followers and come to power. Like human beings, political parties are also entitled to dream but alas, such dreams will not come true. After many years of pseudo-leftism of either the adventurist variety or the slave variety, the people have categorically rejected the LSSP and the CP. In the heat of the neo-colonialist crisis and the problems arising therefrom, the people were also taken in by the glittering promises made by the UNP in their election campaign. They are already disillusioned. The *Aththa* and the *Janadina* in the most vulgar and obscene language, write reams vilifying the SLFP. We will not blame them because the language of high Places seems to be no better. Anyway who is following whom? Despite these aberrations and deviations for cheap popularity, the fact remains that the main enemy of the people of Sri Lanka continues to be imperialism, represented in the specific and concrete form of its local ally, the UNP. The UNP is ably supported by the so-called socialist parties. Those who support the agents of imperialism must necessarily be considered imperialist agents themselves. The great majority of the oppressed and exploited people of Sri Lanka fully understand the unpardonable betrayal of the progressive movement by the so-called left parties. Those who went for kudos to the IMF will not now be taken seriously when they attack the IMF. The people recognise that the main allies of the UNP during the elections were the LSSP and the CP. They also recog-

nise that it has not changed since then. The people also know that it is worth throwing stones at mango trees only if there are mangoes. The journalistic alliance between these three parties is but a reflection of the ideological alliance which history has shown us, inevitably exists between reactionary forces and the pseudo-left. The bitter, venomous and baseless attack on the integrity of the SLFP leadership by these three parties, using the entire weight of the mass media including the radio, is a perfect example of this unholy alliance."

This editorial is a clear indication that the SLFP High Command has learnt nothing!

The issue of *The Nation* of December 17, was even more disappointing. It tried to meet the allegations about the land transactions of the Bandaranaike family by reciting the names of persons who had been given special leases in the 1965-70 period (this has been done so many times since 1970 but the Land Reform juggleries are a different kettle of fish). The front page has a hackneyed composite picture typical of the Korean or Vietnam war era *Yankees Are Coming* to draw attention to the dangers of the FTZ in Katunayake. *The Nation* has a useful record of UNP Ministers and MPs who have made foreign trips. *Guru*, the columnist, has got stuck on his faddist views on culture. And a few lines of the editorial were blacked out—no doubt on second thoughts. It was a barrage on the Prime Minister because he had said that E. L. Senanayake and the Minister of Justice could nominate persons for the Presidential Commission to investigate EL's allegation against Mrs. Bandaranaike.

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## THE WORLD TODAY

### From The World Press British Lawyer Condemns Police Role In Biko Death

#### SOUTH AFRICA

A DAMNING indictment of the role of the South African police in the death in detention of Mr.

Steve Biko, the black South African leader, was made yesterday by a senior British lawyer who attended the recent Biko inquest in Pretoria. Sir David Napley, past president of the Law Society, said in a 26-page statement published yesterday that, contrary to the findings of the inquest, he had "no doubt that Mr. Biko died as a result of brain injury inflicted on him by one or more members of the security police." Declaring that the police inquiry which preceded the inquest was "perfunctory in the extreme," Sir David said that he was "quite unable to accept" police witnesses at the inquest as "witnesses of truth."

"It is also for consideration," Sir David said in his summing up, "whether there is not evidence that several members of the security force agreed expressly or by implication to frustrate a proper investigation in order to avoid the inevitable consequence of a trial." Sir David, who was invited to attend the Biko inquest by the Association of Law Societies of South Africa, said that, given South African law, he did not disagree with the decision of the magistrate to bring in a verdict not naming any particular person for Mr. Biko's death, although he believes that "one or more of a group of persons" could have been named.

However, Sir David says the magistrate was "demonstrably wrong in adding the rider that the head injuries, which resulted in death, were probably sustained in a 'scuffle' with the police." After a close and careful dissection of the evidence at the inquest, Sir David concludes that Mr. Biko's injuries were inflicted by the police. Biko's violent behaviours, which the police held was responsible for the "scuffle" and thus Mr. Biko's injuries, was, Sir David believes, a symptom of the brain damage he had already suffered.

Sir David referred to Biko's treatment in detention, during which he was forced to lie naked, "with his hands handcuffed and one foot manacled to an iron grill." He says: "If one accepts, as I do, that this reflects a classical example of the systematic brutalisation and degradation designed to soften up for interrogation, why should one resist the inference that the final factor must have been omitted, namely the application of violence?"



In his summing up of the case, Sir David said that although the magistrate "clearly did all in his power to ensure that all such available evidence as he believed relevant was placed before him, the real circumstances relating to Mr. Biko's injury and death had never been fully investigated by the police."

Sir David believed that the South African Government should consider a special unit within the police to monitor police behaviour, but declared that in any case, there was a "strong case for the fullest independent investigation by specially selected police officers."

—Financial Times, 9/12/77

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## Pretoria Court's Verdict on Biko's Death Shocks US

Washington, Dec. 3,

Employing unusually sharp words, the United States yesterday expressed "shock and horror" at the Pretoria court verdict clearing the country's security police of responsibility for the death in custody of the young Black activist, Mr. Steve Biko. In a rare departure from the custom of not commenting on the court actions of other countries, the State Department denounced South Africa by saying "we are shocked by the verdict in the face of compelling evidence that Mr. Steve Biko was the victim, at the least, of flagrant neglect and official irresponsibility. It seems inconceivable on the evidence presented that the inquest would render a judgement that no one was responsible. Mr. Biko's death clearly resulted from a system which permits such gross violations of the most basic human rights."

Mr. Hodding Carter, the State Department spokesman, also said in the statement, which had obviously been cleared at the highest level, that the Vorster Government had been "particularly insensitive" in ordering the arrests of other members of the Biko family on the very day the inquest on Mr. Steve Biko's death ended. Mr. Richard Moss, Assistant Secretary of State, used even stronger terms to denounce what amounts to a whitewash. Referring to the

torture and other indignities inflicted on Mr. Biko, and which caused his death, he said that "there is a particular horror about the kind of violence that was perpetrated on Mr. Biko."

Commenting on the gains by Mr. Vorster's Afrikaner Party in the recent so-called election in South Africa, (where only the white minority was permitted to vote), the US official said "I don't think it bodes well for the hopes of encouraging a political dialogue between the races (in South Africa)". The Carter Administration's unusually forthright indictment of the South African Government appeared to indicate its continuing concern for human rights everywhere: it seemed to be particularly courageous because there is an influential group of white Americans—Conservatives as well as those who claim to be Liberals—who have a soft corner for the South African and Rhodesian minority Governments.

—Hindu, 4/12/77

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## Subsidies And Trade

London,

BRITISH GOVERNMENTS are not the only ones to have resorted increasingly in recent years to industrial subsidies. Government intervention in the form of financial aids and incentives of one kind or another has been growing rapidly both in scale and in complexity throughout the industrialised and developing world. The post-1973 recession generated new pressures for assistance but the trend had set in much earlier as governments came to realise that this was one form of protectionist action which was still available to them in an international economic system formally committed to the dismantling of tariffs and other overt trade barriers.

In the developing world, financial aids are often provided for openly protectionist reasons to assist infant manufacturing industries and to offset the effects of an over-valued exchange rate maintained so as to bolster export earnings from the sale of primary commodities. Among industrialised countries, it is certainly not unknown for aids to be granted to encourage exporting or import-saving activities, but even assistance, provided for other political motives

such as the preservation or creation of employment, the encouragement of investment, research or energy conservation, or to offset regional imbalances, can have a significant, albeit indirect, distorting effect on international trade. Many studies have attested to the growing threat that these interventions are posing to the international trading system, the latest being the report by Dr. Harald Malmgren, deputy special representative for trade negotiations in the Ford Administration, which the Trade Policy Research Centre in London has published to-day.

As Dr. Malmgren points out, the last multilateral attempt to grapple with the problems posed by industrial subsidies under the aegis of the GATT was in 1960, but the declaration issued then did not take the question very far and little progress has been made since to establish a more comprehensive set of international rules. Another attempt is now being made in the Tokyo round of negotiations where it is one of the most contentious issues on the agenda. Dr. Malmgren performs a useful service by reminding everyone of the need for urgency for, as he says, failure to reach agreement could lead to an explosive situation in a few years' time. This is because the Trade Act which he helped to steer through Congress in 1974 gives the US authorities a measure of discretion in waiving the application of countervailing duties for only four years, that is up to January 1979. After then, the provisions in the Act for the mandatory imposition of duties on US imports receiving any export or production subsidy in the originating country come into full force.

Dr. Malmgren includes in his paper some outline proposals for a new GATT code on subsidies and countervailing duties. He rightly places emphasis upon the need for a pragmatic approach, concentrating at first upon those government interventions which are most readily perceived and which generate the greatest political friction in other countries. But even a pragmatic approach will not be easy, as can be seen from the experience of the European Community. The European Commission's attempt to tackle state aids to publicly-owned industry



has foundered almost totally upon the rocks of political, technical, and legal difficulties, while its series of guidelines on aids to private industry has hardly even contained the situation.

However, even the most interventionist-minded governments must see the need for some international rules that help to reduce the risk of conflict with other countries and thus the threat of unilateral retaliatory action. There are in any case very strong grounds for questioning whether any industrial subsidies confer any real lasting benefit. An international code would at least help all governments to contain the domestic pressures they face from differing sectional interests.

—Financial Times,

## Cuba Rejects The Idea Of Angola Troop Withdrawal

Havana, Dec. 6,

PRESIDENT Fidel Castro said today Cuba would not withdraw its military advisers from Angola just in order to improve relations with the US.

But he did tell visiting US journalists that relations between Havana and Washington were better than ever they had been in the 18 years of his rule and that they should continue to improve.

The Cuban leader was speaking after 3½ hours of talks with two US congressmen who conveyed President Carter's warning that there could be no renewal of normal trade and diplomatic relations until Cuba discussed the withdrawal of 19,000 military advisers reported in Angola. Cuba maintains thousands of troops in Angola and continues to provide technical and medical aid.

Congressmen Fred Richmond and Richard Nolan returned to the US immediately after the meeting.

Dr. Castro said that President Carter should not magnify the problem. "It has nothing to do with the relations between the US and Cuba. It has nothing to do with Carter. It has something to do with commitments we have

had to other countries for many years."

During his wide-ranging conversation with the reporters in his office, President Castro expressed admiration for Mr. Carter

He said he was sure Mr. Carter would not authorise CIA support for what he called terrorist activities against Cuba such as assassination and subversion attempts alleged to have taken place in the past.

Dr. Castro said he would "have no objection" to a meeting with President Carter but felt the time was not ripe.

"I believe Carter should be free to consider a date when that is useful," he said. "Maybe in the second Carter term," he added with a smile.

He said there had been remarkable progress in bilateral relations "The climate is different. In the last few months I've met more American than in 18 years."

—Reuter

## No Change In Canberra

THE AUSTRALIAN POLLSTERS, who are reputed to have an impeccable record, have once again come right. In the general elections held during the week-end, the ruling, Liberal-National Country Party coalition led by Mr. Malcolm Fraser has been returned to power with a comfortable majority as forecast by the public opinion polls in the closing weeks of the election campaign. The Prime Minister, Mr. Fraser, had called for a snap election a year before time obviously because the national economy was on a down-turn and there was every possibility of its getting worse and hurting the Government's chances of re-election if it went to the polls much later. Unemployment is running at about 6 per cent of the work-force and expected to rise to 8.5 percent next year. The Fraser Government has claimed it has brought inflation down from 13 per cent to 9 per cent, which is challenged by the Opposition Labour economists. In the earlier weeks of the election campaign, it looked as if Labour would carry the day but the volatile Australian

electorate seems to have changed its mind during the last lap. The reason for this is not clear unless it be that a majority of the voters felt there was not much to choose between the two contestants, and in the difficult economic situation the country is facing, there should be a continuity of policy during the critical years ahead. Mr. Fraser had campaigned on a who-runs-the-country slogan, implying that if Labour won it would be the trade unions who called the tune. The fact that there have been four general elections in the last five years and six Prime Ministers in the last 12 might have also had a bearing and decided people against changing helmsman frequently.

The election is noteworthy for two developments. It has brought a third political party to the fore. The Democratic Party, formed by Mr. Don Chipp, a defector from Liberal ranks and former member of the Fraser Cabinet, has polled about 10% of the total vote and is expected to hold the balance of power in the Senate (upper house). Mr. Chipp intends the Democrats to be a middle-of-the-road group, between the conservative ruling coalition and leftist Labour. He feels that a large section of the people is disillusioned with the performance and politics of the two leading parties and is ready for a third choice. The election also marks the end of the political career of the Labour Party head, Mr. Whitlam, who has announced that he will step down and have his party choose a new leader. Asian countries will regret his decision for it was he, as Prime Minister, who turned Australia's eyes towards Asia in the conviction that its economic progress and security would be better served by co-operating with its neighbours, including China and Vietnam, than by hanging on to the coat-tails of the far away Western powers.

—Editorial, Hindu, 10/10/77

## Zia's Light Is Growing Dimmer

Islamabad,

RUNNING A Government is a lot more difficult than seizing power. Five months after a coup d'etat that was portrayed as a



## Pakistan

temporary clearing-up operation, General Zia-ul Haq, Pakistan's Military leader, is painfully learning the lesson that catches up with most army commanders who are dragged into politics. His credibility has slipped because the elections he promised have failed to materialise and show no signs of doing so. He is being blamed for rising prices and the stagnation of the economy. The two main political parties—the People's Party of former Prime Minister Mr. Z.A. Bhutto and the opposition Pakistan National Alliance (PNA)—who were once at each other's throats, are now anxious to exploit the growing murmurs of anti-military feeling. Within the army itself, there is unease about General Zia's weak leadership and talks of his replacement.

None of this should cast doubt on the sincerity of General Zia's original pledge of a rapid return to civilian rule. It is that he has found the task a lot more complicated than he anticipated. Mr. Bhutto, far from sinking into obscurity under the barrage of charges levelled against him, has obstinately grown in stature. But the army dare not risk his return to power. The PNA, which appeared the only alternative government, has split under the weight of its internal dissensions.

Its effective leader, Air Marshal Asghar Khan, who has broken away to assert his own political ambitions, has failed to gather the public support expected. Sensing discontent with the army, he is keeping his distance from them so that nobody can accuse him of being a military stooge. Thus General Zia's problems continue to grow and it also becomes more difficult for him to shift them on to somebody else. His most pressing problem is the economy. Rising prices may be a legacy of Mr. Bhutto's regime but the military are sensitive to the charge that prices reflect on their own management. They have started what amounts to a campaign of vilification against shopkeepers and middlemen, accusing them of hoarding and blackmarketeering. Recently announced increased wheat purchases from abroad would seem to indicate however, that there are genuine shortages. Pakistan is apparently asking the World Bank Aid-to-Pakistan Consortium for additional funds for just such commodity purchases.

Iran is willing to reschedule a \$ 580 m. loan due for repayment next July but has also indicated no new funds will be forthcoming. What effect this will have on a planned loan of \$ 300 m. to have been syndicated by Citibank, with an Iranian guarantee, is not known. Meanwhile the balance of trade deficit has reached \$100m. a month. The scale of cutbacks in expenditure that will be forced on the regime will become clearer after the publication of a five-year plan in March. But already officials speak of stopping work on the country's only international-class road project—the Indus super highway to link Karachi with the north.

**Pakistan faces rising prices, widespread commodity shortages and a growing discontent at continued military rule.**

In spite of General Zia's exhortations to the private sector, there has been no pickup in busi-

ness confidence. On the contrary, the wealthy are still taking their funds and their families out of the country. While all the political parties are anxious to take advantage of any anti-military sentiment, Mr. Bhutto is obviously the best placed. His party has always claimed to represent the workers with its slogan of "bread, clothing and shelter," and can readily exploit unrest and inflation.

So far, the only real step towards a return to civilian rule has been the appointment of civilian advisers to provide alternative recommendations to the civil service. General Zia is delaying the larger issues. The three strong corps commanders, Generals Christl, Arbab and Iqbal in Rawalpindi, Karachi and Lahore retain their influential reputation. If General Zia continues to waver they could be the power brokers of the future. But the simple return to democracy predicted in those heady days of the coup d'etat in July now seems a long way off.

—Financial Times, 8/12/77

## SUBSIDIES 'THREAT TO TRADE'

THE GROWING scale and complexity of Government subsidies to industry are posing a grave threat to the ground rules for international trade, says Dr. Harald Malmgren, Deputy Special Representative for Trade Negotiations in the Ford Administration, in a paper published to-day by the Trade Policy Research Centre. The issue is one of the most contentious on the agenda of the Tokyo Round of GATT negotiations. But international rules are needed to minimise the problems created for other countries by the subsidy measures of another and to ensure that national economic measures are generally compatible, says Dr. Malmgren.

"It should be in the interests of all governments, especially those bent on an extension of state participation in the economy to agree on international rules that help to make for consistency in the conduct of policy, that help to contain the pressures of sectional interests, and that help to avoid economic, and therefore political, conflict between countries," says Dr. Malmgren. More than that, he says, international regulation is needed otherwise the role of governments may dominate the process of structural adjustment in the market-oriented economies, creating uncertainties over investment and thereby leading the world economy into stagnation.

Drawing on discussions among an international group of trade experts, Dr. Malmgren outlines proposals for a new GATT code on subsidies and countervailing duties. He suggests the adoption of a pragmatic approach, concentrating at first on those interventions by Governments that are most easily perceived and which generate political friction most readily, leaving other problems to be resolved as the rules are developed over time.

International Order for Public Subsidies. Thames Essay No. 11. Trade Policy Research Centre London £2.00.

—Financial Times, 23/10/77



## SRI LANKA CHRONICLE

Dec. 12 — Dec. 18

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

CDN—Ceylon Daily News; CDM—Ceylon Daily Mirror;  
CO—Ceylon Observer; ST—Sunday Times; DM—Dina-  
mina; LD—Lankadipa; VK—Virakesari; ATH—Aththa;  
SM—Silumina; SLD—Sri Lankadipa; JD—Janadina;  
DP—Dinapathi; SU—Sun; DW—Dawasa; CM—Chintha-  
mani; WK—Weekend; RR—Rivirasa; EN—Eelanadu; IDPR  
—Information Department Press Release; DK—Dinakara.

**MONDAY, DECEMBER 12:** Sri Lanka will now become part of a massive undersea cable communication link up covering five countries in South Asia; the Minister of Posts and Telecommunications said Sri Lanka had indicated its willingness to contribute to the cost of laying this ASEAN undersea cable link-up connecting Sri Lanka country with Japan, Hongkong, Singapore and India. The long awaited worker's charter will be ready by May 1 next year. Ven. Meetiyyagoda Gooneratana Thera, secretary to the Maha Sangha Peramuna, addressing a mass rally held at the Borella Junction on Friday, said that the government found it difficult to bring down the cost of living because of the faults of certain bureaucrats. Police Officers who have 10 years of service are now eligible for retirement, according to a directive issued by the PM—CDN. Some leading book sellers in the city have increased the prices of books in keeping with the prevailing parity rates of exchange although those books were imported long before November 15 budget, according to customers. All students who passed the NCGE Examination and qualified to proceed to the HNCE classes will be allowed entry to the GCE AL classes without having to sit the GCE 'O' level examination. Elephant owners in Sri Lanka met in Kandy and decided to form a Elephant Owners Association—CDM. The PM is to preside at a top level conference of police officials shortly to discuss the proposed Internal Security Act. The government is looking for an alternative site for the Teldeniya town, which will be submerged in the waters from the Victoria reservoir, following the diversion of the Mahaweli. 'Operations ration' will begin today with the distribution of supplementary householders lists at 10,000 centres—7,800 co-operative stores and 2,200 authorised dealers throughout the island—SU. It is reliably understood from sources close to the PM that he has decided to appoint the Minister of Local government, Mr. R. Premadasa as the next PM, when he himself assumes the office of the President. The Minister of Posts and Telecommunications has said that within the next two years there will be direct dialling between Colombo and Jaffna—VK. A high powered committee is busy drawing up a security plan to ensure that the escalating incidence of bank robberies is brought under control. The giant ENI Group of Italy has agreed to set up ten small sugar factories in the main sugar growing areas of the country, said the Minister of Agriculture and Lands. The Minister of Public Administration started on-the-spot checks on the working of Kachcheries resulting in improve-

ment in the output—CO. Dr. Young Kyo Yoon, the first Ambassador of the Republic of Korea in this country presented the letter of credence to the President of Sri Lanka today—IDPR No. 233/77. Veyangoda, Tullihiriya, Wattagama and Pugoda textile mills are to be handed over to private companies from January 1—ATH. Small industries are to be established throughout the country thereby employing many people; in the first stage it is to be introduced in 5000 villages—DM. The short supply of Milk Board milk throughout the island is attributed to the shortage of vehicles to transport it—DW.

**TUESDAY, DECEMBER 13:** The election of the new President of the Republic of Sri Lanka, the condition under which he holds office, his powers, duties and privileges will be the first matter which the Select Committee on the Revision of the Constitutional will study. There will be three new medical faculties; one will be sited at Jaffna and the other two at Batticaloa and Matara where two new campuses are to be set up shortly, the Minister of Education said at a meeting yesterday. A special committee to update the 'Mahawamsa' will be appointed shortly on the instructions of the Minister of Cultural Affairs. The Minister of Education has pointed out that the previous government after the general elections transferred as many as 12,600 teachers for alleged political activities whereas the present government has transferred 2000 teachers due to unavoidable reasons. The Police yesterday mounted a massive islandwide security operation following intelligence reports that subversive elements planned to disrupt the implementation of the scheme to revalidate rice ration books which commenced yesterday morning. Consumer councils would be set up throughout the country to prevent consumer exploitation by unscrupulous traders, the Minister of Trade told a meeting of the All Ceylon Trade Chamber over the weekend—CDN. The IMF has granted a record sum of Rs. 1480 million as stand-by loan to Sri Lanka under the Special Drawing Rights Scheme to be utilised next year in support of the government's economic reform programme. The transitional period of the University of Sri Lanka which has been going on for the past five years will be extended for three months, from December 31. Drastic laws for the confiscation of the total assets of traders who hoard and profiteer will be introduced in the new year in the Government's battle with unscrupulous traders—CDM. A Cabinet reshuffle is on the cards when the PM becomes the President on February 4; in addition to the appointment of the new PM, a series of new portfolios are to be created. The petitioners in the Attanagalla election petition have filed papers in the Supreme Court challenging the order of the High Court Judge of Colombo who dismissed the petition. The Industrial Development Board, in association with a few other bodies has introduced a loan scheme for small scale paddy mill owners; this scheme which came into operation last week will provide loans upto a maximum of Rs. 300,000. A mass transfer of Police personnel of all ranks will take place on January 1. The Ministry of Education has implemented a programme to give a practical training to school drop outs, in handicrafts and other industries with a view to solving the unemployment problem among them. The government proposes to introduce other relief measures in addition to the allowance of Rs. 50, to families who have no other sources of income, and also to lower



income group families and larger families, Mr. Premadasa said yesterday—SU. Businessmen who utilise the liberalised import and exchange control laws announced in the budget to import commercial quantities of any item for sale in the domestic market will automatically come under the tax scrutiny. Government teachers have told the Minister of Education to take steps to introduce a scheme of retirement insurance for them. The first copy of a birth, marriage or death certificate will be issued free of charge under certain new regulations passed in Parliament last week—CO. The Minister of Trade assured the Jaffna farmers that the government would purchase all their products at good prices despite the imports from other countries—EN. Infants and invalids milk foods will in all probability increase by 10% because tins in which they are packed will have to be imported and these will go up greatly in price after the budget—ATH. Shortly before the last general elections the then government imported 3,000 tons of cement from Phillippines; but it cannot be sold because it costs Rs.35 a bag whereas the cement produced locally costs only Rs. 21.50—JD. Many ministers have asked the government to reconsider the appointment of district ministers as this will lay the foundation for the setting up of Eelam and there have apparently been secret talks between the TULF and the government to appoint TULF MP's as district ministers in six districts—DK. Rs. 50,000 worth of tobacco is rotting in the used stores while new supplies have come in and have been without touching what was already there before—LD.

**WEDNESDAY, DECEMBER 14:** The government's master plan for the development of the Mahaweli Project, which has been given high priority in the national development effort and approved by the government seeks to provide employment to about 800,000 persons in agriculture and associated activities; the accelerated project will be launched early next month with the beginning of 'Victoria Project' which seeks to develop 200,000 acres in 1978 itself Mr. Gamini Dissanaike said. Radical changes aimed at ensuring better health services for the nation within eight months will be introduced shortly the Ministry of Health disclosed yesterday. The Leader of the Opposition has requested the PM to re-orientate the policy adopted by the previous government with regard to those employees who did not have proficiency in Sinhala; he has asked the PM to reinstate those who were discontinued due to this reason and to lower the standard of proficiency. The Galle fishery harbour built at a cost of Rs. 50 million and kept idling since 1972, will soon play a leading role in a plan aimed at boosting the fishing industry—CDN. Vast sums of money voted for various schemes under the Mahaweli project had been misappropriated by the contractors who were SLFP supporters; money voted for building tanks had vanished without the tanks being built, said the deputy minister of Irrigation in the NSA. The withdrawal of the rice and sugar rations from January 2 has been postponed till all the particulars relating to the incomes of the households have been obtained—CDM. All unemployed persons who will be drawing the free allowance of Rs. 50 from January next year will be issued with a special identity card by the State. The government has delegated powers to AGA's to remove any officer from the duties assigned to him, if he failed to implement the government's new food distribution scheme properly. Sri Lanka may try out windmills to supply

power for driving water pumps for irrigation purposes and for creating energy, the deputy minister of foreign affairs said in Cardiff, the Welsh capital. Legislation is to be introduced enabling the exhibition, in public places of the names of persons who commit misappropriation of public funds, steal or cause damage to public property—SU. The Minister of Plantation Industries said that plans are in progress to grant equal pay for men and women plantation workers soon—VK. An international youth exchange program aiming to train Sri Lankan youth abroad will be implemented from next year; under this scheme the first batch of Sri Lankan youth will be exchanged with a group of youth from Canada—CO. The Minister of Trade said that there would be a worldwide shortage dried fish by 1980 and anyone who could import it by that time will be given a free air ticket to go and do so—DK. The PM has appointed Mr. D. B. I. P. S. Siriwardene to inquire into the incidents after the general elections of 1977—IDPR No. 102.

**THURSDAY, DECEMBER 15:** Structures have been made on Mr. Felix Dias Bandaranaike, former Minister and Mr. A. H. M. Fowzie, former Mayor of Colombo Municipal Council in the interim report of the Commission of Inquiry into malpractices in local bodies: Mr. Fowzie is said to have been found to have committed serious irregularities, misconduct, breaches of several laws, and abused powers and caused loss to the municipal council and the minister is said to have abetted to a certain extent in committing some of these irregularities. The TULF will no longer boycott functions which are attended by cabinet ministers in Tamil speaking areas. Of the 70 managers appointed by the previous government for estates under the Usawasama, 63 were found to be unfit to hold the posts said the Minister of Plantation Industries. A beef substitute TVP, made out of soya bean which promises to be the answer to the shortage of beef may be introduced by the Ministry of Trade as part of the strategy against butchers to bring down the price of beef. A little more than 4200 students will be admitted to the University's six campuses for the next academic year on the results of the April GCE 'A' level examination held this year; this year the intake was around 4000 students. Private practice for dental surgeons was approved by the government recently—CDN. The Attorney General's Department is to frame charges on persons against whom indictments have been made by the CPA Silva Commission of Inquiry into malpractices in local bodies. All government offices in each electorate are to be brought under one roof in a Secretariat building to be constructed in each electorate. The government has decided to construct thirty bridges commencing next year, across river and canal crossing points where transportation is now being done by boat—SU. A Palmyrah products Corporation is to be established soon said the Minister of Plantation Industries—VK. The Parliamentary Committee of the TULF has decided that the time is not right just now for them to take direct action for the establishment of Tamil Eelam; they would wait and see the actions of the government and then decide on direct action; until such time they would participate in functions for feting high government officials who come to Tamil speaking areas—EN. The government has given the green light for selling Rs. 35,000,000 worth of powerloom and handloom textiles lying unsold with co-operatives on a tender basis to the



private sector. A leading textile manufacturing organisation in Japan has agreed to set up a giant textile mill in Sri Lanka next year; the cost of it is expected to run into millions of rupees. Over 16 million yards of local and imported cotton fabrics are now being distributed among co-ops, welfare societies and the Private Trade—CO. The government of Sri Lanka has made a cash donation of one million Sri Lanka rupees towards the rehabilitation and reconstruction work being undertaken by the government of India in the areas affected by the present cyclone—IDPR.

**FRIDAY, DECEMBER 16:** Private bus services will be allowed to compete with the services of the CTB from January in specific areas where there is a dislocation of bus transport at present; this will be under a new CTB 'decentralisation and competitive bus services program'; a decision to this effect has been taken by the government on a proposal by the Minister of Transport. The Police will be asked to launch criminal proceedings against ministers and MP's of the former government if there is evidence that they have defrauded funds of Multi Purpose Co-ops; several inquiries have already been launched into such complaints in 280 MP's unions. The Ministry of Trade is importing a number of essential food items in order to ensure more supplies in these commodities and to bring down the cost of living a ministry spokesman said yesterday. The abandoned airstrip at Singirya was recommissioned with effect from yesterday by the deputy Minister of defence. Those GCE 'A' level qualified youth who are unable to pursue higher studies will get the opportunity of being trained as engineers under a new scheme; once trained they will be employed in projects under national development—CDN. The Panadura Magistrate, Mr. Lakshman Sirisena was yesterday interdicted from duty. The Army, Navy and Air force have been alerted to tackle all cases of hold ups and gangsterism in various parts of the country—CDM. The government is now examining the question of introducing a series of amendments to the Exchange Control Act. The Finance Minister yesterday appointed a high powered Tariff Review Committee to keep under continuous review the import tariff and make recommendations from time to time on changes that may be necessary. The two member team led by Mr. Raju Coomaraswamy who left for Washington and Manila to negotiate for the financing of the Mahaweli Project is expected to return to the island today. The Minister of Trade will make his first official visit to Jaffna on Sunday—SU. Sri Lanka will get 2.4 million dollars worth of aid for irrigation, infrastructure and social services from the Common Market Commission—CO.

**SATURDAY, DECEMBER 17:** A Presidential Commission will soon be appointed to investigate and report on matters arising out of the declaration made by Mrs. Sirima Bandaranaike, MP for Attanagalla to the Land Reform Commission. Royal College, Colombo and Royal Junior School which have hitherto functioned as two separate schools will become one unit under the Principal of Royal College from January next year. Islandwide celebrations are being planned for February 4, the thirtieth anniversary of independence and the day which Sri Lanka will have its first executive president, Mr. J. R. Jayawardene. The PM is expected to present legislation next week for the establishment of the 'Greater Colombo Commission' which will embody provision for the setting up of the government's high

priority Free Trade Zone. The Ministry of Transport has informed the *Daily News* that while the government has decided to decentralise the CTB, it has not decided to allow private bus services to compete with the CTB; neither will the government take such a decision on any occasion. A type of storage unit for rice which is new to Sri Lanka has just been introduced in the island—portable silos. The Galle election petition was dismissed with costs yesterday by the High Court Judge of Galle—CDN. Mrs. Sirimavo Bandaranaike and her family signed twelve deeds between the passage of the Land Reform Bill on 18.8.72 and it becoming law on 26.8.72 with the assent of the speaker; they sold 56 acres and obtained Rs. 6 lakhs. Daily over 1,000 telephones in the city and the suburbs go 'dead' because of the poor maintenance of lines; to make matters worse it sometimes take a month to repair the lines, a Posts and Telecommunications Dept. Spokesman said yesterday—CDM. The government is now examining the feasibility of broadbasing the country's national carrier—Air Ceylon. Mr. M. Canagaratnam, the TULF second MP for Pottuvil, is to cross over to the government ranks. Thousands of man hours are wasted in the Colombo Port as a result of the non-availability of lorries to transport food and other cargo; during the past few days 300 harbour workers idled for 108 hours, due to the lack of lorries to transport consignments of rice—SU. The Minister of Education, speaking in the NSA yesterday said that in time to come Sinhalese must learn Tamil and vice versa if communal harmony was to be established—VK. Industrial training will be given to 6,000 youths per year from January next; they will be paid a stipend as well—DM.

**SUNDAY, DECEMBER 18:** 'Prepare a crash program to absorb the unemployed youth of the country in gainful employment'; this is the assignment the Finance Minister has given to Professor Seers, Head of the Institute of Development Studies, University of Sussex. A Consumer Protection Law designed to promote fair trading practice and give wide protection to consumers will be brought before Parliament by the Minister of Trade early next year—SO. Several booksellers in Colombo continue to sell their pre-budget imports of books at Post budget prices, some of them allegedly making as much as 150% profit on agency commission and trade discounts—ST. The TULF yesterday offered to hold talks with the government to find ways and means of an overall solution to the problems faced by the Tamil speaking people. For reaching legislation to deal with poachers in our 200 mile Economic Zone has been approved by the government, and will be introduced shortly. 4200 young girls are to be recruited as police reservists next year. The government will shortly introduce legislation for the appointment of a presidential commission with punitive powers to inquire and report into excesses and abuses by members of the Government of the previous regime. The CTB has recorded the highest revenue in its 20 years history when it netted Rs. 63,255 million last month—WK. The foundation has been laid for solving the problems of the Tamil people; soon remedies will be found for each problem; therefore the Tamil people should join forces with us to gain economic independence said the Minister of Trade yesterday. The Tamil Youth 'Peraval' has forbidden the members of the TULF from participating in any official function during the visit of the Minister of Trade to Jaffna—VK.



CURRENT THINKING

## The Tamil-Sinhala Problem

by R. Kahawita

That there is a Tamil-Sinhala problem has been admitted by the present Government for, in their manifesto of December 1976 as a prelude to the Party's election campaign, they have said so. I shall quote this in full. "The UNP accepts the position that there are numerous problems confronting the Tamil-speaking people. The lack of a solution to their problems has made the Tamil-speaking people support even a movement for the creation of a separate State. In the interest of national integration and unity so necessary for the economic development of the whole country, the Party feels such problems should be solved without loss of time. The Party, when it comes to power, will take all possible steps to remedy their grievances in such fields as: (1) Education; (2) Colonisation; (3) Use of Tamil Language; (4) Employment in the Public and semi-public corporations. We will summon an All-Party Conference as stated earlier and implement its decisions."

In view of this party statement—the Party in power with 140 seats in a house of 168 seats—the position is quite clear today, compared to what it was. That the Tamil speaking people have a major problem of being full citizens of Sri Lanka has been awakened in the Sinhala conscience. As to how and when this problem came by, let us take a glance at the past. This is a necessary corollary to find a solution.

Sri Lanka has had a long reputation, for being one country without any religious, ethnic and communal troubles, compared to the neighbouring sub-continent, India. She was riddled with communal and religious troubles even during the Imperial regime. Whereas we in Sri Lanka had enjoyed perfect communal and religious harmony—except for one single incident in 1915—I refer to the Sinhala-Muslim riots, which started as the result of an indiscreet violation of an accepted tradition. However the then Colonial Government dealt with the situation very

effectively, not only to suppress communal riots, but also for the people to accept collective responsibility for the damage done and to compensate those who suffered by such violence.

At the end of this fracas, Tamils to a man took up the Sinhala cause and came to their defence with the colonial power. I am recording this to illustrate the unity that existed between Sinhala and Tamils just over half a century ago.

Then came, after 16 years, the generous offer by the Colonial Government to hand over the Government of the country to the people of Sri Lanka in stages—The first parcel of responsibility was in 1931/32, followed by dominion status in 1947 within the frame work of Westminster. At these negotiations, there were no differences between the Sinhala and Tamils except for a back stage flurry of a 50-50 formula as the basis of a national government. These differences were ironed out, also back stage on a very friendly and understanding basis by the Sinhala and Tamil leaders who marched forward thereafter as Ceylonese to receive Independence for their Country. I use the word "receive" because we did not agitate for Independence at any time like India. It was given to us without any agitation. So jointly—Sinhala and Tamils with the Muslims in the vanguard accepted what was given to us so gracefully by the Colonial power.

Thereafter the two major communities worked cordially, harmoniously, and in perfect unity to create a common abode—a single people and a nation. At that time there was not even an inkling that the people of Ceylon were conscious that the nation was composed of three communities, Sinhala, Tamils and Muslims, vastly differing in culture, language, religion and racially, that would ever give rise to differences to disrupt the unity.

Muslims, though Tamil speaking, have kept aloof from any kind of jockeying into political prominence; may be they were apprehensive that they had adopted Ceylon as their homeland only the other day to carry on trade. So to maintain their trade they had to be friendly with the other communities. Thus they established them-

selves in pockets of settlements all over the Island, not a few but many and in some areas they dominate in numbers too. I make this observation to show that the idea of a Tamil speaking Eelam is impractical, unless these pockets of Tamil speaking groups are moved into the so called Eelam. If not, in spite of Tamil speaking Eelam, there will continue to be a language problem in the Sinhala areas.

For eight long years after Independence the people of Ceylon worked unitedly as one people. Then due to, may I say, an indiscretion on the part of the UNP leader, a fly flew into the ointment. The UNP leader failed to recognise the ambition of this Fly. Mr. S. W. R. D. Bandaranaike, who joined the UNP after Independence, came into the party ranks with the sole object of being the Prime Minister after Mr. D. S. Senanayake. When Mr. Bandaranaike discovered that his scheme was not going to work, he moved away from the ruling party in 1951/52 and formed a cosmopolitan party, which finally emerged as the MEP and then the SLFP, who were in power in three spells.

This kind of leadership rivalry is common to any democratic society. It is a failing in democracy. It is not peculiar to Ceylon either. What is peculiar to us is the method of finding a solution to a party problem. Not long ago the Conservatives of England experienced a similar situation. They resolved by electing a new leader democratically and the erstwhile leader took a back seat. He did not go on a rampage to split the party, as we have experienced so frequently in Sri Lanka.

Mr. Bandaranaike's method was different, the leadership problem was resolved by break away tactics to form a rival party. A leader without a following has no political or social significance—like myself trying to find a solution to a National Unity problem—Sinhala-Tamil accord without support from any quarter.

How did the new party canvass support for its leader? The splinter group leader was also the leader of the Sinhala Maha Jana Saba which was dissolved to join the UNP. The name is significant. It gave the clue to a new "battle cry"—Sinhala in twenty four hours—to support the battle cry, the new party leader canvassed the



Sinhala School Teacher and Ayurvedic Practitioner—They all worked in Sinhala and in Sinhala areas. They saw a future for them selves in this battle cry.

The new group went into action after the death of D. S. Senanayake. I need not recount what happened thereafter, except to note that Sir John was the Prime Minister and leader of the UNP at the time the country went to the polls in 1956. The people were given a chance to elect a new Prime Minister, they had the choice of UNP leadership and a conglomeration of Political groups called MEP under the leadership of S. W. R. D. Bandaranaike. For obvious reasons the "Battle Cry" "Sinhala in 24 hours" was gaining ground with the majority community.

When the leader of the UNP discovered that the sod was being cut under his feet as a result of this battle cry, he went one better—"Sinhala on the spot". So the political rivalry escalated on "Sinhala in 24 hours" and "Instant Sinhala". While this dialogue was going on with the Sinhala voters, the Tamil speaking voters looked on bewildered, may be they were taken aback at the betrayal by their erstwhile comrades in arms for freedom. They were able to think only of the 50-50 formula of 1947 which the Tamils abandoned to maintain national unity. They felt they were cheated into accepting a united front to win Independence.

So today after 30 years of Independence and 21 years after the 1956 elections which was decided on the language issue by the common man with the hope of getting a place in the sun, we have several major national problems social, economic and political. Both the major communities were disillusioned. The political problem now threatens to divide the country language-wise.

I have narrated briefly what happened prior to the present day, to pose a simple question. Who created the Sinhala Tamil issues and why? In the answer to this simple question has the solution. According to what I said earlier it is clear who was responsible. It is the 1956 Sinhala leader who unilaterally and without any consideration to national unity, decided that there must be a single official

language. The first step the party took in this direction, a stupid and a purile one at that to proclaim their patriotism to the Sinhala cause was to change the Motor car registration number from English characters to "Sri". In this situation and after the 1956 language act a compromise was worked out, now known as the Bandaranaike-Chelvanayakam pact. It never worked nor the Tamils were satisfied with it. This was the beginning of, what the Tamils have labelled "Second class citizens."

The answer to this same question was given by the present Prime Minister, Mr. Jayawardene, on the floor of the NSA on Tuesday the 6th December 1977 as reported in the press on the 7th. He said that till 1955, all political parties had accepted Sinhala and Tamil as the official languages. But after Mr. S. W. R. D. Bandaranaike became the Prime Minister he accepted Sinhala only as the official language, as a political expediency. (Mark you not as a national expediency). Since then Sinhala only had gone into the constitution as the official language and therefore it would not be possible to change that particular piece of legislation.

Mr. Jayawardene further said "I feel that the Tamil speaking people have a right to conduct their business in their own language. No one should be made to suffer because he does not know the official language. I am going to suggest this to the commission appointed to look into the constitution." He could not say more, I presume, because the final recommendation on the matter rests with the commission.

Also he added that the Government had decided to do what was just and fair by the Tamil people whether the TULF participated or not in the work of the Parliamentary Select committee to revise the constitution."

TULF has taken up the stand that the general election was held to decide whether there is going to be a Tamil Eelam or not. They further assert that the bulk of the Tamil voters voted for a separate State so that they could be free from the tyranny of the Sinhala masses. So they want to set up a separate State.

A general election is held, as normally understood in democratic countries, to elect a Government and not to separate a people or create a new state. This may have been an item in the agenda of the party, but there were several other issues in the party manifesto. Therefore it is illogical to assume that the Tamil masses voted for a Tamil Eelam only. It is also presumptuous to think that the Tamil language problem confronts only the Tamils of the North and East. There are thousands of other Tamil speaking people scattered all over the Island who also have to be consulted. The issue here is of such magnitude that it should be decided on a national scale by a referendum or a plebiscite where the issues are clearly stated and explained to the people before a vote is taken.

The offer of the PM is the first step to a solution to the problem, and as the Sinhala were responsible for creating the issues it is only appropriate that a solution too has to come from a Sinhala Leader backed by an unprecedented support. Therefore all must grasp this opportunity to give constitutional rights to the Tamil speaking people to transact any business or communicate with anybody in Tamil if he or she desires to do so, irrespective of where he or she resides. All Sinhala people must now work towards this goal. May I repeat, it is quite clear from the foregoing and from what the PM has stated on the floor of the house that a Sinhala leader was responsible for the rift between the Sinhala and Tamils. It was done as a political expediency. Now it has become a national expediency to maintain national integration and unity, may be, by restoring what was in 1955. To get back to that situation the present PM has given an assurance to the nation through the Party Manifesto as well as in his statement on December 7th to the House.

The present impasse is due to the unilateral action of a Sinhala Leader, and the first step to rebuild national unity has also come from a Sinhala leader. He is conscious of the perspectives as to what the Ceylonese nation should be, and has framed his policies



and principles to achieve these. Therefore he needs the support of all to carry these through.

This support must come from the Sinhala people first. To canvass for this support is the task of all other leaders, religious, social, educational, cultural etc. They also must get into the field to cultivate national unity.

To create national harmony, another step has been taken by the present administration; the teaching of the two national languages, starting from the primary education level in a single stream, so that at a very early age the children will begin to understand each other not as communal, racial or linguistic groups but as members of a single national society, with a bilingual media of communication. In this direction what can the religious bodies do may be a relevant question to ask?

Earlier I referred to two languages—Sinhala and Tamil as National languages because they are the two languages spoken by the people of our country—One people and two media of communication. Our church has the foremost reputation as educationists, not without reason. Therefore, may I suggest that in each parish, however small they may be, teaching of the two national languages be started, similar to the teaching of religion, with this exception, that all communities, irrespective of religion should be invited and induced to send their children to these schools. This requires, organisation, systems, and funds. This is a detail which the church leaders with the co-operation of Parent-teacher associations can work out. Our church has the goodwill, experience and ability to do this. We should also use the pulpit, in all our churches every Sunday and every feast day a few minutes of "reflections and exhortation" on national unity and think of Tamil and Sinhala as one people in one country.

Another step in this direction is to organise inter-community societies so as to create a better understanding among the adults at all levels as well. There are several ways of achieving this.

Without taking this message persistently and continuously communal misunderstanding cannot be overcome. Where there is inter-communal misunderstanding

it is easy for a single individual to work up a mob to a frenzy of violence, arson, looting, etc. like the kind we witnessed not very long ago. But a hundred men cannot get the same mob to be penitent, repentant, and accept the wrongs they have done. This is human nature and this is where the religious leaders can work miracles.

So our church has a new mission now, for which the seminarists too will have to be trained and new orientations given to project this kind of new missionary zeal in their future work. And they must be trained to work and preach in Sinhala and Tamil so that inter-dioscan exchange could be made to carry the message of inter-communal harmony and goodwill, to the members of their fold. A Tamil leader preaching communal harmony to the Sinhala has a greater effect than a hundred Sinhala leaders preaching on the same subject to a Sinhala congregation.

It is also possible for our church leaders to activate other denominational groups, through inter religious associations to adopt the same path and the same means to build up communal harmony and understanding. This too is also an achievable target.

While this campaign of reconciliation is being waged by the present political leadership of the ruling party and other leaders, the TULF leadership must pipe down on the Eelam cry. They also must work towards removing the misunderstanding created by an indiscreet political expediency to snatch power. They also must accept and understand this and their leaders also must build up an atmosphere of harmony among its followers to restore what was in 1955. This apparently is the goal our PM is wanting to reach constitutionally and administratively by his several statements on many occasions. He is wanting to do this through the Parliamentary Select Committee. He says "Whether the TULF participate or not in the work of the committee the Government has decided to be just and fair by the Tamils". This is a statement made on the floor of the House. What is stated there—in is almost sacred and truthful which the good and intelligent parliamentarians of the TULF will understand.

They must change their tune to demand from the Government the status quo that was in 1955, when there were no misunderstandings, short comings or disabilities to make them suspicious of the Sinhala intentions. The trouble started almost spontaneously and it was political as stated in the House by the PM. For him to understand the cause of it and who was responsible are many steps towards a permanent solution. This is what the leaders must take cognisance of and strengthen the hands of the PM to put into the constitution what was in 1955.

## The Land Acquisition Act (Chapter 460) as Amended by the Land Acquisition (Amendment) Act No. 28 of 1964.

Notice under section 33

Reference No: LA/F/7661

I, Arthur Amarasinghe Acquiring Officer, Hambantota District, hereby give notice in terms of Section 33 of the Land Acquisition Act (Chapter 460) as amended by the Land Acquisition (Amendment) Act No. 28 of 1964, that a sum of Rs. 228/33 being compensation and interest payable for the acquisition of the lands described in the Schedule below has been deposited to the credit of case No. LA/299 of the District Court, Tangalle to be drawn by persons entitled thereto.

### SCHEDULE

The land called Virithmulle-wattakebella depicted as lots 293 and 294 in Supplement No. 9 of F.V.P. 302 situated in the village of Nakulugamuwa in D.R.O's division of Tangalla in Hambantota District.

Share for which compensation is deposited;

1. Share:- 1/6th of a share
2. Compensation:- Rs. 228/33
3. Interest:-

Arthur Amarasinghe  
Acquiring Officer,  
Hambantota District.

The Kachcheri,  
Hambantota.  
09 December, 1977



Therefore Tamils must abandon the idea of separation, federation, or what not and work towards national unity to maintain all rights of their language and culture while being equal partners in governing the country. Our church leaders in the North and Eastern Provinces should carry this message to the people in those areas. In view of what has been asserted by the PM, changing the mood of the people by good counsel has become an achievable goal to us. The Sinhala leadership has understood and accepted the problems confronting the Tamil-speaking people and the Party is determined to work out a solution, satisfactory to both the groups. Therefore the Tamil-speaking people and the Sinhala people must co-operate in finding a solution, rather than confront the present leadership. This is an obligation to both communities.

Unless they work together to this end, success may be remote. The Tamil speaking people are scattered throughout the length and breadth of Ceylon. This makes carving out a Tamil Eelam in the North and East at the expense of others living in other parts of the country, impractical and politically unwise. To them also, the right to use their languages must be assured irrespective of where they live. It then amounts to accepting Tamil also as a working language in Sri Lanka even after a Tamil Eelam is created. If so where is the place for a Tamil Eelam? The immediate problem is the status of the language. There may be and there are other disabilities—all of them are minor and are not unsurmountable if the language issue is settled once and for all time.

However difficult it may be to carry on this crusade by our church leaders it is as urgent and important as taking the message of Christ to non believers. This is the belief in the message of good will to all mankind, to establish communal harmony. If we miss the offer made by the PM, and if we fail to capitalize on this offer, we both Sinhala and Tamil have lost for all time, the national unity and communal harmony, we are so eager to build up in Sri Lanka.

## LETTERS

### ● A Reply To Fr. T. Balasuriya

Sir,

I would be greatly obliged to you, if you permit me some space in your prestigious journal, to answer the accusation made by Fr. Tissa Balasuriya, regarding my comment on his Eelam Verdict analysis.

I was amused to read the contention of the learned Father, that "Mr. S. Sri Kantha is opposing something which I did not claim." Oh! No! I had opposed what he had claimed. In the reply (Tribune, Nov. 26, 1977), he had said, "I did not say 'that 15th of the Peninsular population which have not voted are anti-TULF.'" But, shall I quote from his second part of his analysis, which appeared in the Tribune (Oct. 1, 1977), where in the page 16, there appears the following paragraph:

"In the Northern Province as a whole 68.5% of the voters and 56.4% of the electorate were for the TULF. Abstentions and spoilt votes were 86,919 or 17.5% of the electorate. even here, that one third of the votes were against the TULF has some significance."

It seems that the learned Father has contradicted himself, and I beg to submit to the readers that I am not guilty of hitting below the belt. I would like to remind the learned Father that, when tossing a fair coin, we normally rely on the results which will give us a definite verdict, 'head' or 'tail'; and not on the observations where the coin had gone astray due to some fortuitous circumstances. Similarly, when taking a count for the mandate for Eelam, the verdict, taken for impartial analysis should be a categorical 'yes' or 'no', and not the astray happenings, like the abstention and spoilt votes!

**TAMIL-SPEAKING MUSLIMS.** Regarding the Tamil speaking Muslims of the EP, in the past it had been a sad spectacle, that the Muslim MPs, elected on the FP ticket, (for e.g. Mr. M. S. Kariapper-Kalmunai; Mr. M. M. Mustapha-Pottuvil; Mr. M. C. Ahamed-Kalmunai; and Mr. M. E. H. Mohamed Ali-Muttur) jumped on to

the band wagon of UNP or SLFP, after they entered the portals of Parliament. It is my humble opinion that this "jumping-over the fence" attitude practised by the EP Tamil-speaking Muslim politicians might have had a considerable impact on the Muslim voters this time. They would have thought, (with due apologies to the TULF-Muslim candidates) "Why vote for a TULF Muslim candidate, who most probably will jump to UNP/SLFP later? It is better to cast the vote for the Muslim candidate who is wearing the green label earlier itself?"

I would also like to point out at this instance, that all the sitting Muslim MPs in the EP (Mr. A. L. Abdul Majeed-Muttur; Mr. A. C. Ahamed-Kalmunai; Mr. M. M. Mustapha-Nintavur) and also the appointed Muslim MPs, Mr. Badiuddin Mahmud and Mr. A. Azeez, of the First NSA, who voted for the 1972 Colvin's Constitution were defeated in the 1977 polls. This clearly shows that, the Tamil-speaking Muslim masses also were against the unilateral imposition of the 1972 Republican Constitution, which was the main cause for the cry of Eelam.

As much as Fr. T. B. has the right to say (through hiding under the mask of a 'Tamil friend'), "Not all the votes for TULF are necessarily pro-Eelam; some voted for TULF due to the personal qualities of the candidates", I also has the same right to plead, "Not all the votes for UNP/SLFP in the EP are necessarily anti-Eelam; some voted for UNP/SLFP due to the personal qualities of the candidates."

**SOME COMMON FEATURES OF INTERESTS:** Before, concluding my reply, I like to bring forth some common features of interest which I had observed in the UNP/SLFP candidates of EP. Except Trincomalee and Batticaloa, all others are rural electorates, where the family prestige and the social status of the candidate are now deciding factors in pulling votes towards the party he represented. Was it a mere coincidence or thoughtful planning on the part of UNP, as well as SLFP Nomination Committees, to nominate the candidates in the EP who, themselves personally had been in the FP, or whose close relatives had been in the FP and won the seat in FP ticket earlier. Examples are as follows:



The UNP candidate for Trincomalee, Mr. P. R. Navaratnarajah, was earlier an active member of FP, but quit it, when he was refused nomination to contest the General Election on FP ticket in the 1960s.

Mr. A. R. Munsoor, the elected UNP MP for Kalmunai, is a son-in-law of Gate Mudaliyar Mr. M. S. Kariapper, former MP for Kalmunai who was elected for that seat on FP ticket in 1956.

Mr. M. E. H. Mohamed Ali, former MP for Mutur, was returned for that seat on FP ticket in 1962 (by-election) and in 1965. His own brother, Mr. M. E. H. Mahroof is the newly elected UNP MP for Mutur. After entering the Parliamentary chambers, both Messrs Kariapper and Mohamed Ali deserted the FP and in the consequent elections, lost their winning opportunities also.

Even two of the defeated SLFP candidates has worn the FP label at one time or other. Mr. M. C. Ahamed (Kalmunai) won the July 1960 election for Kalmunai on FP ticket. Mr. M. M. Mustapha (Pottuvil) contested the 1956 election for Pottuvil as FP nominee and won for the first time. The latter is also another son-in-law of Gate Mudaliyar Kariapper.

Another feature of interest: Mr. Mashoor Moulana, was the chief 'propaganda machine' for the UNP during the election campaign of 1977 in the EP. He accompanied the present PM and translated his speeches into Tamil in the platform: and the extraordinary brilliance of fun and pun of Moulana brought the 'serious' JRI more closer to the masses. It is interesting to note that, Moulana himself apprenticed in the FP platform for nearly 20 years, and contested the Kalmunai seat on FP ticket, in 1965 and 1968 (by-election) unsuccessfully.

My conclusion is that, the polling pattern in the EP had exhibited a stale-mate between the TULF and UNP, but TULF showing a strategical whip-hand over the other parties (shown clearly by the number of total votes polled), as far as the 'Tamil-speaking votes' are concerned. Certainly, TULF couldn't be able to achieve a landslide victory like that in the Jaffna Peninsula, but it is attributable to so many factors coming into play their part. These factors I

can elaborate, but for the want of space I have left it aside.

Finally, I also thank the *Tribune* for allowing us to have a dialogue on the important question of mandate for Eelam, which as the learned Father has noted, "merits study and reflection." If I would have been responsible to kindle some thoughts to at least some of the serious readers of *Tribune* on this matter, I am fully satisfied that my purpose had been served.

S. Sri Kantha

Colombo 4.  
1.12.77

## C. T. B.

Sir,

In the current issue of *Tribune* reference is made to the startling exposure by *Janadina* of Nov. 5th, regarding the "expense account" of the much-publicised CTB Chairman and his worthy Deputy. The comparatively large sum of Rs. 4,471/66 is alleged to have been spent by these two worthies at Hotel Suisse, Holiday Inn and Lanka Oberoi in just a few days. What the occasion was for such extravagance at the expense of the public who are asked to tighten their belts, and who are suffering today as never before, we are entitled to ask. These two officials owe a convincing explanation of their conduct to the public. But, the most extraordinary thing in this sordid "business" is that instead of calling upon these officials for an explanation the Board High Command is said to be engaged in a witch-hunt to 'spot' the persons who had dared to 'leak' out the information to *Janadina*!

One cannot comprehend why an item of news of this nature which the public have every right to know has been suppressed by the English dailies. More than two weeks have elapsed since you had made the exposure. Would it be wrong to ascribe it to dishonest journalism? It is difficult to believe that not a single reporter attached to these newspapers was aware of this matter!

If, for any reason, Minister Mohamed (who comes in for criticism by *Tribune* often) is disinclined to take action against these two officials, the Prime Minister should

not hesitate to step in and order an immediate inquiry and make known the result publicly. It is meaningless to talk of a 'Dharmista' Society if stern action is not taken against wrong-doers and evil-doers.

C. E. J. Alles

113, Anagarika Dharmapala  
Mawatha,  
Dehiwala.  
20/11/77

## Statistics And Eelam

Sir,

Thanks for publishing varied opinion on the above issue. I was able to place Fr. Balasuriya at a desk and Fr. Joe Mary with the people.

Perpetual Help Convent,  
Kochchikade.

N. Mendis

1.12.77

### NOTICE

under section 7 of the Land Acquisition Act (Chapter 460) as amended by the Land Acquisition (Amendment) Act No. 28 of 1964

Reference No. ATH 14/79

It is intended to acquire the land described in the Schedule below. For further particulars please see the Gazette of the Republic of Sri Lanka No. 298 (part iii) of 30th December, 1977.

### SCHEDULE

D.R.O.'s Division: Weke

Situation: : .....

Village: Pugoda

Name of Land : Nugagahawatta  
alias  
Welabodawatta

Lot No: 1

Plan No. P. P. Co.: 4598

M. A. M. Yoosuf  
Asst. Govt. Agent of  
Colombo District

The Kachcheri,  
Colombo.  
Date: 16 Dec. 1977.



# Confidentially

## - o Police - o Chits - o Malaria

IS IT NOT TRUE that there is still a great deal of subterranean discontent in the Police Force as a result of some of the recent promotions effected in the upper echelons? That whilst it is true that everybody cannot be satisfied, it is, however, possible to detect the seeds of unrest that can germinate from minor discontents into something unwholesome? That *Tribune* has received representations from some Police sources that the over-looking of some senior, competent and efficient officers (who had no blemish in their records) in favour of junior officers had brought misgivings to many in the Force? That in one note we received it was stated: "The government should understand that this step has demoralised the officers including the probationers and rankers. The entire department is watching the move taken by the government. This move is in contravention of the assurance given by the Deputy Minister to the various levels of officers that promotions will be on seniority and merit and not on any other basis. In the recent Budget Debate when the Defence Ministry vote was taken up and when the Honourable Minister of Defence was replying he stated that in future there would not be any political interference in promotions, transfers etc., but in the present promotions there has been political interference. These promotions are an indication that in future to get promotions to certain higher ranks there must be sufficient political backing"? That another note ended with a plea: "So what I would suggest my brother officers is to start bending down to politicians now itself to get promotions in the near future..."? That it may be well that these notes have been inspired either by disgruntled elements or by officers who fear

that the past may be repeated by making political influence the only way to promotions? That, in any case, they merit consideration?

IS IT NOT ALSO TRUE that MPs, Deputy Ministers and Ministers (and often their wives using official NSA letter-heads) have addressed chits to heads of private firms asking them to give jobs to particular persons? That most firms are over-staffed and these chits cannot get jobs for the individuals concerned? That the wives of some Ministers and MPs have now started telephoning bosses in these firms to "somehow" find a place for X, Y or Z? That most firms are ignoring these new MPs chits, but there are some who hope to gain access to political influence by giving jobs to some favourites who are not only able to collect a chit but are also able to persuade the politician or his wife to telephone the private employer? That there are however private employers preserving these chits and are having a record of the telephone calls (some have been taped already) to make use of them against the Dharmista government when the time comes? That these private employers have expressed the fear that if MPs chits have begun to flood the country in the private sector, a tidal wave of such chits must have already overtaken the public sector? That doubts are now expressed about the validity of the JR government's claim that it has "abolished" MP's chits? That a cynic will be tempted to say that MP's chit—or political influence in appointments—has come to stay? That it has become a way of life?

IS IT NOT TRUE that apprehensions have been expressed in responsible quarters that in the new recruitment of personnel for the Reserve Police, the screening being done at village level and district police level is being rushed through with such speed that no proper evaluation will be possible? That the police stations have been asked to report on the suitability of persons and youth within a (short) specified time? That the time is really totally inadequate for the task of making inquiries? That it is said that most police officers get over the difficulty by reporting that there was "nothing against" or "no black mark" against a person? That most reports

are likely to be made without proper inquiries? That in this way, it is feared, the government would fall into the same old trap by recruiting persons into the Police Force (even Reserve) who are better left out? That to get a proper screening done, the police stations should have more time to do the job? That a little delay in this matter would be worth while?

IS IT NOT TRUE that serious doubts have arisen about the way the anti-malaria (malathion) campaign have been carried out? That many foreign countries, especially the USA, have given grants running into millions of dollars to eradicate malaria in this island? That our mosquito, having acquired an immunity to DDT, the USA footed the bill for the use of the more expensive and more powerful malathion? That one snag about malathion spraying is that it has to be carried out at "one go" from one end of the affected area to the other? That all mosquitoes and larvae have to be destroyed within a specified period? That if there was a let-up, or a time-lag in the spraying, then a new frankenstein will emerge—a malathion-immune mosquito? That *Tribune* has found out that the spraying has not been done properly? That *Tribune* is further aware that in areas where malathion was supposed to be sprayed, malathion powder was surreptitiously offered to farmers and agriculturists at Rs. 15 to Rs. 20 a lb? That the new UNP government cannot be blamed for an administrative machinery corrupted by the last regime but unless the JR government wakes up to current realities all its developmental plans will flop? That a malathion-immune mosquito will undermine not only Mahaweli but all economic activity in certain areas? That the hard core of inefficiency and corruption has eaten into the soul of our administrative bureaucracy from the top to the bottom? That our top anti-malaria administrators are either so lazy or so inefficient that they are unable to get the job done? That the operators lower down just don't seem to bother about eradicating malaria—as long as they can earn a little pocket money? That malaria helped to end the Anuradhapura and Polonnaruwa eras? That the malathion-immune mosquito may not permit the Kotte-based Dharmista era to come into being?



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