

Friday,  
26 June 1981



COMMONWEALTH  
PARLIAMENTARY SEMINAR

COLOMBO

SRI LANKA

25-26 JUNE 1981

Report of Proceedings

(Uncorrected)



**COMMONWEALTH PARLIAMENTARY  
SEMINAR**

**held in**

**COLOMBO**

**TO COMMEMORATE THE FIFTIETH ANNIVERSARY OF  
UNIVERSAL ADULT FRANCHISE IN SRI LANKA**

attended by Regional Representatives on the Executive  
Committee and Delegates from Branches of the  
Commonwealth Parliamentary Association

**25-26 June 1981**

**Report of Proceedings**

COMMONWEALTH PARLIAMENTARY

SEMINAR

held in

COLOMBO

TO CONSIDER THE FUTURE DEVELOPMENT OF  
THE COMMONWEALTH PARLIAMENTS OF THE AREA

organized by the Commonwealth Parliamentary Association  
Committee and hosted by the House of Representatives  
of the Commonwealth Parliamentary Association

20-21 June 1961

Report of Proceedings

**UNIVERSAL ADULT SUFFRAGE  
AND PROPORTIONAL  
REPRESENTATION**

Friday, 26 June 1981

Chairman

[HON. DR. RANJITH ATAPATTU, MP]  
(Minister for the Colombo Group of  
Hospitals and Family Health, Sri  
Lanka)

**Mr. Nihal Seneviratne**

(Deputy Secretary-General of  
Parliament, Sri Lanka,—Honorary  
Additional Secretary)

Good morning Delegates. I call the Second Session of the Seminar to order. I trust all Delegates have had a pleasant night and are ready for a useful exchange of views this morning.

The subject we have chosen for this Session is one that is very close to our hearts here in Sri Lanka. I am sure it will also concern you as members of Commonwealth legislatures. As you know, the subject is "Universal Adult Suffrage and the principle of Proportional Representation." You have heard His Excellency the President and the Hon. Prime Minister of Sri Lanka last morning touching on this, and I feel that will serve as a fitting background to start off this morning's session.

I have great pleasure in calling upon Hon. Dr. Ranjith Atapattu, Minister for the Colombo Group of Hospitals and Family Health, to take the Chair.

[Whereupon the Hon. Dr. Ranjith Atapattu took the Chair.]

**The Chairman:** Thank you, distinguished Delegates. I would like to call upon the other Panel Members to kindly take their seats: Hon. Gerald R. Ottenheimer from New-

foundland, Canada; Rt. Hon. Reginald Freeson from the United Kingdom; and Hon. Encik Adenan bin Haji Satem from Sarawak, Malaysia.

Distinguished Delegates, before I make my opening remarks I would like to draw the attention of the Members of the Panel and the Delegates to the note at the bottom of the Seminar Programme which says that the Chairman of each Seminar will speak for 15 minutes outlining the subject, to be followed by Panel Members for 10 minutes, and that the subject will then be open to members for discussion, the operative word being "discussion". I personally hope to adhere to the time limit; if you would read my bio-data you would see that I have been introduced as a Bachelor of Surgery, and if I am a bit surgical in conducting affairs I hope you will excuse me. I think we should have more discussion than speech-making on this occasion.

Let me get down to the subject of the Seminar this morning, namely "Universal Adult Suffrage and Proportional Representation." Though I am supposed to outline the subject under discussion, I do not propose to bore you with a lecture on either Universal Adult Suffrage or Proportional Representation. Rather, I would like to make my own observations on the possible impact of Proportional Representation on Universal Adult Suffrage with particular reference to my own country's situation.

You have heard His Excellency the President of Sri Lanka giving you a short but lucid historical account of the progress of the franchise to its present state in Sri Lanka. Also, at the afternoon session yesterday, the Hon. Lalith Athulathmudali, our Minister of Trade and Shipping, gave some of the reasons that led us to go in for Proportional Represent-

tation, the chief reason that he outlined being an imbalance in the number of seats obtained in the legislature by a particular party when compared to the number of votes polled by that party. Further, he emphasized the fact that we opted for district proportional representation rather than country-wide proportional representation because we are a multi-racial and multi-religious nation and national proportional representation would have eliminated the possibility of representation for some of the minorities. As such we opted for what we thought was a fairer system, that is district proportional representation.

I come from a rural electorate and see things from a slightly different perspective. The two most recent general elections held in Sri Lanka have resulted in an almost practical decimation on Parliament. This happened both in 1970 and 1977, as was shown yesterday. In 1970 the United National Party, to which I belong, was reduced to 17 Members in the legislature, while in 1977 the Sri Lanka Freedom Party, which was the ruling party from 1970 to 1977, was reduced to seven Members. Yesterday the percentage of the votes that each of these parties secured was shown to you by the Hon. Minister who chaired the afternoon session. It was fairly obvious that there was an imbalance in the distribution of seats.

What is the effect of these violent swings on the village voters who normally comprise 78 per cent of the electorate? I am sure that most of the developing nations would have had experience of the fact that the decision of the villagers is what finally affects the results of a general election.

Universal adult suffrage, for better or worse, leads to the creation of an individual called the Member of Parliament, around whom the

aspiration of the rural folk revolve. This association has developed to almost a personal level—I am speaking of the situation in Sri Lanka—and personalities have begun to play an important role at election time. When the voter finds that his “man” is not returned, he immediately gets into a shell. He has no one to turn to for solace. He feels that the elected MP will not give him a fair hearing because he belongs to a different party. He looks around for an MP of his own party and finds that there are none close by. For example, between 1970 and 1977 a voter who voted for the UNP in my electorate would have had to travel 130 miles to meet an MP of his own party and get a hearing in regard to some grievance. Similarly, since 1977 a voter who voted for the SLFP would have to travel 160 miles from my electorate to meet an MP of his party. This is a futile exercise for him. He knows that to get a job done through an MP he has to go to him at least three or four times. He decides it is not worth his while going this distance. So what does he do? He sulks in a corner and does not involve himself in any of the development projects in his area. If he is a vocal person he becomes a destructive critic. If he is a silent sufferer he nurses a hatred against the powers that be, waiting for the day when he can elect his own “man” and get his own back on the rulers with whom he has no connection or who do not give him a hearing.

In this situation almost half the village isolates itself from the developing process, awaiting, as it were, their turn. This leads to disunity at village level, a lack of participation, a lack of appreciation of the progressive and useful measures of any government—all factors which strongly inhibit development at the grassroot level.

Now, under the district proportional representation system which will come into being in the 1983 general election, candidates of both leading parties will be elected. We have, of course, had a trial run in the recent district development councils elections. Unfortunately, the main opposition was absent from the hustings. They did not avail themselves of the opportunity of being represented in the district development councils. So it was really not a good trial run. The real test would be in the 1983 general election when the district proportional representation system will be put on trial. After the election every man will have a Member of Parliament in his district with whom he can identify himself.

The MPs in a district will have to work together forgetting party differences, if they wish to make an impact on their voters. Seeing MPs of different parties working together will be an example to the voter, and it will show him that it is not necessary for him to isolate himself, because he supported a particular party. This would lead to better unity at the village level, better participation in the development process and, in short, a very real and meaningful extension of universal adult suffrage. This, I think, is a fact that we have strongly to keep in mind.

Having come to a stage where we enjoy universal adult suffrage, whatever subsequent changes we make should be in the context of extending the suffrage in such a way as to make it more and more meaningful to the electorate and the people who periodically elect us to power. I personally feel that in Sri Lanka the proportional representation system will, particularly at the village level, have a tremendous impact and give the voter a more meaningful place in the running of the day to day affairs of the

country. Up to now he has been confined to casting his vote at the periodical elections that we have held. All his aspirations are, shall we say, accumulated and concentrated on the cross he puts on the ballot paper on that particular day, and he has to wait another five to six years to see whether he has taken the right decision or not. In a proportional representation system we envisage a result where all shades of political opinion, particularly the major shades of political opinion in the country, would be represented at the district level. Thereby if the ruling government does take a step which may seem not so progressive or constructive, there would be sufficient opposition at all levels to create public interest and activity that might have an effect on the ruling party.

I have been talking all this time of the effects at the district level. At the national level, the avoidance of massive swings at general elections will create a parliament which will have a more evenly balanced representation. I also feel that political parties will have to be more accommodating towards each other in their attitude. And, most important, there will be a better climate for the continuation of policy, which is so important to a developing nation.

You might think that I am being very idealistic. To achieve what I have said is certainly going to take some time. But, having seen the tragedy of village disunity, having seen the effects of the present system that we have been following for so long, the effects that it has had on the ordinary villager who is the backbone of our country, I think that the proportional representation system is certainly worth a jolly good try.

Thank you very much.

**Hon. G. R. Ottenheimer, MHA**

*(Minister of Justice and Attorney-General, Newfoundland, Canada.)*

Under the general subject of Universal Adult Suffrage and Proportional Representation, I would like to present a few views which are more personal than anything else. Certainly, on a question like proportional representation there would not exist a Canadian view as such.

We are all practising universal adult suffrage and are committed to it. We understand, as you do, the legal rights of our adult citizens. The definition of adult is not the same in every province. In Federal elections the different provinces have different ages. I think it is important, for universal adult suffrage to be as meaningful as possible, that there should be a realistic definition of the adult and also, of course equity between man and woman. As far as Canada is concerned, it was in 1930 that the age at which a woman could exercise the right to vote was made the same as that of a man. Earlier it was 25 years for a woman and 21 years for a man.

We are all agreed on the legal or the qualitative aspect of universal adult suffrage. I think there are questions to be asked on this. Franchise must be meaningful, and in order to be meaningful there are certain other criteria which must be met. It is important that for the suffrage to be meaningful there should be a sufficient level of public awareness, access to educational institutions and free education. I would say that education, at least to the end of secondary level must be free, and certainly there must be compulsory education for a certain period of time as a necessary concomitant to meaningful universal suffrage. I think it is also necessary to recognize the responsible use of the mass media. In

Canada, some of us are feeling that more and more of the criteria for successful political leadership have become a charisma when that is transmitted by the mass media. So there has to be, I think, for parties and candidates the right of access to, and a free apportionment of, at least some time in the mass media. That means an equitable apportionment of time at least for the legal fulfilment of the universal suffrage. I would also suggest that for a meaningful exercise there should be financial control over election expenses, and while there are limitations to the amount which can be spent by the candidates and parties, there should be public financing of election expenses so that the vigour of a party or a candidate is not directly dependent upon the money he has or has access to, the disclosure of contributions and the limitation of expenses.

Another area, I believe, for this universal suffrage to be really meaningful, is that there must be an opportunity for participation in policy-making—not merely making an 'X' on a secret ballot paper, however extremely important that may be, but an opportunity for participation by the electorates in determining the leadership of the party and, I would suggest also, the nomination of candidates.

The final area to which I would refer would be the avoidance of what we call gerrymandering, the cutting up of electoral districts in such a way as to favour usually the party which is then in power and which is the doing the redistribution. We have found that having a Statutory Electoral Boundaries Commission making reports at certain periods is necessary.

I would say, in summation of that aspect of the subject, that certainly there would be total agreement on universal adult suffrage but that,



apart from the legal requirements, there are certain other social criteria which are necessary in order that it would be as meaningful as possible.

In regard to the proportional representation aspect of the subject which has been discussed this morning, we in Canada, as in many parts of the Commonwealth, are going through a constitutional reassessment. It seems to be inevitable today in many of our countries to re-examine the relationships between governments in a federal constitution and between governments and the people in both federal and unitary systems.

As a matter of constitutional concern in Canada, proportional representation has lately been discussed. The main areas of our concern are federal-provisional relationship, the rights of the people speaking both official languages, the development and control of national resources, fundamental rights and the use of the referendum. But lately there has been discussion of proportional representation based upon a problem not very dissimilar, I think, from yours. Mr. Chairman, I believe you mentioned the possibility, and perhaps in certain instances the likelihood, of certain districts having a majority vote but not having a representative in Parliament, and the people feeling left out. In Canada we do not have districts as such, but we do have ten provinces. For example, today the Liberal Party, federally, form the Government with a substantial majority, yet some provinces—Ontario, Manitoba, Saskatchewan, Alberta and British Columbia—have no Liberal members. In a previous minority government—that of Mr. Clark—Quebec, where is a vast majority of French-speaking people—that is one of the areas in which people speaking two official languages live—the Conservative Government had only two Members.

So, lately there has been discussion whether there should be proportional representation to, I suppose, alleviate the possibility of alienation. My personal view is that in our own context this would not be necessary because there is the involvement between the provincial governments and the Federal structure, which you do not have.

I do not think that one's responsibility on the question of proportional representation can be dogmatic. Obviously it depends upon the society in which it exists and the mechanisms that are being used.

I would close this contribution with a few question because, as I see it, this is not a matter which can be treated dogmatically:

With proportional representation, the direct accountability of a Member to a specific electorate obviously is substituted by accountability to a party. So I ask, is something of importance being minimized there? It will be, for us. It may not be, obviously, here.

Then, there is nomination of candidates by a specific constituency of party supporters. By the substitution of that with nomination by the party leadership, would something of importance be lost? Or is there a possibility of a counter-balance?

Mention was made by the Hon. Prime Minister yesterday of the importance of stability in Sri Lankan society, and the contribution that proportional representation could make there. I understand that there have been dramatic shifts from one general election to the other. The question I ask there is, is there a possibility of fragmentation through proportional representation with the encouragement of a greater multiplicity of parties? In certain societies

the multiplicity of parties may well be the ideal and the goal one searches for. The other is related to the point raised before: would proportional representation encourage regional or ethnic parties? And, perhaps, that is good. There are numbers who feel that too many parties have inherent dangers, and encouraging ethnic or regional parties will tend to develop a minimum number of parties.

There is nothing magic about the two-party system. By any means the two-party system in Canada, if one believes in arithmetic, is not really a two party system. But what you need is an attempt to encourage a smaller number of parties with a board basis of support, a broad spectrum of support, not having too narrow an ideological base.

In concluding my comments on proportional representation, I would say that as long as there is accountability to the people, whether direct or in indirect, as long as Parliament and Government are keenly aware of their responsibilities and are accountable and work within the rule of law and also accountable to an independent judiciary, as long as those criteria are met, the mechanism and means to achieve those ends obviously have to be guided by local history, traditions and experience.

**The Chairman:** Thank you very much. I think you have posed some very stimulating question which I am sure will receive some stimulating answers. I would now call upon Rt. Hon. Reginald Freeson from the UK to make his comments.

**Rt. Hon. Reginald Freeson, PC, MP**  
(United Kingdom)

May I start by saying how impressed I was by your earlier remarks. It gave a new angle on the changes that have been introduced into the Sri Lanka system.

Whatever differences of view there may be as between one society and another or indeed as between different societies about an alternative electoral system, I certainly will go along, coming from a different kind of society where percentages are reversed. 80 per cent of our electorates are in one way or another urbanized whereas nearly 80 per cent of your voters are rural. I would certainly go along entirely with the field that you presented to us and I would describe it as a theme of community in politics of localizing relationships and involving people at that level.

Commenting first on the question of universal suffrage, and indeed again following on one of the points that you gave emphasis to and emphasized by my colleague from Canada, it is no belittling of universal suffrage, of which we are all inheritors, to say that in a sense it is the start and not the target. At one stage in history it was, of course, a target; it was an achievement which must be defended. But it is the start, so far as I see, towards the goal, towards what I will broadly describe as social and industrial democracy in all the institutions of society, not just at national Parliamentary level. And this implies a number of things which I will not go into in detail but just give some headings for.

To reinforce some of the points that have already been made, and indeed some of the points made in yesterday afternoon's discussion, it does mean that there must be freedom of party organization, freedom of individual expression and persuasion of others to different views, freedom for minority groups, freedom and responsibility on the part of the press—the mass media—independence and freedom of the courts. And on the other side of all these freedom is the deve-

lopment of participation and responsibility, which cannot be compelled but which should be, as I put it, enabled by Parliamentarians and governments—democratic governments—so that people may join in not something simply rhetoric but to try to create a framework in industry and politically down the line to the grass roots which would enable people, if they so wish, and hope fully from our point of view as active politicals, to join in the affairs of their community, of their industry, of their party politics, or indeed normal party politics—a point which I may return to.

It does mean genuine and full hearty support of law and order and the acceptance of the ballot and persuasion rather than the bullet and the bomb as a means of achieving objectives. The only circumstances in which that might be justified—and there are many instances in the world for the more pacifistically inclined who would not accept it under any circumstances—the only possible justification for the bullet instead of ballot the bomb instead of persuasion, is when one lives—as some people have done in history, and still do in some circumstances today—in what one may describe as helot society where there are virtually no rights and no ways of achieving those rights. That cannot be said of any of the societies and political system which we are representative of. So, responsibility for law and order is an essential, as also the encouragement of community and neighbourhood, hich has been dealt with by our Chairman, elective local governments with effective powers to do things, for example, that would vary from one society to another in the field of education, in housing, in amenities, in the arts, in some circumstances in

enterprises, as well as the basic services that we first of all require of national and local governments, such as the service of water supplies, the highways and things like that. Effective powers for elected local governments I believe would be an essential objective for a democratic parliamentary society. It is necessary I think, for both national and local governments to try to organize small within the big in the modern developing world. This is particularly true of highly urbanized societies such as ours. I cannot obviously speak about such societies as Sri Lanka, except to perhaps sentimentally suggest that still have something which we have lost at that level. And for Heaven's sake preserve it! I am sure you will. You have got a Village Re-awakening Movement going on, which I read about with interest.

Then we come to the field of urban development, and you are going to be faced with this. If you are not already faced with it to some degree in Sri Lanka, learn the lessons that we could not learn in time and which with great difficulty we learn in our urbanized society—to have decent neighbourhood town planning, not just in terms of controlling what other people do from the Town Hall or the Village Hall but also in terms of what the State or the local governments do physically in renewing these areas or building new areas planned on the basis of the community at physical level, because we have to create the physical conditions in which the people may join in and participate and feel that they belong to the community as well as realize constitutionally or even organize constitutionally along those lines. And I may briefly state that it is important to get a parallel of those things in industry and commerce, but I will not pursue that today.

Those are my comments generally on universal adult franchise and where we go from here in terms of using it for more meaningful purposes than we have done in many instances in the past.

May I turn to the issue of PR or proportional representation? I should say incidentally two things first. It is probable, or at least possible, that every one of my fellow Delegates from the United Kingdom would take a different view, at least on some of the things I am going to say, which is an individual view, not a party view, not a delegation view. And the other thing is that I may bother you for a short time—not too long I hope with some statistics. I hope I do not frighten you too much. But they are important to make some of the points, at least from a British background, which I wish to make.

Proportional representation does not loom large in British politics although there has been some interest, a kind of revival of interest in recent years. This stems largely from our involvement in recent times in the European Assembly and the Common Market, because most, if not all of the other members of the EEC, the Common Market, in voting for the European Assembly, have a PR system. They have adopted the PR system for the most part in their internal elections. We are the only one out of step on that score, and it is an issue we may have to face up to when the next European elections take place.

The issue of FR also appeared again in recent times, relatively recent times, during the debates on Scottish and Welsh devolution, during the period of the last Labour Government, and also following both the 1974 and 1979 general elections when the Liberal Party was seriously

under represented. I will quote some figures a little later on that point. Yet, except in Northern Ireland, we have made no move to change from our simple majority system. Under this system, general elections and local elections in Britain usually offer rough justice so far as the two major parties are concerned. They tend to be over-rewarded in seats for votes, at the expense of small parties. There are occasions even when one major party polls more votes and gets fewer seats. I believe that you had such an experience in Sri Lanka. But these are rare. The only occasions which I have been able to check up are 1951 and 1974. The number of MPs elected usually concurs with the results and the number of votes as between the two major parties, but they invariably get more seats in Parliament than they get proportions of the poll.

Perhaps the “fairest”—I put the word “fairest” in quotation marks—results in the past 35 years as between the two major parties, I repeat again, was in 1950, when Labour had 46.1 per cent of the votes and 50.4 per cent of the seats in the Commons. The Conservatives had 43.5 per cent of the votes and 47.7 per cent of the seats. In each case there were almost exactly 4.3 per cent more seats than votes. That was an element of fairness, if you like. It was at the expense, of course, of the Liberals. Unrepresentative landslides are also a recurring feature of our system. In 1945 the Labour Party had 48.1 per cent of the votes and 62.2 per cent of the seats, a result which at least some countries here no doubt might have welcomed for reasons of their own. I will not pursue that point. There was a somewhat similar result in the Labour Party in 1966 on a lower key, a much higher majority than was proportional to the votes cast, although Labour had a majority of the votes cast.

In reverse, there were unfair landslides for the Conservatives in 1955 and in 1959 and again in the last general election in 1979. I will give you the figures. The Conservatives in the last election polled 43.9 per cent of the votes and got 53.4 per cent of the seats. Labour got 37 per cent of the votes and 42.3 per cent of the seats. I am excluding the other small parties. I refer only to the Liberals. The Liberals got 13.8 per cent of the votes and 1.7 per cent of the seats in Parliament.

Only twice in 60 years and 14 general elections—I hope my count is correct—has the winning Government Party got more than 50 per cent of the vote. Only twice more have the Government Parties come even close to 50 per cent. I do not think I will be quoting any other statistics. I have not quoted statistics simply for your benefit to make a general point but I found while preparing my notes on arrival at the Seminar that, as one may put it, it would put me in perspective. It reminded me of a lot of factors of politics that all of us in the major parties, or most of us anyway, tend to overlook. When we have giant majorities and windbag victories we forget too often that we on both sides are representing by no means a majority of the actual electorate—never mind those who do not even vote—and it helps us to keep our sense of proportion as we should do. I hope I will persist in such a move when I return home.

I do not propose to quote any more statistics but I shall make some general comments. A simple majority system was not based upon any kind of theory of politics. It originated because England was early in the field of elections. Elections were part of our politics long before there was any modern democratic nonsense about universal suffrage. I hope the irony will not be taken literally by those who do not quite follow the

nuance. That is the origin. Long before we had universal adult suffrage in Britain we had elections, as you would know from the history of the devaluation of our parliamentary system. When other countries adopted parliamentary systems later, they tended to introduce more sophisticated methods of representation such as proportional representation, which began to emerge in the mid-nineteenth century. Long before the recent revival of interest in Britain, we had discussed adopting such methods in the UK. As far back as 1910 there was a Royal Commission on Electoral Systems which, among other things, considered this matter. Proportional representation was very narrowly defeated in a Representation of the People Bill before Parliament in 1970. The alternative vote, a kind of compromise between the simple majority and the pure PR system, might have been adopted but for the fall of the Minority Labour Government in 1931, the year when you had universal adult suffrage introduced here.

There are several reasons why we have since persisted with the simple majority system although PR has been adopted in most other European countries and certainly in many Commonwealth countries, although by no means all. The two-party outlook has been long ingrained and our electorate appreciates the symbiosis of the two-party system and elections by simple majority. They see these things on the whole as inextricably entwined. You do not have one without the other. I do not say it is right but that is the way, the appreciation generally the people have of the way in which we operate.

The second point I make is that the system normally produces the single-party Government which, overall, the British public wants has appeared to want historically. There is a prejudice against coalition politics—if

prejudice is the right word to use—or a feeling against coalition politics in the British tradition, although we have it in times of war.

The third point I make is that the system usually produces—some people say, always produces—secure governments. To those who say it always produces secure governments, I say let us keep our sense of proportion. It has to be said that this has failed to be the case at least three times in the past 30 years: in 1950, 1964 and 1970.

The system provides for single-member constituencies, which was the point made by my colleague from Canada. A strong argument, in my view, was pure proportional representation. If I study the matter, it is possible only in a voting member constituency. Let me pursue this just a little further. It links with some of my opening remarks, generally, on universal suffrage.

The concept of relationship between an MP and the definable group of constituents is not only attractive in itself but steeped in our history. We are talking here of representing communities. The origin of this word, i.e. "communes", is also the very origin of the word "Commons" in our Parliament. The House of Commons is house of communes or commune representatives. That is how the word "Commons" came into existence in our parliamentary system. So you see how deeply it runs. People do not necessarily think about it; it is just there.

My general comment, to say more on this point is that it affects our society at times. I come from Britain, an urbanized society different from many other countries. The urbanized society has been increasingly dominated by individuals, and increasingly annihilated by urban and institutional

giganticism. The elements of community and personal relationships which we still have should be preserved. This is my personal emphasis. Certainly I think that most constituents in Britain would wish to keep single-member constituencies and the right to vote for an individual as well as the party, placing emphasis where they wish, including voting for an independent of no party.

This leads me to a further objection to proportional representation. It increases the power of the party bureaucracy. This is implicit in the dominance of the party system which characterizes proportional representation although you get much fairer parliamentary representation than today.

As I mentioned the Bill to introduce alternative voting by the minority government in 1931 was passed by the Commons, wrecked by the Lords; we reconstructed it in the Commons but lost in the financial crisis and consequent collapse of the Labour Government. Today the prospects for change in the UK appear to be slight to get a non-reformed body to reform, especially when both major parties think of the present system but one feels the loss of the good aspects of the present system. It can be done as our Parliament showed it in the Reform Bill of 1832. There was massive public agitation. Although the electorate today seems little concerned with changing the system, I end by saying that I personally hope that by public agitation a change will come to avoid any new system. It will have my support provided it maintains that individual relationship between the MP and his constituency. If we cannot achieve such a system, then I prefer to stay as we are in Britain.

**The Chairman:** Thank you very much for a most stimulating address. Now I call upon the other member of the Panel, Hon. Encik Adenan bin Haji Satem from Sarawak, to speak.

**Hon. Encik Adenan bin Haji Sateur,**  
**MLA :—(Sarawak)**

Mr. Chairman, your Excellencies,  
 Ladies and Gentlemen,

The disadvantage of being the first speaker is that you have to break the ice. The disadvantage of being the last speaker is that most of the points you wanted to say have already been said. Therefore I shall be very brief.

When I was a student many years ago, we had a slogan "one man, one vote, one value". Now, universal adult suffrage answers the first two parts, "one man, one vote." Proportional representation in some way ensures that, even if you vote for the party which loses, in the end your vote will at least have some value—the winner does not get all. The second point in favour of proportional representation is that minority groups in the country are protected. If we say that there is a dictatorship of one man, one class or the army, there is such a thing also as the dictatorship of the majority.

Now, personally I would be in favour of the PR system because it also in some way protects the interests of the minority. After all, we are seeking to have a world where the strong will adjust and the weak is secured. It is the responsibility of the majority to protect the interests of the minority. At the same time, I am not of the view that the PR system is the only way in which we can put a value on the losing vote or protect the interests of the minority. There are other ways. You can do this by appointing directly or through the electoral college representatives to the Upper House. So the question is whether the PR system is the best way.

Now, the best form of Government for all of us is to sit under one tree and vote for all issues big or small,

as they did in ancient Athens. But all of us cannot sit under one tree and do it even if it is a very big banyan tree! So we have representatives, or so-called representatives, of the people.

The other point I wish to refer to, although it is not directly related to the subject matter under discussion, is, what exactly are the functions of a Parliament? Governments are not there simply to rule and administer. Government are also involved in the process of development when it actively, positively and directly concerns itself with the economic and social development of a country.

Now, since the days of, I believe, Mr. Stafford Cripps who advocated a Social Welfare State, the ruler is not there simply to enact laws and administer, is not there simply to say you shall not do this but do that. Governments must say: "This is what we propose to do and this is how we are going to do it. We are going to improve the standard of living". Now, in this sort of situation, especially in developing countries, what exactly are the functions of the legislature? Are we simply there to attend meetings of the House and committee meetings and go home and sit? Or are we going to take up a positive attitude and participate in the development of our country? That, I think, is the third point.

The fourth point is, as I said earlier, "one man, one vote, one value;" it sounds very well, very fair, intellectually satisfying, intellectually convenient, but what is it that we represent? Do we represent people or do we represent the interests of the people? Now, I am not saying that the wealthy have 10 votes and the poor have no vote at all. I am not advocating property franchise. But you are well aware that

if we have "one man, one vote, one value," then the cities will swamp the countryside. Then the majority will swamp the minority. Now, this is a question for which I have no solution. What are we going to do about this? Are we going to say, "one man, one vote, one value", in absolute terms or are we going to say "one man, one vote", and that one vote is worth half, one vote is worth one quarter or one vote is worth 100 per cent? Obviously, if you represent an area of 100,000 people and your colleague represents an area of 50,000 people, still there is only one MP from each area. Arithmetically you represent one voter and your area is worth half a voter in the next one. Now, where are we going to find the via-media? Do we represent people as statistics in a population or do we represent the interests of those people, which interest ought not necessarily be calculated on monetary terms?

The remarks my colleague from Canada made—please correct me if I am wrong—about mass-communication, sophistication of the electorate, education for the meaningful exercise of universal suffrage, brings to my mind the question whether we should have first a middle-class, otherwise known as the bourgeois, before we can have a successful implementation of the democratic systems. I do not agree with this view. I do not believe that we must be very sophisticated in terms of academic education etc., before we are given the right to vote. I mean, this is the same argument that was made by the colonial masters many years ago. They said, "You know, you cannot have independence, you are not ready, you are not educated or sophisticated." I think that argument is like flogging a dead horse! It has been done in our countries, are we have not made a very bad job of it either.

Those are the points I wanted to raise. They are more questions than solutions.

**The Chairman:** I must thank the Members of the Panel for having behaved very well. We have exceeded our time by only 15 minutes. Considering that we have two lawyers and four Members of Parliament on the Panel, I think that is jolly good going.

I must also thank the Members of the Panel for having given, each one of them, an entirely different angle to this question, and I am sure this will lead to a very stimulating discussion.

I have with me several requests, and I would first call upon the Delegate from a state which has had considerable experience on this question of proportional representation. I call upon Mr. Neil Robson from Tasmania to address the Assembly.

**Mr. Neil Maxwell Robson, MHA**

*(Chairman of the Parliamentary Public Accounts Committee, Tasmania)*

Thank you, Mr. Chairman and Members of the Panel. I am glad that the Chairman has acknowledged the fact that Tasmania has quite some experience with proportional representation. We have had regional proportional representation from the year 1907, and we are very proud of it. We believe that in our circumstances it works very well indeed. I would like to say, today and at any time that I have to speak about electoral reform and particularly about proportional representation, that we must always bear in mind the angle of the people and not the angle of parliamentarians or the



party. All our actions must be for the people. I would also say that in our discussions about electoral reform we must get our terminology correct. I cannot correct it here today; so I will just go on my merry way using the terms I now, and I believe I will be understood.

In Tasmania we have compulsory voting. All persons above the age of 18 have to vote. If they do not they are fined. Then we have multiple representation, and what we use are the federal boundaries which we use for elections to the House of Representatives. Instead of having one person from a particular federal boundary we have seven, and they represent the electoral district in the State. We use—and this is where I might cause some confusion—the single transfer vote. That is what we call in Tasmania, the reference system.

Any time I speak on proportional representation I must have a shot at the single-man electorate because I believe this is part and parcel of my make-up. In Tasmania six years ago in the election to the House of Representatives, which has single-man electorates, over 50 per cent of the people voted Liberal, and they did not have one representative in the Federal Parliament. Today over 50 per cent of the people vote Labour, and they do not have one representative in the Federal Parliament. I deplore that system. Even though I have no love for the Labour Party, the point is, speaking electorally, that is not fair. I believe that they should be represented in our Federal Parliament.

With single-man electorates we have such things as 'blue-ribbon seats.' And I, for one, deplore that. I believe that there should not be such things as 'blue-ribbon seats' because all that a Member of Parliament has to do is to carry favour with a few faceless men and he or she

is elected, whether the people like it or not. The majority of the people shun that type of thing. It is not fair, but I believe it is happening.

The other thing is that in proportional representation the people have a choice of candidates as well as the party people. If you take a single-man electorate, those people who are connected with the party—and in my country they are the minority—have a choice to select from within the party a person to represent them. But when that person is presented to the population as a whole they have only one person to vote for if they are of that persuasion, and I believe that is wrong. They must be given more than one person to vote for, and in my electorate many times I have been tempted to throw my vote, because I believe the party has to put up more than one candidate, but, since I am a party member I have to go along with it. I believe that is wrong. We must have a choice.

The next thing is what I heard toady. I have heard it often said that Members of Parliament do service to their electorates better because they have control. If people want to talk about their electoral problems or personal problems or governmental problems they go to the MP. So why take away half their heritage through another choice? I believe here is where a single-man electorate fails. I would say that under proportional representation, if you work hard and if you represent the people like you should, you should not have any worry of losing your seat. If you work hard, if you do what you are supposed to do, you should retain your seat long and live to a happy retirement.

The other thing is that in proportional representation you have to worry about jerrymandering. I believe in Canada they have an inde-

pendent commission that determines their boundaries. We have the same thing, and therefore we do not have to worry about jerrymandering.

The other thing is that under proportional representation I must tell you of one danger particularly in a constituency with the single transferable vote. Often you will find that an individual must be on top of the paper. They drag in the majority of votes. Therefore, the person whose name is underneath gets a lot of No. 2 votes. We have had an instance 3 years ago where our premier of the day got 30,000 votes and there was a person immediately under him who got 300 votes and got in. Now that is the problem.

Since you have to vote, and since it is a multiple member and we use the preference system there are many people who go into the balloting box or the booth and strike their number on the paper. They go 1, 2, 3, 4, 5, 6, 7 and strike their number on the paper. I would like to tell you, Mr. Chairman, that once upon a time in this system of ours we had the alphabetical system. Three years ago we changed that and—you would not believe it—there are 35 members. So, you can see that there is a lot in what I am saying. If it is a multiple member you use the single transfer vote, so that you will get people who happen to be lucky enough to be put on the top of the paper by party selection. We deplore that. We do not want the party to tell the people where they are to vote. We oppose the party putting up a claim and saying to the people at large, "elect one of your choice in order of 1 to 7." Now what can be more democratic than that, particularly when our names are on the ballot paper?

What we do if we have a 70,000-man electorate and there are seven people standing for any one party is this. We divide seventy-thousand by seven which gives 10,000 and so in my ballot

next time my name will appear on 10,000 papers at the No. 1 position, my name will appear on 10,000 papers in the No. 2 position, my name will appear in the No. 3 position. But we do have to worry about the Premier being above me, but he is not in my party, thank God! So, we do not have that worry. What we do there is, we have another law which says that you must not be under another person more than once. Therefore, we stop—that and we believe that we have one of the fairest systems in the world.

Incidentally, Mr. Chairman, I have sent a copy of that Bill of mine to your CPA when I registered, and if anybody wants to see the Bill and the amendments and the regulations, I would be very pleased to send him a copy.

The next thing is that some people say they have a proportional representation system hard to understand. Well, I ask you: how many voters worry about how you count the votes, as long as it is honestly done, fairly done and in the end reflects the wish of the people. Therefore, under our system it takes about a week to ten days to have the final decision, but generally speaking on the night of the elections, if there are 35 members to be elected, we know approximately 25 of them who will be elected and then wait the seven or ten days for the other 10. I believe that is good.

The other thing is, people say that under our system that is wrong since we have seven members within one party competing, say, for three or four seats. Depending on whether we win, we compete with one another. All I can say is that that is good, that is competition; and, if it is competition within a party or competition without a party, I do not think anything wrong would come of it.

The other thing is that I was very interested in the remarks of the United Kingdom Delegate. He was talking about rough justice; his system represents rough justice. What I can say to the U.K. Delegate is, why don't you change to our system, and then you will get meticulous mathematical justice, not rough justice?

The other thing is, despite the fact that your distortions are not rare, I believe that if you read Enid Lakemen, there are parts of England where since they had a Parliament, there have been quite large numbers of people that had never ever been represented. I believe that is wrong.

The other thing is I do not like unrepresentative landslides, and since I am a proportional representative myself, I would like to recommend to you that you buy the book called "How Democracies Vote" by Enid Lakemen, because it is worth reading.

Thank you.

**The Chairman:** Thank you. Mr. Robson. It is only a member of the Commonwealth who can wish that his opponent will break his neck fairly.

Shri Lakhan Singh of India will now address the Delegates.

**Shri Lakhan Singh, MP**  
(India-Union)

Mr. Chairman and Friends, I am grateful for this opportunity of participating in the discussion on an important subject in which all democratic countries would naturally be interested, namely, universal adult suffrage and proportional representation.

It was really thoughtful of the Sri Lanka Branch of the Commonwealth Parliamentary Association to have organized this Seminar at a time

when they are celebrating the fiftieth anniversary of the introduction of adult franchise in Sri Lanka.

The general rule in democratic countries is direct and universal franchise. After our country became independent, the Constituent Assembly adopted adult suffrage as the basis for all elections to Parliament and the State Legislatures. Adult suffrage thus became a cardinal feature of our Constitution and India emerged as the biggest democracy of the world. The electorate in the first General Election in January 1952 was of the magnitude of about 173 million but by the time of the seventh General Election in January 1980 it had more than doubled. The organization of free elections for free India's millions was indeed a gigantic and unprecedented task. But the method and manner in which the elections have been organized has been universally acclaimed. That these have been free, fair and peaceful has been acknowledged not only at home but abroad as well.

It is true that adult franchise was introduced in India at a stage when a large percentage of the people were not formally literate. The concern expressed at that time was quite understandable. But keeping in view the constitution history of our country, adult franchise was considered to be a political necessity and the framers of the Constitution rightly adopted it as the most important element of Indian democracy. The Constituent Assembly adopted adult franchise and incorporated it in the Constitution as an act of faith in the principle that for the successful functioning of the democratic processes the will of the people was paramount. It was also an assertion of faith in the common man. As a matter of fact, the echoing words "Sovereign Democratic Republic" as the form and spirit of the Constitution could have no meaning without adopting adult suffrage as the basis of elections.

Even before the Constituent Assembly was convened, Indian opinion had actually expressed itself in favour of adult franchise. The famous Nehru Report on Constitutional Reforms for the country contained this recommendation. I may also recall that the Indian Franchise Committee presided over by the Marquess of Lothian, while expressing the opinion that complete adult franchise was administratively and for certain other general reasons impracticable in conditions obtaining in India at that time, admitted in the Report in 1932 that there were "undoubtedly many powerful arguments in its favour." The Committee gave the most cogent expression to the arguments in these words :

"The first is that adult suffrage is the only method by which absolute equality of political rights can be secured to every adult citizen. Any form of restricted franchise necessarily infringes the principle of equality between individuals in some degree. The second reason is that adult suffrage is the best means of securing that the legislatures represent the people as a whole. The third reason is that it solves, so far as the electoral roll is concerned, the difficult problem of securing the fair representation of all elements of the population, communal and racial, rich and poor, town and country, men and women, depressed classes and labour. Whether adult franchise results in fair representation in the legislatures depends on the system of representation adopted, as the endless controversies, in the West no less than in India, about proportional representation, the second ballot, reservation of seats, and special or separate electorates, abundantly prove. The fourth reason in favour of adult franchise is that its adoption avoids the necessity for devising special franchises, for example for women,

or the depressed classes, may discourage the formation of groups based on sectional, communal, or similar interests, and will facilitate the development of parties based on political ideas and ends, which are the true foundation of sound political life."

The Committee also made a very pertinent observation in discussing the point about literacy that by itself it "is no test of wisdom, character, or political ability, and illiteracy by no means implies that the individual is not capable of casting an intelligent vote on a matter within the range of his own knowledge and experience. The Indian villager, like the present all over the world, is a fairly shrewd person."

Since Independence, the literacy percentage in India has gone up. As against 16.6 per cent in 1951 it is now 36.16 per cent. How far this has affected, or influenced, voting can only be a matter of conjecture. But the voter participation between the years 1951 and 1980 has increased by about 10 per cent from 46.9 per cent to 56.8 per cent.

Again, India chose the majority system for its election as it had become familiar with it during the preceding decades. Thus as provided in our Constitution, elections to Lok Sabha and Legislative Assemblies of the States are through single member constituencies. Every voter has one non-transferable vote. The election results are determined by the plurality system of voting, that is, by relative majority but not necessarily absolute majority. Elections to the Upper House, i.e. Rajya Sabha and the Legislative Councils of States, are, of course, held on the basis of proportional representation by means of the single transferable vote. But these are indirect elections and are limited to definite electoral colleges, the members of which are chosen by direct election.

Before comparing the merits and demerits of the single-member constituency and the proportional representation system it would be desirable to lay down clearly the objectives which are sought to be realized through the system of representation. There are people who believe that the legislature should be a "mirror of public opinion". For them representation means "a mathematically exact representation of the electorate". But elections, particularly in a parliamentary form of government, should in fact provide an opportunity to the electorate to give its clear verdict in favour of a single party or a combination of two or three parties with a common programme.

So that the majority party or the coalition of parties is able to form a stable government and thereby implement the programme in favour of which the electorate's mandate has been received. For a parliamentary system it is very essential that the ruling party of the coalition of parties is characterised by homogeneity and some firm understanding.

It has to be remembered that the system of proportional representation has been in vogue, by and large, only in small countries—small both in size and population. No large sized country in the world has in fact adopted it.

In our country there have been demands from time to time for replacement of the present electoral system by a system of proportional representation like the 'list' system of voting prevailing in some of the European countries. One of our former Chief Election Commissioners had also considered the demand for changing the electoral system. According to him, "the list or any other variety of proportional representation will not be the proper electoral system for India to adopt

for elections to the House of the People and the State Legislative Assemblies". As late as August 1974, the then Union Minister of Law, Justice and Company Affairs also told Parliament that the system of proportional representation was not feasible for parliamentary elections in the country. Sometime back our Parliament had also set up a Committee to consider and suggest modifications to our election law. That Committee too favoured continuance of the existing system.

Though the debate on the question still continues, I must say that no system of voting, whether the plurality system or the proportional representation system can be termed good or bad in the abstract. The system which might have worked well in one country under one set of political conditions and circumstances may prove to be quite unworkable and, therefore, unacceptable in other countries with different political conditions and circumstances. In so far as our country is concerned, we have found the existing system satisfactory.

Thank you.

**The Chairman :** Now I would like to call upon Mr. Keith Penner, Member of Parliament and Chairman of the Canadian Branch of the CPA.

**Mr. Keith Penner, MP**

*(Chairman, Standing Committee on Indian Affairs and Northern Development—Canada)*

Mr. Chairman, Members of the Panel and distinguished Delegates, I begin by saying how delighted I am to join with Sri Lankan friends in celebrating fifty years of universal adult suffrage in this country.

As we all know, the introduction of universal adult suffrage in 1931 made this country a pioneer colony within the British Empire, but I found it most interesting that the grant of universal suffrage at that time was not ardently advocated by the politically conscious Ceylonese. It was not then widely considered to be a basic human right, and if there was no agitation for it, it is interesting to ask why it was extended. I understand that it was stated that the extension of the franchise would hasten the passing of very necessary social and industrial legislation and would result in a greater distribution throughout the country of schools, hospitals, dispensaries and roads. It was argued that adult suffrage would contribute to the political education of the people. In addition, it was believed that education and literacy in themselves would ensure political stability and that the property qualification of the time would be excluded from the franchise.

In Canada we have much less to be proud of in the granting of universal adult suffrage. For example, the average people of Canada were not enfranchised until 1960, and that was done under the administration of the Prime Minister, Mr. John Diefenbaker. The result of extending the franchise to the Indian people in Canada has been most interesting. They have developed a very effective core of political leadership in the country. They are today in Canada a powerful force to be reckoned with for ensuring minority rights for themselves.

Today in most parts of the world universal adult suffrage is regarded especially as a basic human right. It requires not justification, as was once

apparently necessary. Nevertheless, those who took a pragmatic approach going back to 1931—and other dates in other places—were much wiser than they realized. For example, it has been the idea that agitation is reinforced by the exercise of the franchise, and the recent statistics I looked at of Sri Lanka indicated that the literacy rate in Sri Lanka 89 per cent and it is much higher than that of many neighbouring countries where the extension of the franchise came much later.

Mr. Chairman, I now turn to the question of proportional representation. A proposal for the PR system was reasonably made in Canada by the Task Force on National Unity. Our Prime Minister in his recent speeches has expressed some interest over this proposal. I hope he is only floating balloons! The proposal presented by the Task Force on National Unity was to increase the number of Members in the Canadian House of Commons by 60 Members—it has now 282 directly elected Members—and that these additional sixty Members should be chosen on the basis of the PR System. Now, why this proposal? My good Friend and Colleague from Newfoundland has already mentioned the reason.

I may point out that unfortunately our two main political parties in Canada have become regionalized to a significant extent. For example, the Progressive Conservative Party in Canada, now the official Opposition, are not able to make inroads into the province of Quebec, the great French-speaking Province in the Canadian Federation. It has been for quite some time dominated by the Liberals. In turn the Liberal Party of Canada cannot penetrate into the Western part of the country. Now, both these parties have a significant vote in these regions but have not won a seat. The Task force on National Unity suggests that the answer is partial proportional representation.

When I first entered Parliament a leading Cabinet Minister told me, a young fresher, that I would soon learn that for every problem I solved I would create three more. He is not right; three is too small a number. I think that proportional representation falls into that category. It can perhaps solve to some measure one of our problems, but it creates more than what it can solve. Another very eloquent Minister was very fond of saying that PR is for losers. Well, I do not like the suggestion of, proportional representation even for the Canadian House of Parliament because it would first of all create two classes of Members of Parliament. I do not like the idea of these sixty Members getting in there by a different route than the arduous route which my Colleague Mr. Lloyd R. Crouse and I had to follow. In addition, I am not very fond of the idea of having one group directly elected labouring diligently every week-end with their parliamentary work, even when Parliament is in recess, and the work of their constituencies while the sixty PR boys will be able to happily disregard all this and remain in the nation's capital or, much better, take a winter holiday in the Caribbean. To my mind, the proportional representation system involves the transferring of the selection process from the people where they live and where they work in the constituency to the party hierarchy. I do not know what it is like in your party, but I am not much in favour of transferring to the party hierarchy. Most of them I do not know, and those I know I do not care very much about. But, it is even worse, my friends, if the party is in power because then it is the government that controls the party-hierarchy that controls those who

eventually sit in the House of Commons under proportional representation. If we ever followed that route in Canada, I am sure the Canadian people would not consider those so chosen any more seriously than they now consider our appointed senators. I will say more about that later.

Thirdly, proportional representation would, I believe, allow political parties to become content with their traditional vote. The Liberal Party of Canada, for example, gets about 25 per cent of the vote in Western Canada. That is not bad. They do not get any seats, but they get about 25 per cent of the vote. Under PR they might be very happy to maintain that 25 per cent, operate a kind of a pattern, but to me that is not good enough. A political party, in my view, if it is not winning seats, has got to look at itself very deeply and for a long period of time and think about rebuilding and revitalizing itself. It has got to be renewed and re-awakened. Proportional representation mitigates against that party renewal. In my view it is a lazy party's easy way out! Proportional representation is not, in my mind, an answer for the Canadian House of Commons. But lest some of you think that I am attacking proportional representation in itself, it is not so; I think it could have a very useful place in our Senate.

Our Senate is badly in need of reform. It is seen by many. Certainly it is a seedy old patronage institution. It is appointed by the Prime Minister up to the age of 75. Many believe that it should either be abolished or very radically reformed. There is one suggestion from a senator which I rather like. He says that the Canadian Senate should be chosen on the basis of proportional representation based on the results of not federal but provincial elections. Then you would get a kind of a revolving door

effect, as the provincial elections are not simultaneous with federal elections. Canada has 10 provinces in two territories. So, those in the Senate would be chosen on the basis of proportional representation from the results of each of the provinces and the man they give to the Senate would be restricted to what may be generally described as federal provincial matters of concern. I think that is an interesting proposal, but I am afraid that it is never likely to see the light of day. Why? Well, in our new Constitution which is now being examined by the Supreme Court of Canada, believe it or not, the Senate has been given the veto power over future constitutional changes. Can you believe it? Sometimes, my friends, I think the price for support comes just a little too high. Well, so be it, that is politics.

Thank you Mr. Chairman.

**The Chairman:** Thank you very much for your forthright comments. We have four more requests. Now I call upon Mr. William Shelton, Member of Parliament, United Kingdom.

**Mr. William J. M. Shelton, MP**  
(United Kingdom)

Mr. Chairman, distinguished Delegates, I like very much the speech of my Canadian Friend, and I agree very much with what he said. But I want to refer to the interesting speech from the distinguished Delegate from Tasmania. He explained to me the other day how his system worked. In his speech just now he said that it was hard to understand. With that I do agree. I thought that his description of how the "donkey vote" worked was in fact only an argument for compulsory voting. Now, what I want to do very briefly is to put forward a different point of view, perhaps, about proportional representation.

All of us in the Commonwealth are democrats. All of us believe that the freest and most prosperous way of life is in a free, democratic society. I have often thought, in what resides democracy? I may suggest three different things. First of all, a strong and stable government, as was mentioned yesterday. Secondly, the ability of the people of the country to turn out the government by the ballot and not by the bullet when they want to. And thirdly I would add, the rule of law and human rights. Accepting that in those three areas resides democracy, let me put forward a point of view: it does not matter overmuch how many different views are represented in, in our case the House of Commons.

You talked about us yesterday as a two-party system. Let me tell you that there are at least 12 different political parties represented in the House of Commons. I will not weary you by enumerating them. It may be some 13 or 14, but I made it 12. There are 55 million people in Britain. Perhaps there are some 30 million different views on any given subject. So I ask you, is democracy better served if there are 12 different parties in the House? Or should it be 24 or 50 or 100 or 200 or 50 million? How many parties do you need in the House in order to serve democracy?

If one looks at it that way one would see that you do not get an automatic increase in democracy by having more parties. In the House of Commons itself at what level do you stop?

My second point of view is this: under our system, whatever you want to call it—single majority or anything else—if a party represents a major strand in the thought of the country or the interests of the country, it will win. Or a period of 30 years the Labour Party ousted and vanquished the Liberal Party because



it represented a strand of opinion in the country. In the same way recently we have seen the rise of nationalist parties in Scotland and Wales. They were able, under our system, to represent strongly the deeply held views of their constituencies. So I would maintain that when these views are strongly and deeply held, they will get represented in the House of Commons.

Moving on, very briefly I come to proportional representation. One of the problems, as I see it, is that after the elections inevitably there will be coalitions because it is unlikely that any one party will obtain a clear majority by proportional representation. I would add that the French system, a very interesting one which I would rather approve of, is not in my book. Consequently, the deals are done between the parties once the elections have taken place, and the voters who voted at the elections do not know what the platform of the final government that evolves from those deals will be. Can this be right, I ask you ?

Then, on the point regarding instability. With a considerable number of parties, in a Westminster or any other Chamber that one is talking about, it means inevitably government by coalition, and inevitably also it must mean an increase of instability. And I would draw attention to the French situation in the Fourth Republic and the Italian situation today. So you will not have one of the fundamentals of democracy that I mentioned—a firm and stable government.

However—and let me end with this after listening to the debate yesterday on the Westminster model and the presidential system, the thought I would leave with you is this : in the Westminster system, where the Prime Minister and the Cabinet evolve from Parliament, I can see little benefit to be gained from

proportional representation, although I would like to see my noble Friend here elected proportionally !

So I can see the benefits to ourselves. Where there is a Presidential system and where continuity is given by a President who is elected for five or six years or whatever it may be and where the President has the power to appoint the Ministers he wishes to serve him, I would agree that the situation might well be changed.

I would finish by saying how much I enjoyed my stay in your country. I look forward in the ensuing years to see how well your system has worked, and I wish you well over those years.

**The Chairman :** Thank you very much for a very thoughtful contribution and also for the good wishes you have extended to my country.

I now call upon Mr. Philip Maxwell Ruddock, Member of Parliament, Australia, to make his comments.

**Mr. P. M. Ruddock, MP**  
(Australia—Commonwealth)

Thank you very much for the opportunity given to me. I would like to make a brief general observation and come to a number of other specific questions based on the topic, which is a very complex one. There is a great variety of views on this matter even in Australia when we look at the systems by which Parliaments are elected. Even Mr. Neil Maxwell Robson from Tasmania expressed views on the matter.

I would like to get back to the comments made by Mr. Crouse yesterday because I thought his comments on the Westminster system embodied what I think ought to be some thoughts at the back of our minds all the time we consider these matters. He mentioned the need for

a Parliamentary system to function on the basis of a whole series of tested understandings and gentlemen's agreements. He also mentioned the need for governments not to use the control of State apparatus to suppress appointments and the need for an opposition to be loyal. I think it is time for us to consider those again and to look at the system that we are discussing in the light of those comments because the complexity of the issue sometimes causes us to forget the fundamentals.

In the Australian context I find that Parliamentarians seem to be well ahead of their constituents and even their families in discussing details. And most Australians really do not understand the system by which parliaments are elected and they base their acceptance of it very much of the extent to which Parliamentarians have an appreciation of those measures which Mr. Crouse mentioned.

If I may digress very briefly to say what happened in my own family, my daughter was asked whether she would like to be a Parliamentarian like her father when she grew up. She observed that she would not like to tell stories. She was asked what her father did for a living and she observed that he sorts papers! If that happens in our families, where one assumes education is considerably better, maybe you will appreciate what I mean by the levels of appreciation in the sort of issues we see as important.

That brings me to the first matter that I really wish to discuss, and that is, what is meant by universal adult franchise? As mention has been made in the discussion today there is a unanimity of views as to what this is. There was the definition offered by a gentleman from Nova Scotia. There was one aspect that he did not pursue and that was the question of citizenship, and I have got that as

very important. He did cover the question of age, but he did not cover the question the basis of disqualification of electors. There is an interesting anecdote, I think, one can make about age. We recently made 18 years the appropriate age for assessing whether a person was ripe or not to participate in elections and we made it 21 years.

In regard to the basis for disqualification of electors—people who have been in jail for more than one year are disqualified under our constitution from participating in elections; people who have been bankrupt and who are bankrupt are not allowed to seek election to Parliament and are disqualified. Yet, in the United Kingdom, I observed, recently there have been people who are still in jail elected to Parliament! So, we do have different standards.

On the question of citizenship. I do regard that as being a pre-eminent matter and I hope I will be excused from any comments that I might make that are too pointed, but in the Australian context people are entitled to vote if they are citizens of Australia. Anybody who is born in Australia is a citizen of Australia, but I understand that is not always the case in other countries. In Australia a person can become a citizen reasonably easily. In fact, at this point of time, although it might be changed, people like yourself who were British subjects in terms of Commonwealth citizenship—British subjects in the old terminology—know if they became residents of Australia they would be entitled to vote immediately upon their arrival in Australia, but for others who might migrate from other countries to Australia, that is, non-Commonwealth countries, the basis for obtaining Australian citizenship is that they must be permanent residents and if they had been in Australia for at least

three years they are eligible to apply. Not everybody applies, but certainly they are eligible to apply. So, you can see that citizenship is an important factor in one's eligibility to have the right to vote, but its citizenship is not easily available to all who are residents of our country, and to that extent universal adult franchise seems to be somewhat compromised.

I know that there have been some comments about the situation in the country in which we are guests and I would certainly welcome some discussion because I have not been able to have it clarified to my own understanding, in terms of allegations that have been made as to the basis upon which residents of this country are entitled to citizenship. And I hope that that provocative question is not one that will unduly distress my hosts because I did not mean to ask it in any critical way. But it would be very helpful in understanding some of the comments that have been made to us guests of this country at this time if that matter were expanded upon in a little more detail.

Finally I wish to observe that we do have a system of elections in Australia which is not necessarily one of those that have been discussed today. The gentleman from the United Kingdom mentioned that they have a single majority system in single electorates. We call that in Australia "the first-past-the-post" system. We do not have it in any of our single-member constituencies, but we do have a preferential system. And I do not mean to be a mathematician like Mr. Robson in trying to explain that system.

What the Australian preferential system endeavours to do is to give those who have a second choice, if they have voted for a minority party, in effect a chance to choose between those who are ultimately likely to be the first or second choice of the majority of the electors. And so, in

Australia, where we have a Labour Party and a Liberal Party often in coalition with a national country party—there are people who vote for a third or fourth or fifth party—the voters will ultimately, under the preferential system, have a choice between the Labour Party and the coalition. And it is perhaps a more complex system than "the first-past-the-post" system. But it is not as complex as the proportional representation system.

In the Australian context we do however have a proportional representation system for the election of our Senators. And there are ten Senators from each State of Australia. I will not talk about the exceptions. There are exceptions in relation to the Australian Northern Territory. Those Senators are elected in two elections, five in the first, and three years later another group of five Senators who are elected for six years. And we do have a system of proportional representation within each of these states to choose those five Senators.

This means that in the Australian context we have a very close number of members, each representative of each political party in the Senate, and there are much wider divergences because of the preferential system and the numbers of the respective political parties in the House of Representatives. It is usual that the major parties will receive two of the five places, and the final place is usually filled by one of the minority parties, or if the minority parties do not receive a significant number of votes, by the majority party, the party that received the majority of votes in that State.

It is a useful mechanism for providing Australia with a balance in the representation of the political parties,

and frequently of course we have had, and we will have again shortly, a situation in which the Lower House is controlled by one party and the Senate controlled by another.

The vagaries of the electoral process that led to those results only serve to demonstrate the complexities of the systems. We really do not need to go into details. We can decide what is right in terms of what Mr. Robson offered and what is wrong. It is much more in the terms that lawyers offer than those of a mathematician on the one hand, and on the other; asserting with certainty what is the best approach for a particular state or a particular country. But there are some fundamentals, and they were best, in my view, summed up by Mr. Crouse. In his view there are tacit understandings which make their system work, an appreciation of a variety of views, and if those understandings work, then the system works, and the complexities will not matter very much at all.

Thank you, for your comments at this stage. I think the delegates would excuse me if I just made a few comments on one or two points he raised because they pertain to my country. I do not want to do that at the summing-up time; I would rather clarify it now so that if anyone wishes to comment on it he could do so. It is about the right of citizenship in this country.

At the first General Election in 1947, everyone over the age of 21 years and registered at that time had the power to vote. It was realized that there was a large mass of people who had been imported to Sri Lanka from India by the British rulers to work on the estates, who were not traditionally citizens of our country. As a matter of fact, they contested at the first election as the Ceylon Indian Congress, thereby identifying the fact that they had very strong Indian connections.

The Citizenship Act was passed in 1949; it removed the power of voting of these workers. Subsequently, the two Governments of India and of Sri Lanka had discussions and an agreement was reached between the Government of Mrs. Sirima Bandaranaike of 1964 and the Government of Mr. Shastri who was Prime Minister of India whereby a certain percentage of these workers were to be taken back to India and in keeping with that a certain percentage were to be given citizenship in Sri Lanka. The option was given to these people as to whether they would like to stay here or whether they would like to go back. This is still in the operative stage. There has been some acceleration of this process in the last two or three years. It does not finally solve the problem because we still have so many people who do not come within this pact agreed upon, but basically there is an agreement between India and Sri Lanka that India will accept a certain proportion and that Sri Lanka will integrate a certain proportion, giving them our citizenship rights. As of now, large number of them have voted and will be voting in the future. Until 1977 they did not have a representative in Parliament after the first General Election. Now they have a Cabinet Minister in the Government. In 1983 under the proportional system they will certainly be able to have more Members of Parliament. With the settlement of the issue at some stage or other between the two Governments, we will finally come to a situation where anybody born in Sri Lanka will be a voter.

Now I call upon Hon. D. N. Magang of Botswana to address.

**Hon. D. N. Magang, MP**

*Botswana*

Thank you Mr. Chairman. I and my delegate are glad to be with you in Sri Lanka. I wish to say that I am very grateful along with my delegate to the Panel Members and other members who spoke before us and for the speeches made yesterday by the President and the Prime Minister.

We are a young country. In our constitution we talk about universal adult suffrage and in your second constitution also you talk about universal adult suffrage. One must understand that you are an old country. You have tried the system over a long period. We have been hardly two decades in the sphere of universal adult suffrage. My country has only been independent for fifteen years. We have universal adult suffrage from the age of 21 for all citizens. It is a new system which we have adopted based on the westminster model. It has worked in my country. It is appreciated. We have not tried it long enough for us to think about another system. Certainly everybody is entitled to vote and to vote for the party of his choice. As an African country and having a new system of constitutional government we are quite new, in the sense that we have already survived under different tutelage of our chiefs in different tribal groups and tribal regions and so forth in our country, and consequently when one looks at the proposal being made for proportional representation from that point of view one must bear in mind the following points.

Our system of universal adult franchise is not compulsory; it is voluntary. One must bear in mind that what is uppermost in most African countries certainly in my own country, is the question of unity, taking into account that when it became independent we had various tribal groups with their own chiefs

independent of each other. What was very important was to unify the whole country; so unity was the most important thing.

Secondly, development. We were least developed when we became independent, and consequently it is important that one must look at unity and development of the country.

It seems to me that when one looks at proportional representation, one has to pose the question whether proportional representation, meaning 'representation', is possible among the different groups—different racial groups or tribal groups. It must be generally accepted that in most African countries we are not homogeneous. It may well be that in the United Kingdom you no longer talk of tribal groups. Certainly in this country it was mentioned yesterday and this morning, there are several groups, and other members would talk in the interest of various groups, not necessarily on racial grounds, and it seems to me that proportional representation can bind itself in these problems where these groups' interests have to be represented.

Well, in my country we have adopted a system where the number of Members of Parliament is limited according to the number of constituencies and one assumes that under proportional representation the number must necessarily go up, probably to cater for the various groups.

Secondly our Parliament itself is too small. Obviously that will create other problems of putting up massive buildings to accommodate the various groups that have to be brought to Parliament representing different groups. I feel the danger that I see

under proportional representation, at least from us as Africans, will polarize various groups into tribal ethnic groups, and it is possible that they may make demands which are not necessarily for unity and for development but may, in fact affect the development policies of the country. The idea is that as a young country with limited resources of manpower, with limited resources for development purposes, it is not possible to operate other than on priorities. We put priorities first and these priorities must permeate throughout the country in theory without any distinction as to the various groups or the various interests. It seems to me that under the P.R. system we may find trouble in most of the African countries in the sense that we would not be in a position to satisfy the various interests and groups. It may sound better and intellectually acceptable in more advanced countries who are no longer talking in terms of tribal differences, which have not yet mellowed down in the African countries. The P.R. system is one thing which has not been thought of in my country at the moment and it seems to me that it would not be acceptable even in the future.

The other Members who spoke about the P.R. system said that there will be the problem of choice. Under a multi-party system, in a country the problem of a choice of policies will not matter because people will polarize into various groups, their own tribal groups, rather than policies of a party which will have to be put to the electorate for a mandate. If you have a number of groups representing a number of parties they may sometimes compromise with regard to their policies because each party has to be satisfied.

It has already been indicated that in Sri Lanka where you have an Executive President there is the possibility of his being able to over-

come the effects of this multi-party operation. But I may say this. One has to fear that where there is confusion at least in the House of Representatives because the policies are incapable of implementation, the President may well assume extraordinary powers and try to discipline the House of Representatives. Of course, he may be accused of being a dictator in the sense that his policies may differ pragmatically with that of the House of Representatives which has different types of interests and policies of implementation.

To that extent, Mr. Chairman, I can say that insofar as our country is concerned, we have not yet appreciated that it is necessary to introduce a system which will encourage divisions into groups or interests. In other Parliaments they have tried the system and they have found the defects, but I daresay that in Africa at the moment there is a party system which is another way of tackling what we consider to be difficult of implementation. For the Westminster system or the party system in Africa we still lack the competent manpower to man the Government and operate government policies and so on. Attempts have been made to have a one party system basically to follow the line of unity, to put everybody together, because some of the opposition people may follow tribal lines or tribal interests, so that the policies of government can be carried out under one policy for development. This again is a concept to increase the unity that is required in most African countries at the moment. So, proportional representation is not yet a problem for us. The party system we have is still workable. We still go before the electorate with policies that we want to implement rather than that we should have a Parliament which consists of different groups.

**The Chairman :** We have about half an hour and I have before me four more requests to speak. I too wish to take a few minutes to wind up. I propose to start winding up at 12.15 p.m.

**Shri V. S. Krishna Iyer, MLC**

*(Deputy Chairman of the Legislative Council, Karnataka)*

Mr. Chairman and Distinguished Delegates, I am happy to participate in the panel discussion of this Seminar in Sri Lanka when Sri Lanka is commemorating the 50th year of the adoption of the franchise. I bring fraternal greetings and good wishes of our great country India in general and that of my own State Karnataka in particular.

The subject under discussion is "Universal Adult Suffrage and Proportional Representation". I would not like to deal much on the adult suffrage because I have seen from the discussion that followed that there is no controversy over it between the countries which had adopted it. However, the only point which we should consider is whether the system is workable or is working well in countries where there is illiteracy.

The speaker who preceded me said how successfully the adult suffrage has worked in India. It is a country which has a population of nearly 700 million and an electorate of nearly 370 million voters. It has had seven successive general elections. In spite of the fact that there is illiteracy in the remote villages the Indian voter has proved that India is politically very mature; that the Indian voter is very politically conscious. Insofar as the proportional system is concerned, I think adult suffrage has been more successful in our country.

I find that we have not given thought to the important question that if democracy is to be meaningful we must see to it that every citizen who is entitled to vote is involved in the process of election. I would like to state that in many countries, and particularly in our country, the percentage of the voting has been very low. It has only been 50 to 60 per cent. That means nearly 40 per cent. of the voters do not exercise their franchise. So, Sir, how can there be true democracy? How can they work? How can 50 per cent of voters represent the entire country? I would like this august House to consider this point. Of course, there has been legislation in many countries where compulsory voting has been introduced by law. Therefore, I would like to know from you and from the other distinguished Delegates what we should do, particularly the Commonwealth countries and the developing countries, to see that everyone exercises his vote. Of course one way is by educating the electorates; that is another subject. But whether or not we should have legislation to see that everyone exercises the vote is a point that this august House should consider.

Coming to the next point, the proportional representation system, Sir, you have experienced this system in your country already and you have had one election on that basis. I would like to say a few words on this. If the Government is to be 'by the people, for the people' any Parliament or Legislature must be a true mirror of the opinion of the nation and it must truly reflect it in representation in such institutions. There are different voting systems. Most of the Parliaments following the Westminster pattern have followed the 'first-past-the post' system and its variants. This means that a person who gets the highest number of votes polled, even if it be one higher

than the other, would be declared elected. In this system it is not necessary for a candidate to obtain the majority of the votes polled in a constituency. India has adopted this system in electing representatives to the Lok Sabha and Legislative Assemblies, and for the Rajya Sabha and Legislative Councils proportional representation by single transferrable vote has been adopted. The main criticism of his system is that it sometimes results in majority Governments being saddled in power by a minority vote and hence is not a true reflection of the electorate.

Yesterday, the Hon. Minister of Sri Lanka who chaired this Seminar, gave us interesting figures in respect of elections in your country. He was saying that in 1971 the ruling party which got less votes than the opposition party got elected. In our country in the 1979-80 Lok Sabha elections the ruling party got 42.69 per cent of valid votes polled and captured 66.72 per cent of the seats—353 out of 529. Similarly in 1977 in the Sixth General Election, the Janatha Party with 43.17 per cent of valid votes obtained 55.10 per cent of the seats. So this proves that it does not reflect the true mind of the electorate. The statistics prove that it is not so.

In India, we have adopted proportional representation in its pure form, viz., allowing the voter to exercise as many choices as the number of candidate in the field, for the elections to the Officers of the President, Vice-President of India, for elections to the Rajya Sabha and the State Legislative Councils. In addition to these, the elections to the bodies of Universities are also held under this system. In practice, this system can be adopted only if there are manageable number of voters in a Constituency and not where the number of voters are huge as in the case of a constituency of the Legislative Assembly or Lok Sabha.

There is a debate that whether this system of first past the post system requires a change in favour of proportional representation system with some modifications, viz., the adoption of list system as is obtained in certain European countries. This system which might have worked well in one country under one set of political conditions and circumstances may prove unworkable and therefore not acceptable in other countries with different political conditions and circumstances. Therefore the value and utility of any political institution or system will depend upon the conditions, circumstances and attitude of the people. The present plurality system of vote with its relative majority or the first past the post system, has been in vogue in India for the past three decades and seem to have worked well. Due careful thought has to be bestowed before it is changed to any other system. India is a vast country with a population of well over 650 million and an electorate of nearly 350 million. At present, the list system or any other form of proportional representation system is not in vogue in any big country. Further, wherever this system worked well, the rate of literacy and standard of living of the people is high.

In the list system, the electorate is asked to elect not only the candidates to fill the seats but also the Party to be in power. In some systems, the voter has no choice as to the candidate, but only to the Party. The ballot paper gives the names of candidates and the order in which the Party proposes to nominate and obtain the concurrence of the voters. The number of seats from that Party's will be in proportion to the per centage of the votes obtained by it in a constituency. East constituency is to elect more than one candidate.

Mr. Chairman, in our country we are watching with interest how the proportional representation system works for your country. We have



listened to very illuminating speeches by His Excellency the President, the Hon. Prime Minister, the Hon. Minister who presided yesterday and your own opening speech this morning. Our country has had a long history of the parliamentary system, and we do not have a closed mind in these matters. We still keep an open mind. But we see certain draw-backs which Distinguished Delegates from many countries, particularly from Great Britain, have also seen. One of the greatest draw-backs in regard to the proportional representation system is that it may encourage multiplicity of parties in a country, and it may ultimately end up in a coalition government because it is possible that no single party gets an absolute majority. This would mean a government which will not be stable.

Another draw back is the question whether, in a big country like India, where constituencies and electorates are nearly five or six lakhs, the system will work.

Another matter that is not clear to me, and which I hope will be clarified for me, is, what will happen if there are only two parties in a country? Will this system work in a country like that? Is it necessary for a country that has only two parties.

The biggest drawback I can think of is that this system will encourage a multiplicity of parties, which is not healthy in a democracy. In our country we have a number of parties while in countries like Great Britain and the United States there only two major parties. Will not this system encourage the creation of more and more parties? I would like you to clarify the matter in your summing up.

On the whole, as I said before, we are watching with great interest how this experiment will work for you, particularly at lower levels—district

and municipal. I agree in principle that the system is a good one to experiment with, but how it will work in a large country like India is to be seen.

I thank you for the opportunity given to me to make this contribution.

The Chairman: Thank you. I call upon Heathcote Clifford Mallam, of New South Wales, to make his contribution.

**Mr. Heathcote Clifford Mallam**  
MP, (New South Wales)

Thank you, Mr. Chairman, and I thank the Government of Sri Lanka for inviting me to participate in this Seminar. I want to compliment the Distinguished Delegates who spoke before me on the contributions they have made.

There is one matter that has always interested me when political reforms and proportional representation are being talked about. We have not had much time to speak of how people get to understand the various systems of government. Only politicians get to understand them. I have been in Parliament for a long time and I have been in politics also for a longer time. I have found that the real problem is to know how to get the people to understand political systems. Politicians know the systems and sometimes know them too well. They get the system they want because they are the political party in power at the time. The British people have been very successful with their system which they have had for a long time. It has evolved over the years. Even in Australia in 1975 a properly elected government was dismissed. This would not have happened in England, but it happened there. Having got to the people who actually select the candidates we should see as to how we can set up a system that is fair and one in which people can select candidates.

My Friend, the Panel Member from the United Kingdom, said that under a system of proportional representation we might as well be wary of the bureaucracy. So, there is the bureaucracy which is a danger to all political parties and cause them to fall from time to time because the bureaucracy starts selecting the candidates they want for a particular area. When I was first in Parliament the candidates were selected and controlled by the electorate. It was a single member electorate. I believe in single member electorates, unlike my Friend from Tasmania. When you select your candidates your political parties should be educating the public. You should tell them what is wrong and what is right.

Then there are changes being introduced to the prevailing systems. Development does not seem to me the right word. However, there are changes in systems. When we change the systems how are we going to inform the ordinary voter, the ordinary member of the political party? You can get into some constituencies in Australia.

I would site an example. I was there in Parliament for three years, but in those three years they adopted a magical system to get rid of me. I attacked certain vested interests, so I had a redistribution and I had to walk three hundred miles in five other seats and I could not win an election. So, I was in the wilderness for a while! I was asked to come out into the country area and I represented the people in primary industries more than other Members in New South Wales.

Then, I wanted to get away from this tyranny of distances. People say that a candidate in the Northern territory in Australia should have less constituents. That is quite wrong. I live 37 miles ahead of Sydney. There are Members of Parliament at least

500 miles ahead of Sydney who can get home before me because they can get into an aeroplane and be home before me. When I got elected in the country and represented the city, I was elected to, I was closer to the people, because of the small communities there, and I was able to point out to them my policy and what I stood for quite easily, because I wrote a little to the papers and the message got spread around.

What I am really concerned about this tyranny of distances is how we are going to educate the ordinary voter about his rights and how we are going to select candidates, because when I represented the country we had all these primary projects and produced everything you could think of in that area. I found that the Liberal Party had 56 Members, paid-up membership, and I did the selection from half-way up there; 20 up there and 20 in camp. The list was pretty good. With 20 in camp, we had only to make up five of the other 30, and with six I got a majority. Our own party found that 76 were actually party members. So, I said: "Look, have a run for this seat, provided nobody interferes in the selection nor with the life of the people there". I did not want any head office there, because I would have had problems with the electors of the 76, I was given that assurance, and I won by 29 votes. I then settled down to build up I saw that 500-600 people had applied. In the election I had before, they understood the system, they did not have interference from the bureaucracy. I have seen in Australia, in the earlier days when we were really interested in politics, the problem of selection, where one had two, three, five, ten and fifteen people selecting a candidate of their choice for their area. But, today, we got the great problem of warning you; when we are educating the people, we have got to control the media. I do not want to take control of the media, because I

believe in a free press. But you have got to look at the media, to see whether you get the right report in the media, because you find the media today controlled by a monopoly. The daily newspapers all over the world are becoming great monopolies. We have got to see that political parties and political aspirants, particularly candidates running for election, have a right of reply in the media. These things are highly important.

However, personally, I must say that I do not believe in proportional representation, because I think it encourages the bureaucracy. We are changing all the time. As regards informing the public in politics, in the last fifty years we were more fortunate than we are today, because we are now hindered by the media ! And I think if there are any problems in the Westminster system which we all have been trying to understand today and in the years past, it has been so because we do not control the media. I do not want to leave it at that. I think we should look at that, and this seminar should spend a lot of time seeing how, in the first instance, in the electorate it could help the people understand the system. I am from a single member electorate and I believe in that implicitly ; I believe in one-vote one-value in the electorate. I do not fall for this tyranny of distance. I think we should be equal members in the electorate. I do not fall for that old argument which has held back our politics.

We have had a rump party called the Country Party which has been there for years. It has been a pressure party. I come in now and again. They control the politics because they control the major component, because they get the numbers, and sometimes form a coalition. Unlike in my case they can be elected because each of those votes is worth two and a half of my constituents. In my area that

is what happens. Whether it is rubbish or not it is true. This is a thorough waste. But that is beside the point.

If we are talking about democracy and what a help we are, how we are going to get it to be fair, how we are going to be honest to everybody, that meant the media has got to give us the right articles, and that means we have got to find a system of educating the average member of a party and of his rights so as not to be controlled, say, by the bureaucracy.

These are all very difficult problems and I would like to see the Panel talk more about that because I think his is the very basis of opinion. If you are going to have democracy, how can you get the public select a candidate who is going to be of great value to them, how are you going to get his policies explained if the media does not explain it ? That is a situation we are now facing in lots of countries.

I have spent a little time in the United Kingdom and one of the things that struck me when I was there more than in Australia was the amount of information the ordinary member of the public has got of, say, political systems, where they can talk to you and explain about political systems. From an ordinary member that is not possible even in a political party. I put that down to the media. And I hate to say that in these changing democracies that we are talking about, they are changing their methods and ways of governing their people. They are getting away from the control of the media which is most important today ; it is in the hands of a few, and there is no right of reply.

**The Chairman :** Thank you, Mr. Mallam. We have just got a few minutes left and two more speakers. You must give me at least ten minutes to sum up.

I now call upon Hon. J. C. Ojukwu, Member, National Assembly of the Federal Republic of Nigeria, to address the Delegates.

**Hon. Juventus C. Ojukwu, MHR**  
(Nigeria—Federal)

Thank you, Mr. Chairman.

Given the constraints of time, I will merely try to highlight a few points, especially those that relate to my country, Nigeria.

It does appear to one that there are merits in proportional representation. One of those merits, the first one, is that various groups have what we call a sense of belonging, and the second one is that there is going to be an elimination of the possibility of the minority ruling the majority. And that brings me to the third possible merit, the chances of a recount at the elections being minimized. Where you have a tradition of election, you sometimes have a very close contest, and if the defeated candidate is not satisfied he is entitled to a recount, but it appears to me that under proportional representation some of these things are going to be removed.

However, there are some serious questions which this method poses. One of them is that there is likely to be or bound to be group or sectional loyalty rather than national loyalty, and for developing countries this will be a very serious setback as my friend from Botswana has already pointed out. For countries such as ours, there is a serious need for unity. It is unity which one hopes will make for stability and that brings about a healthy atmosphere necessary for good development of the country. Unless we have this unity the country cannot really progress. The Nigerian situation is very much cognizant of these possible problems and that is

why our constitution has been anchored on the tripod of the need for unity, stability and the right atmosphere for development.

To eliminate the possible dangers that proportional representation may pose, we have the direct representation system whereby one wins an election based on a simple majority. However, we do have also what one might call a mixture of the direct representation system and proportional representation in two elections, the presidential election and the gubernatorial elections. In the presidential election, the candidate must first of all have a simple majority, but he is required by the constitution to have what is called a geographical spread. That means he must score at least 25 per cent of all the votes cast in each state, in at least two-thirds of all the states in the federation. To simplify: Nigeria has 19 states and 20 parliaments. For a person to be elected president, first of all he has to win by simple majority over the other candidates and in at least two-thirds of all the states, that is in 13 states, he must have at least 25 per cent of all the votes cast in these 13 states. This takes care of the geographical spread. That also means that all the various groups who would have clamoured for proportional representation have been taken care of. This also applies to all the candidates for the office of Governor. They must have 25 per cent of the votes in two-thirds of all local government areas, the equivalent of your District Councils. So in a state that has 15 local government areas, the Governor is expected to have 25 per cent in at least 9 of them or thereabouts. So it would rather appear that for a developing country, the best bet would be to have direct elections because this makes for national loyalty.

Again, the Nigerian constitution requires that every party that seeks to be registered must have offices and

have its presence felt in at least two-thirds of all states in the country. So you cannot have a party that has representation in only two states. The reason is that we want to make a party as national as possible so that anybody could stand for election based on the points and programme he has for the country and there will be no question of one person representing only a particular group. So I want to wind up by saying that for my country for proportional representation to have its way, a lot of PR will have to be done for PR.

**The Chairman :** The last name I got before me is Senator Unolu from Nigeria

**Senator John O. Unolu**  
(Nigeria—Federa)

Mr. Chairman, I thank you very much for giving me this short time and I am going to be very brief. In fact, it is for me now to fill the gaps just left by my colleagues.

First of all, one has to associate oneself with the SriLanka Government for its celebration of 50 years of franchise. In my country, Nigeria, we had our own semi-franchise in 1932 but it was limited to two urban towns, Lagos which is our Federal capital, and the town of Kalabar. But before October 1, 1960, when we attained independence, there had been universal franchise in our country.

Yesterday I tried to draw your attention, when we listened to the Westminster system of democratic government, that we practised it from 1960 to 1966 when the Army had to take over. One thing that is rampant, say, in Africa, which is a developing nation, are constant coups. One has to ask one question, who is responsible? Sometimes, some of us have to realize that, human

beings being what they are, there are changes and these changes can only be brought about by democratic process through the ballot box; and when the ballot box is denied to its people or the people want to change—and they are allowed to do that through the ballot box—there is bound to be chaos in the country and that leads to coups. It has happened in my country and the Army took over and ruled for 13 years.

In 1979 a new constitution has been drawn up which is the Presidential system. Under that constitution, we have five elections, which are Senatorial elections, held throughout the whole country on the same day based on adult suffrage. Then you have the elections to the House of Representatives. The House of Representatives and the Senate combined are known as the National Assembly. It has two chambers and you have the elections. Finally you have the Presidential election on the same day throughout the whole country. Well, in that new constitution the powers are distinct and they are enshrined in the constitution. The President has the executive power and he has his own Cabinet chosen from outside the Parliament, but in case the President feels that a particular individual who is already elected either to the National Assembly or as a representative of the Senate should be a Minister and he wishes to have him as his Minister, that man is bound to resign. This same thing applies in the States; the Governors are executive Governors who choose their own Cabinets known as Commissioners, from outside the State Assembly, but if he happened to be a person from the House, that person is bound to resign. I just briefly want on to say this because Nigeria is a multi-purpose society of tribes. As my colleagues have explained, we are trying to remove that element of one group dominating the other.

We have listened to the discussion on the proportional representation system. It has its own merits, but this question of loyalty to a particular group is a danger. Human beings like to be dictators; no matter, but as in our country, it is better for us to have a constitution—one man, one vote. Your country is divided under the constitution equally. No matter from which group you come, if you win you are sent to the National Assembly. But while saying that in some areas proportional representation may work well, in some areas there are dangers in having it. As I said earlier, human beings like changes but once you deny those changes there is bound to be trouble. That is the brief contribution that I wanted to make.

Thank you.

**The Chairman:** Thank you, Senator. I think the time has come for my summing-up. First, I must thank the members of the Panel and all those Delegates who participated for their very interesting contributions. I am afraid I cannot do justice in the short time available to me to all that has been said. Some of my fellow panelists would have liked to say something, but time is not with them. I would just like to run through some of the very pertinent arguments that were raised regarding proportional representation. One, which was very forcibly put forward by a fellow panelist and also by a Distinguished Delegate from Canada was regarding direct accountability of a Member of Parliament.

I fully agree that under proportional representation, there would be a certain amount of diffusion of the close contact that a Member of Parliament has with his constituents. As I mentioned in my opening address, this has become really too

personal as far as Sri Lanka is concerned, because, unlike in a country like Britain or Canada, a Member of Parliament, apart from looking after the general interests of his constituency, gets involved in so many personal matters like employment, relating to constituents. This has in a way resulted in a Member of Parliament not having sufficient time to devote towards more general matters that he should be thinking about, we are quite aware that the proportional representation system would, to a certain extent, make a person more distant from the people than he is. But recent experience in the District Development Council Elections,—a District Minister of my district is one of our delegates here—showed very clearly that what we have been personally doing had an impact on the elections, even though we ourselves did not present ourselves in the elections. We contested only as a party. So I do not think, even under the PR system we can quietly forget our electorate, or district for that matter.

Fears were expressed regarding the multiplicity of parties that might arise. We have thought of a method of effectively curbing this. Some people have even considered this method unfair in the District Proportional Representation System. In the General Election the cut of point is 12½ per cent. So a small party, or group will have to think hard before they decide to contest.

It is not at all easy, if you are not an established political party, to get 12½ per cent. Then again, in the recently concluded District Development Council elections—where, unfortunately, the major Opposition Party did not contest—there were various independent groups that contested.

and there was one party which has been fighting hard for recognition, which was able in certain areas to win a certain number of places. But there were strong independent groups, sometimes backed unofficially by parties that did not want to contest, that failed to make the cut-off point. So, irresponsible political parties, as far as Sri Lanka is concerned, will not be able I think, to make much out of the proportional representation system.

I was interested in the comments made by the Distinguished Delegate from Tasmania. I am happy to find such ardent supporters of the PR system although we are starting on it and hoping that it will be successful.

Compulsion in voting, I am afraid, may be counter-productive as far as Sri Lanka is concerned. The normal rate of voting at a General Election in Sri Lanka is about 89 per cent, a turn out with which we are satisfied. If an attempt is made to compel people to vote, they might prefer to pay the fine than vote!

Members of the African countries have, very rightly thinking in terms of their own countries, been worried about the possibility of fractionalism through the PR system. The Distinguished Delegate from Botswana told us that there were no tribal groups in the United Kingdom. If he attends a football match on a Saturday evening he will realize that tribal groups are always there! Apart from that, I think all of us will agree that national unity should be the keynote of any system of government that any country adopts, and we, in adopting proportional representation, have thought very seriously that it would be one way of achieving national unity in our country. But it is a fact that situations are different in other countries, and we cannot advocate it

for anybody else. We feel that in our situation by adopting the PR system, national unity would be strengthened in this country.

There was a point brought out regarding information that is available to the voter. The Hon. Delegate from New Zealand mentioned that he was very impressed with the information that is available to the voter in the United Kingdom. But with what result? What is the turn out at elections? What is the proportion compared with the situation in Sri Lanka? Here also we try our best to disseminate information as best we can, and somehow universal suffrage has got into the very blood of the people that sometimes you will find it very difficult to keep the voter away from voting.

I suppose one has to think in relative terms the situation in various countries. But one thread common to us all, as I gathered from Distinguished Delegates, was that everybody, at sometime or another, has thought of proportional representation. Some are ardent supporters of the PR system, others advocate it not for their Parliaments but to other bodies in their own countries. As such, proportional representation means something to all of us who have gathered here. We, of course, have taken the bold step of trying it out, and we expect you to support and advise us at various times in the progress of the system in this country.

As I expressed at the beginning, in my personal view, in Sri Lanka proportional representation will strengthen the unity of the country, and I hope that I will be proved right.

I do not want to keep you much longer. I must apologize for not giving a tea break. If we took it we would not have been able to get through the work we have done today.

There were some very interesting points brought up, particularly from the Delegate from the U.K., regarding democracy and other factors, which we all all acknowledge—stable government, right to change governments, rule of law and human rights, which by and large all of us are in favour of.

I think there was some view expressed by Mr. Penner from Canada that political parties should be content with the traditional votes

that they get. I am afraid traditional votes do not seem to be lasting that long in our part of the world. So, we really will have to look after our laurels.

Finally, I thank you very much for the very interesting discussion we have had today on the subject for this morning and I think all of us will have something to learn from each other.

Thank you.



**COMMONWEALTH PARLIAMENTARY  
SEMINAR**

**COLOMBO  
SRI LANKA**

**OFFICIAL REPORT  
(Uncorrected)**

**THIRD SESSION**

**PARLIAMENTARY SYSTEMS AND PUBLIC ENTERPRISES**

**Friday, 26 June 1981**

COMMISSION ON THE PARLIAMENTS

SEMINAR

COLOMBO

SRI LANKA

OFFICIAL REPORT

1971

THIRD SESSION

PARLIAMENTS SYSTEM AND PUBLIC EXPENDITURE

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## PARLIAMENTARY SYSTEMS AND PUBLIC ENTERPRISES

Friday, 26 June, 1981

Chairman :

[Hon. Gamini Dissanayake, MP]

(Minister of Lands and Land Development and Minister of Mahaweli Development, Sri Lanka)

The Chairman : May I please call the Third Session to order.

Distinguished Delegates, it gives me great pleasure to open this subject, "Parliamentary Systems and Public Enterprises". The Panel consists of the Rt. Hon. Lord Davies of Leek, Privy Councillor of the United Kingdom; Mr. Lloyd R. Crouse, MP from Canada; Mr. S. Chipwayambokoma, from Zambia; and my humble self.

I would open this session with an introductory speech in which I will make an effort to plant a few milestones for your consideration. Thereafter, I would invite hon. Members of the Panel to participate in the discussion, and then it will be open to the House; and subject to a certain degree of elasticity, I propose to sum up by about 4.30 p.m.

The system of parliamentary government and public enterprises being the subject, I shall try to approach it from a very broad spectrum without trying to approach it from the point of view of being an accountant or a representative of the Auditor-General. I thought I should look at it as a politician, as a public man, because I think uppermost in your mind is an approach to this subject from the standpoint of the duties and functions of Members of Parliament and of the legislature. I shall now start on my paper.

Democracy has been defined as "government of the people, by the people, for the people". We have, however, come a long way from direct participatory democracy known and practised in the City States, and representative government in some form or the other is widely practised in all forms of government broadly falling into the category of "democratic". This form of government with the associated connotations of "human liberty", "equality before the law", "the sovereignty of the people", "the multi-party system", "the supremacy of the law" etc. etc. has developed into institutional thinking from the time of the Magna Carta. The evolution of the Commonwealth of Nations has demonstrated that no single model of government can be the mould into which and from which others are cast. On the contrary the Commonwealth, if one considers it as a particular grouping of nations, with many and varied factors to bind it together, has proved that diversity in forms and styles of government is the very essence of its existence. Efforts to rationalize the success of one as against a so-called failure of another, is both futile and meaningless. Futile, because ethnic, social, moral, political and economic values vary from country to country, and in this era of lightning-like changes in science and technology, from generation to generation. It would be meaningless because every nation must live through its experiences and work out its own mixtures of theory and practice, its own balances of power, its own institutional forms, and its own vision of human and social development weighed against the expectations and visions of its own people. In Government, there are sadly no ready-made formulae for success.

Thus in the Commonwealth of Nations one finds a variation of forms, mostly institutional, in the systems

of government, within a framework of the imperatives that would constitute modern government, be it in the Commonwealth, or otherwise. I would classify these into two broad categories :—

- (a) A form of constitutional government.
- (b) A management structure capable of running the economy within the perspectives of national requirements.

Let me take the first for granted. It is the second proposition which is directly related to the subject "system of parliamentary government and public enterprise" that has achieved such pivotal importance today both in the developed and the third world. Its obvious importance cannot be over-emphasized. In a sense, the management of the economy has become the key to good government. This is particularly so in the framework of parliamentary government wherein a government has to demonstrate results to a critical electorate, within a regular time framework of five to six years.

Public enterprises in the third world or the developing countries, have a more relevant significance in relation to the problem of management than perhaps in the economically developed world. The reason for such a view is because public enterprises in the third world have been set up in the context of a nascent or more often non-existent private sector in order to build a necessary infrastructure for economic and social development. It is correctly believed that in these countries the thrust of development investment must necessarily come from the public sector. Thus, public enterprises in the widest sense would include not only commercial or manufacturing sectors, but all forms

of development activity, including irrigation, highways, forestry, power and energy, natural resource management, agricultural plantations, state farms and dairies, insurance, banking transport and heavy industries such as steel and oil refining. The concept of public enterprise has extended in Sri Lanka and perhaps in some other Asian-African countries as well, to areas which in the West are considered essentially private sector domains—such as tourism and hotel management. On the lighter side, for various reasons which are historically interesting, public enterprises here in Sri Lanka have extended to the running of a small hotel called "Buhary Hotel" in Maradana, Colombo, to the manufacture of small cheroots (called Beedi by the local population). I should add here of course that the last mentioned business ventures were taken in as part and parcel of state activity by a previous Government in a blind dash towards an ill-conceived vision of a type of socialism, the like of which is hard to find anywhere in the world. Anyway that is past—a past that is best forgotten.

The necessity for public enterprises is not difficult to rationalize. Some enterprises can clearly be undertaken only by the state, particularly in the third world because the volume of capital and/or planning, together with the requisite technology, will not be forthcoming from the private sector. Such would be the case for example in the generation of hydro-electricity or the construction of an expensive fertilizer plant so vital for rural agriculture. A further reason is the belief that public sector enterprises being not motivated by profit incentives alone, will be better equipped to provide goods and services cheaper to the public. A third reason may be the wish of a government not to permit the concentration of wealth in private

hands with the consequential problems of economic imbalances within a society—imbalance which might even create and sustain political cabals and groupings unrelated to or non-representatives of mass thinking and democratic aspirations. A fourth reason may be that a particular enterprise may be so sensitive to public pressure either in relation to pricing or management that it is felt that it is best owned and managed by the state. A doctrinaire belief amounting almost to a faith about the innate goodness of public ownership as against the so-called evils of private ownership may also be a justification for the creation of public ownership. Whatever the reasons, whether it is one or more of the above reasons, or possibly a combination of some of them, public enterprises generate important and interesting considerations about their management.

The question is "How best can we manage these public enterprises"? What is the responsibility of Parliament, which, in principle, exercises the sovereign law making power of the people, in relation to the management and efficacy of publicly owned institutions? Ancillary questions also need clarification. Is not the whole concept of "public ownership" a mere illusion? Is it not more the fact that "public ownership" breeds what Milovan Djilas called the "new class" responsible to nobody, wielding more power than feudal Lords and creating social and class barriers which are more reprehensible in their irresponsibility and cruelty than anything we have ever known in the past? These are valid questions. The past two decades have surfaced these issues as questions of paramount importance in all societies, but more particularly in the newly independent nations whose task it has become to run as it were, a race against time, in order to undo and thereafter rebuild societies which have suffered the pangs of Colonialism with all its

attendant evils, for over two or three centuries and beyond.

Let me analyse in brief how we in Sri Lanka endeavour to do this. I shall endeavour to place before you the constitutional and legal framework within which our system of Parliamentary Government relates to Public Enterprises.

In Sri Lanka we have had a tradition of parliamentary government for just over half a century. I am referring here of course to the beginning of universal adult suffrage in this country starting with the Donoughmore Constitution in 1930. It may be relevant to say that we were the first Asian British Colony to enjoy universal adult franchise as far back as 1930, even though the yoke of colonialism was firmly placed on our shoulders. This unique exercise by the Imperial government was due to its recognition of the fact that Sri Lanka had a sensitive and knowledgeable commitment to Constitutional Government from as far back as the second half of the 19th century. We had an enlightened and an educated middle class exposed to liberal and progressive ideas of the time. They advocated a cause beyond their class. It was perhaps this factor together with its relatively high rate of literacy that this country has always had, that made the Donoughmore Commissioners recommend a limited form of responsible Government ahead of other Asian and African nations under British rule.

From 1948 to 1972 Sri Lanka had a Constitution which based on the Westminster system, having two legislative bodies, the House of Representatives and the Senate, corresponding to the House of Commons and the House of Lords of England. Sri Lanka adopted its first Republican Constitution in 1972 and this Constitution was basically the old Constitution having a Prime Minister and a Cabinet of Ministers responsible for the execu-

tive functions of Government with the exception of the constitutional Monarchy being replaced by a nominated figure head President.

In 1978 Sri Lanka adopted the second Constitution of the Democratic Socialist Republic of Sri Lanka. Chapter VII of the present constitution spells out in detail the powers and functions of the President. We have endeavoured, in creating the institution of President in order have a stronger executive, to implement a faster pace of economic and social development while maintaining political stability. A system of proportional representation was also introduced in order that the wishes of the people will be reflected better in the executive and the legislative processes of government.

All three Constitutions contained almost the identical provisions regarding the office of Auditor-General who constitutionally is the Chief Accounting Officer to Parliament. In the absence of an efficient and structured office of Auditor-General, the principle of Parliamentary control over the finances it disburses will be a meaningless principle having no validity in practice.

The Auditor-General's duties and functions have been stipulated under Section 154 (1) of the Constitution. The Auditor-General is expected to audit all government departments under various ministries, public corporations and other business undertakings vested in the Government under any written law.

In terms of Section 164 (6) of the Constitution, the Auditor-General reports at the end of each financial year directly to Parliament on the performance and discharge of duties and functions as stated in the Constitution.

Under Standing Orders of the Parliament, Parliament has appointed a Committee on Public Enterprises comprising ten members, both from the Government and the Opposition. This Committee examines the accounts of public corporations and any of the business undertakings vested in Government. The Committee also examines the reports of the corporations or businesses together with the Auditor-General's report.

The Committee has been expressly charged to report to Parliament on the budgets, annual estimates, finances, financial procedures, performance and the management of all public corporations and businesses vested in the Government.

The Committee on Public Enterprises is a continuing body which reviews the working of all our public corporations and enterprises. The Chairman and members of the Boards of Directors and whoever is summoned have to personally appear before the Committee and testify to any matter relating to the performance of the enterprises in their charge.

By virtue of its constitutional and administrative position the Treasury also keeps a record of what happens to public enterprises and there is a separate Public Enterprises Division in the Treasury. This Division goes through the performance reports and the financial statements in the form of profit and loss account and income and expenditure statements of every public enterprise in this country. Their reports along with that of the Auditor-General are always available to the Committee on Public Enterprises.

Thus, both under the Constitution and the Law and also by administrative arrangement, a very close

scrutiny is maintained on public enterprises in this country in consonance with the principle that the legislature is supreme in matters of finance. No money can be drawn out of the Consolidated Fund, except with the authority of Parliament and that which is drawn out has to be accounted for.

Do these provisions and their implementation by themselves lead to an effective Parliamentary control over our public enterprises? I would welcome a discussion on this subject. If they are not, what other measures, what alternative structures would be adequate for the purpose? I tried to stress earlier the fact that the success of a modern society would be directly related to the efficiency of its managers and management—the producers, the creators and the thinkers, those who have the ability and the skills to maximize the use of limited resources towards the satisfaction of social needs.

In a recent interview, Kink Juan Carlos of Spain had said that “a king these days must be a professional manager; he must also have a very good nose, an intuition beyond that of a corporate manager; and he has to have a moral asset and combine all of these with things that involve government, business, trade, social factors of a people, etc. into a special insight. Just as in the world of commerce, a king must know his business—but his business is beyond dollars and cents, for he is truly in the people business”.

Is not this statement of a constitutional monarch relevant to the aptitudes necessary of a parliamentarian in modern society? After the dreams of attaining freedom and independence are realized, politicians and public men must know to run their countries, and slogans and clichés are

no substitute for performance. And here we can paraphrase Sir Winston Churchill who said that war was too serious a matter to be left to the generals. Similarly, management is too serious a matter to be left to the managers.

**The Chairman:** I would now welcome participation by the Rt. Hon. Lord Davies of Leek.

**Rt. Hon. Lord Davies of Leek, PC.**  
(*United Kingdom*)

Mr. Minister, colleagues on this platform, distinguished visitors, fellow members of the Commonwealth, Ladies and Gentlemen,

It is indeed a unique meeting. The Hon. Minister in the spine of his speech spiked down the essential elements of modern public enterprises. But it is an economic fact and a social phenomenon throughout the world. There is a sudden increase in public enterprises because the business system, as we understand it today, needs assistance and it needs a colleague by its side. For instance, in Britain one of the finest firms in the world Rools Royce—is on its knees and it is coming to the Government for financial assistance from the people. It is the same in the United States of America. In other words, private enterprise is no longer the feudal system that grew out of the industrial revolution; it is overlooked by public enterprise, and secondly, particularly in Britain, public enterprise plays quite a part in assisting small businesses. In other words—I do not like the term “developing countries”; anybody will think that you had no muscles—for countries that are now growing up it is absolutely essential that small businesses should be encouraged as much as possible by public enterprise. Let me give an example. Throughout Britain there is at the present moment

an employment problem for the carpenters and little builders. I am not going into politics. I am going into economics. This is because there is a block in the building industry and the little plumbers and small men are finding that they are not called upon to keep up the building programme. Public building enterprises support even building societies, and even the co-operative movement does so.

Now, on the question of parliamentary system and public enterprises, one need not be an expert to find deficiencies. Members of Parliament with experience can smell out trouble, and we do not want lengthy investigations into questions which we can answer. In fact, last week in the Seminar we were trying to find answers to certain problems and many papers were put before us. I do not have all that faith in experts. I gave the example of a dance hall that was being built in a little village in Wales. An expert was brought in to test the dance hall. It was an elephant that they put to walk across it. I could have done that. I need not be an expert to test the stress on wood and steel. Some expertise at times is one thing, but it blinds the ordinary entrepreneur with science.

The next point is this. Has the Commonwealth realized or not realized the vital part it can play in world affairs? You are aware that 40 to 43 countries have thousands of millions of people strung from one end of the pole to the other, from north to south and east to west. They need not be dependent on the Soviet Union or the United States of America. The Commonwealth could help each other to better the world. An analysis of public enterprises in relation to man's effort to feed and clothe himself is of paramount importance. Man's purpose is to create work, wealth and happiness of people. It is not to create bureaucracy either for public enterprise or for

private enterprise, and our Commonwealth should not be a group of people rooting out facts that have been frozen in our minds. Our minds and our Constitution should as a matter of fact be a power-house of ideals. I knew a brilliant mathematician who taught me. It does not mean that I am brilliant! One of the things that he used to say was, "I have not come here to teach you facts, I have come to teach you how to interpret." The Hon. Ministers have to learn how to interpret experiences which each of them has in this sphere of public enterprises and put them on the map. We have to look in every country according to the idiosyncracies, the civilization and the kind of people they are or we are. You need not copy the Morrisonian plan or the British plan or any other, but, you may take the best out of them and create a pyramid of security, based upon your own knowledge.

Sir, I want to pay a tribute to the Marga Institute for the research work that has been done and to the Secretariat for having instituted this Seminar which is working almost in an uncharted sea. I want to congratulate them, because they developed a comprehensive approach to a policy involving an understanding of public enterprise. With regard to the State's increasing intervention, one speaker kept reiterating about bureaucracy. The Minister in his speech made a warning about this. You must not let State enterprises be little conclaves of powers that are laws unto themselves. There must be checks; there must be balances.

Another point I want to make here is the shift of power in Parliament. We see it in Britain; we see it in some of your Parliaments. It is going too much to the Executive and I believe that as we develop public enterprises—in this country of yours there are some 80 odd, Ceramics,



Tyre, Paper and so on, all valuable in a growing democracy and in a country that is noted for its intelligence and its courage of experiments—we have to see that balance sheets, accounts and management are separated. I believe that it is essential in every new democracy that every Member of Parliament should declare a record of his interests to the public. In the British Parliament we have introduced a system, whereby, it I am made a director of a pharmaceutical firm, there records should be shown for the people to see, the people that I represent. I do not mean that they must interfere in private business, but it sets the board clean. I think as public enterprises develop and public enterprises belong to the people and are financed by the people, financed by the tax-payer we should know where the Member of Parliament should be in relation to this.

I do not want to make a long speech but I want to strike down in the spine of my speech things I think important.

Consider loans. How in future should some of these public enterprises be carried on? We came to the conclusion in a committee chaired by Mr. Lloyd Crouse, that an intelligent entry into the financial markets would be quite permissible in constructive private enterprise. If somebody, talking in a conversation afterwards, takes the opposite view, I would be interested to hear it.

So I will put it interrogatively. Should public enterprises go into the open market? Sometimes, when a nation is in difficulty, it may pay. Nevertheless, they must have autonomy, but the autonomy must not be abused. It must also be a management free from hampering. We have safeguards for that. In the last analysis Parliament is fundamentally

powerful. And you can strengthen or create, going along, necessary checks and safeguards, without writing books about it, to stop nepotism, to stop the fraudulent approach. These safeguards are select committees, many of which we discussed in the last week.

Two more points before I finish. Nobody talked about multi-national firms in relation to public enterprise. There is a new competitor in the field, more powerful than kings, with budgets bigger than those of great nations. How do you deal with this? What are their relationships to the sovereignty of the people? What is their relationship to public enterprise? Can they, if necessary, undermine a young nations endeavour to build up its public enterprises? I am only throwing out, in the spine of this speech, the idea that we should be watching multi-national firms and the rich resources they control.

I said, last point but one, and this is the last. You must be socially responsible. We have invented a system of Advisory Conciliation and Arbitration in case of strikes—ACAs. How good your hearts may be, in a young, flourishing nation, discontent can grow unless workers are socially protected from various industrial diseases, like protection to the miners from pneumoconiosis, chest diseases and asbestiosis. I think that all those matters must be taken side by side in this uncharted sea of massive private enterprise.

Then, last—you have listened to me enough—I come to great things. We fought for them and millions died for the four freedoms—freedom from want, freedom from fear, freedom of worship and freedom of speech; but in a little booklet I wrote some years ago I put in a fifth freedom, greater than the rest: freedom from contempt; and that, in the

context of public enterprise, is what the Commonwealth, this group of people, can help to build if we keep together and do the kind of research we have done this last fortnight.

Ladies and Gentlemen, Fellow Members of the Commonwealth, thank you for listening.

**The Chairman:** Thank you, Lord Davies, I think it was a very inspiring speech, very well done, and I hope that those of you who have been inspired by his speech will take the subject forward after we open it to the House.

Before I call upon Mr. Lloyd Crouse to make his contribution, I would like to make an announcement. The Secretariat has invited Honourable Delegates who wish to see the new Parliamentary Complex tomorrow morning to give in their names to Mr. Nihal Seneviratne during the course of today's proceedings.

**Mr. Lloyd R. Crouse, MP (Canada—Federal):**

Hon. Minister, Distinguished Members of the Panel, Ladies and Gentleman, I can assure you that it is indeed a pleasure for me to be with you this afternoon and I welcome this opportunity, as a former Chairman of the Canadian Public Accounts Committee, to address this Assembly on the relationship which exists between Parliaments and Public Enterprises or Crown Corporations as they presently exist in Canada. I wish to take this opportunity to thank the executive for the honour they have bestowed upon Canada by inviting me to participate on this panel this afternoon.

In Canada there are three categories of Crown Corporations. Our Financial Administration Act

defines these three basic types as Departmental Corporations, Agency Corporations and Proprietary Corporations.

Departmental Corporations are engaged in administrative supervisory or regulatory services in much the same way as a department and they are the least independent form of Crown Corporations. A Departmental Corporation does not buy, sell or own assets in its own name. All financial transactions are carried out through the Consolidated Revenue Fund and the Public Service Commission has jurisdiction over most hiring practices while the Canadian Treasury Board handles salary negotiations as it does with all departmental employees.

The second one, Agency Corporations, is defined in the Financial Administration Act as a "Crown Corporation, that is an agent of Her Majesty in right of Canada", and it is responsible for the management of trading or service operations on a quasi-commercial basis or for the management of procurement, construction or disposal activities. The employees of Agency Corporations are all appointed by the management of the corporation. Salaries and conditions of work are determined in a manner similar to that which exist in private industry. Agency Corporations may maintain accounts in their own names in banks and may carry out specific financial transactions. Agency Corporations can be sued in court just as if they were not agents of the Crown making them legally and directly responsible for their activities.

The third or Proprietary Corporations are the most independent of Canadian Crown Corporations and they are expected to function without the aid of government appropriations. Many of the Proprietary Corporations in Canada not only have a

direct commercial relationship with the public but are also in competition with private corporations performing the same functions or providing the same services.

Prime examples of this are Air Canada and the C.B.C. Not only do Proprietary Corporations not receive free accommodation and furnishings from the Department of Public Works as do other types of Crown Corporations but this group must also pay corporation income taxes on the same basis as private firms.

At present there are a number of control mechanisms in place which theoretically should provide the government and Parliament with an acceptable measure of accountability. Most Corporations must report through a Minister to Parliament especially on budgetary matters. However, the activities of the Corporation are not directly supervised by a Cabinet Minister since independence from direct ministerial control is one of the prime reasons for creating a Crown Corporation. The Minister essentially serves as a liaison officer between the corporation and Parliament and his major work for the corporation entails piloting the corporation's estimates through the House of Commons.

Most corporations, and particularly those financed by the Consolidated Revenue Fund, are subject to parliamentary scrutiny of their expenditures on an annual basis although votes for their estimates are generally much less detailed than those for departments. Almost all corporations are also subject to an audit by the Auditor-General.

Finally, corporations are controlled by the legislation which creates them. The terms of reference of a Crown corporation are set down in a statute,

which is subject to amendment or repeal by an Act of Parliament. An additional form of financial control is exercised through the power of Parliament to vote special financial assistance to make up deficits of proprietary corporations.

Now, the concept of accountability is one which has troubled academics and politicians in Western democracies for several decades. On a theoretical level, the two perennial issues in the area of accountability and responsibility have been the decline of Parliament and the growth of bureaucracy. They are related in the sense that the growth of bureaucracy has sparked off a demand for increased control, and Parliament would be the one obvious mechanism for control, if it were not, in my view, in a general state of decline. I say this because Legislatures no longer legislate. They do not initiate policies and often appear to be a rubber stamp for the policies of the Cabinet in their prime role of scrutinizing legislation. The growth of bureaucracy is of course a phenomenon which is common throughout the Western developed world. It is the result of increased demands on Government to deal with a broad variety of issues which originally were the domain of private enterprises. Since most observers agree that little can be done to significantly reverse this phenomenon, the majority of solutions tend to focus on the control, management and direction of the bureaucracy and on the accountability of the bureaucracy to elected officials.

In Canada, a number of solutions have been proposed by academics and politicians to bring Crown corporations under more direct control of elected representatives. The first set of recommendations involve a restructuring of the Crown corporation itself. There appears to be widespread agreement in my country that a new type of classification structure for Crown corporations—more rational

and comprehensive than the existing one—should be created and implemented as soon as possible.

The second and more substantial substantive set of recommendations involve a strengthening of the reporting mechanism, the increased use of Parliamentary committees and the creation of other financial control mechanisms. For example, after indicating that his office had found that the Government did not even know how many Crown corporations existed, the former Auditor-General, Mr. Jim MacDonnell, stated that "financial management and control in the Government of Canada is grossly inadequate and likely to remain so until the Government takes strong, appropriate and effective measures to rectify this critically serious situation."

That was a strong condemnation of the Government, and it led to the establishment of the post of Comptroller General, a senior-level financial officer position, as compared to the Auditor-General's post audit-role. In other words, it was thought, "Let us try to lock the door before the horse gets out of the barn instead of locking the stable door after the horses has bolted!"

Meanwhile, the Royal Commission on Financial Management and Accountability, called the Lambert Commission, presented its final report in March of 1979. Among other things, it recommended the reclassification of all government agencies into four categories, namely, (1) departments; (2) Independent-deciding and advisory bodies; (3) Crown corporations, and (4) shared enterprises. Thus, all bodies falling under the Crown corporations category would be treated equally.

As a complement to these procedures, the Lambert Report also discussed ways to strengthen the role of Parliament in the accountability pro-

cess. Among its recommendations in this area were (1) Increased budgets and staffs for standing committees; (2) annual corporation reports automatically referred to standing committees; and chief executive officers should appear regularly before the Public Accounts Committee.

Due to a number of factors, including federal elections and a constitutional debate, some of the major recommendations of the Lambert Commission has yet been implemented, but the current government has indicated its intention of dealing with the matter by introducing comprehensive legislation in the near future.

To end on a controversial note, democracies desirous of cutting down on the growth of their bureaucracies should perhaps consider cutting down on the growth of public enterprises, by strengthening private enterprise which is disciplined by the market place, policed by company directors rather than by legislators, and whose aim in generally to equalize opportunities through increased productivity.

I hope these thoughts will be helpful in initiating discussion at this third session of our Commonwealth Parliamentary Seminar.

**Mr. Saril Chipwayambokoma, M.P.**

(Zambia)—Mr. Chairman, Members of this very important Seminar, Ladies and Gentlemen, first of all I would like to say how happy I am to have been afforded this opportunity to address this Seminar on this very important subject.

Secondly, Mr. Chairman, I should like again to say how privileged I am to have spoken last, because my task has been made so easy by the vast experience of Members of this panel.

Mr. Chairman, I begin with the background which I consider the basis of such an enterprise. Although the relationship between parliamentary system and public enterprises

differs to varying degrees in accordance with the nature or type of parliamentary system, they are nevertheless aimed at achieving greater state or government participation in the many important and strategic enterprises. These important enterprises are usually either of security importance to the nation or of development and financial importance to the state.

In the most developing countries of the Commonwealth, the need to bring about quick or rapid economic development to the people is of paramount importance to the Government of the day, whatever may be the parliamentary system in operation. Indeed, Mr. Crairman, any government worth its name—be it in a developed or developing country—its prime aim is to bring about economic development which would consequently bring about an improvement in the standard of life of its people in whatever locality they may be living. If this is brought about with the least inconvenience to the people, in terms of personal taxes and other sacrifices necessary to bring about or provide development capital it is all the better for all concerned. But, as we all know, in developing countries at least it is not easy to find the necessary capital for development projects in these days of high global inflation and the high cost of essential imports such as machinery and fuel.

It is not, therefore, surprising that most governments in developing countries in particular, and in the Commonwealth, are participating in certain commercial enterprises hitherto the monopoly of the private sector. Apart from providing additional finance for capital development projects such public enterprises do also provide social services, especially in rural or remote areas where such services cannot be undertaken by profit-oriented private enterprise. Equally it is important for national

security that such enterprises should not be operated by foreign-owned private companies.

To bring about this state of affairs, most governments in developing countries over the Commonwealth, where some form of Parliamentary system operates, do largely depend on their respective legislatures to enact necessary laws for the purpose. As we are all aware, in most Commonwealth countries where Parliamentary systems do exist one of the Parliament's traditional roles has been of a watch-dog over the public affairs of finance. Parliaments consider and sanction budgets necessary to run the various governmental institutions, which include those in public enterprises, in the form of loans, grants and subsidies from public funds as provided by the taxpayer. In its role as the watch-dog of public affairs, Parliament from time to time debates the financial estimates of public enterprises under relevant Ministerial votes in the Committee of Supplies or the Committee of Ways and Means.

Zambia has a one party system of government under which the party is supreme. The government is headed by an executive President. This is not the place and time to elaborate how our system works, but it would suffice to say that we like the system very much because it has enabled us to enjoy or live in peace for now over 17 years of our independence. The system has managed to minimise once obstructive tendencies by certain forces which stand or stood in the way of ordinary process of bringing community development to the people. Under our system all human resources are put together in the fight for economic development necessary to bring about an improvement in the various social services provided to the people.

Our type of Parliamentary system has further obliterated or greatly reduced the usual and unnecessary party rivalries characterised in most

multi-party systems which often cause great destruction to property and sometimes loss of life especially during times of elections. I wish to end here by saying that we in Zambia are very happy with our system which appears most suitable at our stage of economic, social and political development. It has indeed provided an excellent climate for the operation of a sound economic development in the country. In short, we would say, "We never had it so good."

Following our Independence in 1964 and in accordance with the Party manifesto, Zambia embarked on introducing a number of economic reforms to bring about a mixed type of economy which is being practised today. These economic reforms were aimed at transferring economic power to the people through State ownership of certain public enterprises. These enterprises were mainly in the large production, manufacturing, distribution and transportation fields.

In pursuance of these economic policies, large-scale enterprises vital to the smooth running of the State were acquired. Among these were copper mines, power supply organisations, large-scale trading shops and vital and important transport services such as airways, railways and major road transport concerns. Today, the State controls about 80 per cent of the country's economic enterprises.

With the establishment of such large public enterprises, most of which are initially financed from public funds provided by the State budget, Parliament exercises a certain amount of controls through various systems created by itself. These include the following:

(a) Open debates on the President's address to the House at the commencement of the first session of Parliament every year. This is

usually an open debate and Members of Parliament are afforded the opportunity to make the necessary observations on the operations of such public enterprises.

(b) All public enterprises submit Annual Reports to the Government which are laid before the House. This provides another opportunity to Members of Parliament to air their views on how a particular public enterprise operates.

(c) Even more close to executive control by Parliament is the existence of a Parliamentary Committee on Parastatal Organizations. This Committee has the responsibilities of studying the operations of various parastatal organizations with a view to making the necessary recommendations to better the operations and services they render to the public.

These Committees of Government or Parliament have the power to call on various heads of parastatal organizations or enterprises to appear before them to explain various issues as they are required to explain before the House. There are many ways in which Parliament controls parastatal organizations or public enterprises. These include various amendments to existing legislation.

In my country this is a very important side of our Parliamentary system, and very often these heads of departments pay very special attention when they are called up by the Parliamentary Committees.

Many other ways do exist for Parliament to get its influence felt in the operation of public enterprises. These include the enacting of various amendments to existing legislation relating to public enterprises.

In conclusion, it would be safe to say that the trend of affairs in the world today is one of increasing state participation in various economic

enterprises. Such trends can be seen in quite a number of countries including the so-called developed ones. It would therefore be in order here to say that Parliaments should take special note of this trend of affairs and move with the times.

**The Chairman:** It is my privilege now to open the discussion to the House. I think it was the wish of the House that we should go on till 4.30 or thereabouts. There are four requests here before me to participate. Any other requests would also be entertained, and I shall be glad if a note is sent up to me.

May I call upon Shri Kusuma Krishna Murthy of India.

**Shri Kusuma Krishna Murthy, MP**  
(India Union)

Mr. Chairman, distinguished Members of the Panel, distinguished Delegates, Ladies and Gentlemen,

I was really very happy, Sir, when I saw in this paper that the Chairman of this Panel was to be the most suitable person to chair this discussion, because he is an experienced Minister of the Government. Secondly, I saw that the distinguished Member from the UK was also a Member of the Panel. There is the Chairman of the Public Accounts Committee of Canada. There is also the Chairman of a Parliamentary Committee of Zambia's Legislature. I have had some experience in Parliamentary Committees for the last half decade, and I have been examined a number of times. In fact, as the distinguished Member from the UK correctly put it, I wanted to learn something from the discussion because we in India have been having discussions examining public sector corporations at various levels at various times.

Before proceeding to speak on the subject before us I would like to relate a small story.

Once four friends met at a place to discuss their knowledge of an elephant. The first member said, "I have seen the elephant. It is like a big leg." The second member disputed that. He said, "It is like a broomstick", because he had seen only the tail. The third member said "It is not like that. It is like a big fan", because he had seen only the ear; and the fourth member said something else.

Now, at the outset I got the impression that the discussion here will go on like that, but luckily it has taken a good turn and I am very happy because in the world today we have a mixed economy. In fact, all economies are mixed economies, whether it is in the private sector or in the public sector, and our Delegate from the U. K. has correctly said that we have to streamline the kind of accountability and safeguard the autonomy. It was said that the legislature is not only enacting legislation and laying down broad policies but also looking into the accountability aspect also.

I have associated myself with these public enterprises through a parliamentary committee and as such I have seen the working of it and I have learnt out of that experience. Sir, you must be knowing the aspect of accountability as you are a chartered accountant with experience. It is a very important aspect. As the Delegate from Jammu very correctly said, the thought that a parliamentary committee is going to examine the concept of accountability of a public enterprise makes them all alert and compel them to see that the enterprises is properly managed. I have had that experience myself because the management has tried to contact us, the member of the parlia-

mentary committee, and find out what exactly we are going to examine. However, a parliamentary committee cannot examine all the aspects.

Now, I should like to refer to the experience from Sri Lanka. I was very happy that your President has encouraged the setting up of a number of industries that will go a long way to solve the problem of unemployment. When you engage in industry, your objective is not only productivity but also the question of solving the employment problem.

Now, I will refer to the experience of India. In fact, there are about four lakhs of private sector undertakings in India. In their objective of productivity they will also have to provide for broad-based employment opportunities at various levels and regions. Unfortunately, our experience has been that these employment opportunities are highly restricted to particular sector. In the public sector we are happy to find broad-based representation of the people of neglected sections. The weaker sections have been given adequate representation opportunities. Our public sector undertakings are not only recognised in our own country but in the entire world. For instance, there is a consistent demand for our tools, electronics, textiles, etc. from outside India and we cannot meet the growing demand. This is because of the quality of our finished product. Therefore, when we set up an industry in any field we are able to improve it in a meaningful way. Actually, our industrial policy was adopted in 1948 and 1956 with the objective of establishing a socialist pattern of society and to create opportunities to all sections of the people and improve productivity. It is very important.

Actually, the parliamentary system and public enterprises are not incompatible because they have to co-exist,

but we have to strike a balance in the sense that accountability carried to an extreme can nullify the concept of autonomy and if autonomy is carried to the extreme it can frustrate the principle of accountability. So, you have to strike a balance and function accordingly.

When I listened to the Delegates on this question I was in fact thinking of how we can improve on the working of the parliamentary committees in our country. In fact, there is a transitional provision in our country in relation to the Comptroller and Auditor-General who has to play a vital role. There are three instruments through which accountability is examined. We have the Committee on Public Undertakings, the Bureau of Public Enterprises and the Comptroller and Auditor-General. These three instruments enable us, the Parliament, to ensure that accountability is properly maintained. Here, I would like to refer to a very important aspect. In India in cases of non-departmental enterprises where the objects are not normally subject to control by Ministers, Parliament has no direct control. There are several ways in which Parliamentary control is exercised. In the main, the instruments of public accountability through the Committee on Public Undertakings and reports of the Comptroller and Auditor-General enable the Parliament to ensure the accountability of enterprises in the proper way.

The need having been keenly felt, a separate Parliamentary Committee on Public Undertakings was set up in 1964. Besides this, the Committee on Estimates and the Public Accounts Committee also help to great extent in enabling the Committee on Public Undertakings to function.

Then there is a centralized co-ordinating unit which also makes a continuous appraisal of the performance of various public undertakings. The



Bureau of Public Enterprises also gives a helping hand for the maintenance of accountability. In addition to that, the Bureau of Public Enterprises presents its annual report to Parliament and, whenever any issue is raised, it is discussed. That is an important aspect. Supposing there is an issue which has come before Parliament regarding mismanagement or a lapse and the same matter is before the Committee, the Parliament will not discuss it. Such is the importance attached to the Committee. Therefore a Parliamentary Committee exercise a very significant control. The very fact that a Committee has taken up some issue makes those in charge of an industry or enterprise to be alert. They will take all the precautions and if there is anything to be rectified they do it promptly. The transitional device of the Comptroller and Auditor-General enables us to examine the various aspects of accountability.

The question is how far Parliament can go in the exercise of its rights and in the discharge of its responsibility. This is an important aspect. From this Seminar I would like to improve upon my own experience and if there is anything I want to learn, it is how far Parliament can go in looking into the accountability and the proper performance of public enterprises? For instance, the terms of reference of the Committee on Public Undertakings of the Parliament of India specifically precludes the Committee from examining the day to day administration where autonomy is given to the public enterprises. The control of Parliament would appear to be related to forms of management adopted.

The public enterprises in India take the form of Government companies registered under the Companies Act. There are a few statutory corporations. That is important. In the case of statutory corporations, specific provisions are usually made in the governing Acts for the legislature

control over certain important aspects. The annual budgets of these corporations are usually required to be approved by the Government and in certain case placed before the Legislature. A view has been held that so far as wholly owned enterprises are concerned the statutory corporations of the U. K. type should be adopted. However, it should be mentioned here that the experience of the Committee on Public Undertakings has been that there is practically no difference in ensuring the accountability of the enterprises, whatever be the form. Therefore, the way the Parliamentary Committee exercises control in our country is very good and it is creating a healthy atmosphere in our country for its growth.

The objective for which public enterprises were encouraged during the time of Pundit Nehru has been served and they are conducted in a meaningful way and our experience has been worthwhile. Therefore the system of Parliamentary control by Committees of public enterprises is compatible. Today we are going more and more towards the public enterprises because in the private sector, on an examination by a Parliamentary Committee, we found that several millions of rupees had been swallowed up by the people who took to private sector activity. Of course, they say the top management is exercising control over their affairs. I must inform this Seminar that when I asked one private sector concern how they are managing, he said that they are doing very well when compared to the public sector enterprises on the same lines. What happens in the public sector is that the executives change too frequently. When they are at the job and gaining experience they are shifted, but in the private sector it is not so. In the private sector they see to it that their top management produces better results as they go on,

that the finance which has been given is properly managed and that the needs of the people are served.

Thank you.

### The Chairman

Thank you very much for your contribution. I think it would be a good rule of thumb if you try to limit your contributions to about eight minutes approximately. I am not compelling you to speak for eight minutes, but if you could try to do that, it would be a good thing. May I call upon Mr. Adolph Matsalla from Canada to make his comments.

### Mr. Adolph Matsalla, (MLA, Saskatchewan, Canada)

Hon. Chairman and Parliamentary Colleagues, I am grateful for giving me the opportunity to make a brief comment on the subject before us. In the Commonwealth of Nations, the parliamentary systems in the respective countries provide for various types of enterprises within the framework of democratic governments, in some to a greater degree than others. Over the years Commonwealth governments have tended to depend to a great degree on private capital to develop enterprises. These enterprises consisted of development enterprises and utilities, which in turn, provided for economic production as well as social services. In fact, what has been happening in that the economy was not only being developed, but it was falling into the control of private enterprise. In some situations there was competition and combination. In other situations there was monopoly. In all these situations, the citizens were called upon to bear the brunt of what was asked in order to get the product and/or services. Gradually, this has been clearly recognised by the rank and file. As governments were

asked to apply some controls over private enterprises, providing social service, organized political movements with support from the rank and file—and then referred to as a pointer for the minority political parties—have made, and are making, a significant impact on governments, to undertake public enterprises with greater control on how and what services can be provided and at what prices.

At this point, I may sound somewhat controversial, as perhaps not being in agreement with my Canadian colleague who indicated yesterday that there ought to be a two party system with little, if any, room for minority parties in our parliamentary system. I tend to agree with the two-party system, provided one party is a realistic and if may I say so a complete alternative to the other party. But, if we have two major parties that are of the same philosophy, such as in the United States, the Democratic and the Republican, or for that matter to a great degree in Canada, the Liberals and the Conservatives over the years, let me boldly say that we have no alternative for each of these situations. The people in actual fact have no alternative. The major difference between the two major parties is that one is in and the other is out.

For public enterprises to flourish and operate effectively, there must be a philosophical commitment and a desire on the part of the political party and the Government—if the Government is to be successful—in public and co-operative enterprises. We as a co-operative Commonwealth, must not in any way discourage democratic political parties and public enterprising in governments that are committed to co-operative public enterprise. I believe these parties in

many situations have greatly contributed not only towards planned development, but also towards providing greater benefits to the people. Thank you for the opportunity.

### The Chairman

It was my observation while you were speaking, Sir, that Lord Davis shook his head and expressed his agreement with what you said. I think it must be interesting to find out what his views are on your observations.

### Rt. Hon. Lord Davies :

While I was shaking my head I did not particularly shake my head in contradiction. I did so because I missed a couple of phrases. I would like to point out, with your permission, Mr. Chairman, that it is difficult to follow if speakers do not speak a little more slowly.

**The Chairman :** I call upon the Hon. D. N. Magang, Member of Parliament, Botswana.

**Hon. D. N. Magang, (MP, Botswana) :**

Thank you, Mr. Chairman, I shall be brief because distinguished Delegates who have spoken before me have said most of the things I intended to say. I think the point relating to Parliamentary systems has been laboured and I shall make my comments in relation to public enterprises.

Lord Davies has, in his opening remarks, indicated that some of the oldest, most important, companies in the United Kingdom such as Rolls Royce, had to come to Government for assistance. Indeed, there are other big multi-national corporations in other developed countries, which have had to be rescued by the public

because they were collapsing and because they were enterprises which dealt in things essential to those countries. Therefore, the public had to rescue them either in order to maintain the employments generated in those enterprises or for various other reasons.

In Botswana in Africa, we started from scratch without any old-established infra-structure or old-established companies. For that reason it became very necessary that Government should involve itself in the development of the enterprises. We had developed from an ordinary agricultural society, a peasantry, into a more industrialized society. It was not a question of nationalization. It was not a question of rescuing collapsing industries; it was a simple question of establishing organizations which could help the country to grow. It was for this reason that, within a short period since our gaining independence, we found it very necessary to establish corporations—parastatal bodies—in the form which was described by Mr. Crouse of Canada. We established, statutorily, corporations to undertake such commercial enterprises which are, in other countries, handled by private enterprise—enterprises like national development banks and so on—because we were faced, either as a Government or as private entrepreneurs, with a situation where developed countries who are experts in commercial undertakings were reluctant to establish businesses in Africa due to the political developments that obtained there. Secondly, they demanded from the African Governments guarantees if they were to establish such enterprises. In other words, they wanted permission to repatriate money, profits and so on. Thirdly, it was important that we should undertake the development of the country motivated by a sense of

development rather than making profits if we were to raise the standard of living of our peoples.

To that extent it became necessary that Government should establish statutory bodies or that it should directly participate in certain enterprises. For instance, we established our Electricity Corporations, National Development Banks, Park Corporations, Housing Corporations, Meat Corporations, and so on. These are enormous enterprises calling for the investment of multi-million dollar capital. Our Government was unable to undertake these enterprises without recourse being made to world financing institutions. Finance had to be provided to government agencies or to the government itself and not to individual entrepreneurs.

Secondly mining companies for instance, require multiple capital. It may be necessary, in the absence of any local individual entrepreneur, to invite these multinational corporations and governments to take an active participation. So there will have to be some control in these essential services and essential enterprises, because otherwise it would be unwise to allow the multinational corporations to undertake development which becomes essential. When there is some political upheaval, even of a temporary nature, they flee away leaving us in the lurch. To this extent when you talk about public enterprise it may sound like a kind of whimsical talk. As the delegate from Zambia indicated, it became necessary because we never had the infrastructure which other countries had.

I am saying this because in a young country such as Botswana the only way in which the international financial institution can assist the country is either through government or

through parastatal bodies or government agencies. The money is channelled through either the World Bank or the African Development Bank and through government, and this money in turn passes through these corporations which are either controlled by government or through the statutory provisions which stipulate precisely how much they can borrow from these international agencies. The extent of the borrowing capacity can be limited.

In this way we are in a position to gradually bring up our own people to the commercial world with the subsidiary industries which emanate from this big undertaking, and to that extent it becomes essential to us that some of the big enterprises should have policies which are localized rather than that they should be directly controlled from outside. From that point of view, although we have these corporations we come to a point where we have committees which scrutinize these parastatal bodies. We do have Public Parliamentary Accounts Committees which look after the overall governmental accounts not specifically looking after the accounts of the parastatal bodies or public corporations.

Thank you

Mr. Neil Maxwell Robson  
(Tasmania) :

Mr. Chairman, Members of the Panel, Fellow Delegates, In my small way as Chairman of the Parliamentary Public Accounts Committee in Tasmania, I believe that somewhere along the line—and I am not speaking of my own State only but of other States in Australia and what I have learnt from many people with whom I have had dealings by correspondence throughout the world—the Public Accounts Committee itself, as I see it, does not have enough bite. For instance, many, many times you come across this feature: when you talk

of the Heads of Department you come up with the fact that if the Minister authorises say, that glass-nouses be built on the Main, it is their worry not where they should be built, but whether they should build them or not. Therefore, all that they worry about is whether they should do it. Hence I believe that somewhere down the line Parliament has to look at the charter of the Public Accounts Committee and try to get more bite into its powers to investigate stupid spending, because very often the spending is in the form of wild buying.

I believe that if the Parliamentary Public Accounts Committees are to be properly formed, they must consist of so many members from the Opposition, so many from the Government, so many from the Upper House and so on.

Then you come across the situation where the Public Accounts Committees report to Parliament once a year. I believe that reporting to Parliament once a year is an error. They should report periodically during the year, so that—there would be various issues that arise during the year—Parliament can go into one or two items at a time rather than go through a great mass of items.

We also notice that many directors of public bodies sometimes think they are too high to come before the Parliamentary Public Accounts Committee, and thus these Committees seem to be ambling along—

**Lord Davies**

May I ask a question with the permission of the Chair! Have not these Committees the power to call

for persons and papers? Such persons have to come before the Committee however high they may be—

**Mr. Robson**

Comma!

**Lord Davies**

Not comma, but they come.

**Mr. Robson**

You just interrupted me, because I said "comma" and I was going to tell you that I have, as every Chairman has, the power to call for persons and papers before the Committee, and you took it from there. The problem is that unless the Committee stands firm and digs in, these people will try to do things the easy way.

The next point is that, in order to get more accountability of public departments to Parliament, you must consider "zero budgeting." For instance the Minister reports to Parliament. When I say "reports," I mean he actually comes before Parliament and asks that his budget be approved. When he does that, he should have to do what company directors have to do or what the chairman of a company has to do—that is, he must give a report on how he spent the money last year, not what he is going to spend next year. For instance, if there is a budget of \$ 100 million—let us talk of "zero budgeting"—they all expect their expenditure will be \$ 100 million next year. So they add 10 per cent to it and ask for \$ 110 million, because of inflation. Why should they not be made to prove that what they spent last year was right? In other words, why not start off with a budget of \$ 100 million and then get 20 per cent off and have \$ 80 million? There is nothing sacred in the idea that what was spent last year should be the budget for next year.

The next point is that, in order to have more accountability to Parliament, we should have "sunset legislation," especially as I heard the hon. Delegate from Canada say, he found numerous statutory bodies he had never heard of. We had the same thing in Australia and we believe they are a hidden means of spending approximately about 20 per cent more than the budget, and honestly that is too big an expenditure unless it is properly accountable to Parliament. And I think 'sunset legislation' would be marvelous. It struck me that when we formulated and talked about "sunset legislation", it was always said that we would not get anywhere because it would not have permanency of tenure and our answer to that was if you are any good, you prove your permanency when we review you at the end of three years or five years.

Last but not least, there is no accountability to any government department or any government body if they do not use proper accounting methods. For instance, in Australia, we have hospitals, and they are one of the greatest or largest and thriving concerns in our community.

I still work on the cash/carry system. When I went through my accounting examinations, what was taught to me was 'penny accounting'. It did not prove anything. You could not compare, you could do nothing if other than to merely record. In other words, it is not really an accounting system and until you get to proper accounting systems, you do not get anywhere as to the accountability of public corporations to Parliament.

**Hon. Shri Brij Bhushan Nehra (MLA Punjab)**

Mr. Chairman, distinguished members of the panel and distinguished delegates, today management

of the State is more a financial matter than a political matter. In the past it was left to the administration. Today, the economic aspect is taking a more and more pronounced place in the affairs of the state. And a government that can manage its economy well is called a successful government.

In the economic life of the democratic countries, now which are more in the nature of mixed economies, public undertakings have taken a very prominent position. In India when we became independent, our leader Pandit Nehru had the foresight to say that the commanding heights of the economy should be controlled by the state. Somebody dubbed him as a communist. He was not looked upon very kindly by certain quarters. But his were very prophetic words. He could not have taken the Indian economy from the quagmire of backwardness to the modern age if the state had not stepped in. What could he have done? Fortunately, he fixed his priorities on the correct lines. Irrigation was one, and hydro-power was another. There is a load of hydrel potential in our country. He created the priorities, electricity and irrigation followed by a sound infrastructure. He said he would give state electricity to the villages. He said the villagers must have electricity so that they can draw the water from the sub-soil and irrigate the fields.

As a result of that policy, we were able to build the steel mills in the public sector for which at that time of development the public sector did not have the funds. He wanted to give direction to the economy whereby India could step into the industrialized world, which is could only do with state capital.

Today we can say that India is one country which can proudly pronounce

to the world that her agricultural production in 1980 was more than three times what it was in 1968. This is unparalleled in any economy of the world. The commanding heights of the economy have to be controlled by the public sector. This is the only way, and most countries are moving in that direction. We took the right road initially, and now even the private sector money is coming in wherever industries are.

We have had many cases in India where units in the private sector which had become sick were taken over, nourished and run by a Government corporation because it involved employment potential and loss of production. When they were nourished back to health, the private sector would come and say, "Please hand back the nourished unit to us." In all those cases where there was a lot of financial investment by the Government, the Government appointed its own directors. We can say that India would not have attained this amount of industrialization had the commanding heights of the economy not been in the state sector.

It is very relevant to our discussion that everywhere—even if we take most capitalist countries—there is no *laissez-faire* but a mixed economy and the State is playing an important role. The State has to engage in development activity. What is the work and growth potential? How can the standard of living of the people be raised? These are questions it has to answer. So whatever resources of capital are saved over consumption have to be employed so that the economic growth of the nation increases more and more. So in the years to come public sector undertakings will have to play a more vital role.

Then the question arises: how can the Parliament oversee it? We have heard very learned points of view on

this issue. Everywhere they have set up Parliamentary Committees on Public Undertakings. But what I feel is that, because the Speaker nominates or announces these Committees, they make an annual report of what they have done during the year and finish with it. In another forum also I have said that there should be, as my good friend from Australia said, a standard form in which to prepare the performance report. It should be prepared by experts so that when the Parliamentary Committee goes into it, any particular aspect would be revealed to show the functioning of the undertaking. That form would indicate what the capital is, how much production it has created, and so on. All those aspects would be shown. Unless the Parliamentary Committee has all that, it cannot go in depth into the working of that institution.

My good friend Mr. Murthy was saying that the Government of India has a number of undertakings in the public sector. I wonder whether during the course of the tenure of the Parliamentary Committee in India, or for that matter anywhere, they have visited all the units that are functioning under the public sector. I should say, no. So there should be a standard form which should be applicable to all these undertakings. The Parliamentary Committee should have the report in that particular form. The report should be furnished periodically. It should be done quarterly; it should not be an annual report. When the report has to be made quarterly, there will be more keen overseeing of the undertaking. I say that the quarterly report should be made obligatory.

We have made big investments in our public sector concerns, and if we can get even a two per cent return our

resources would increase and there would be further capital for providing employment. If we—or any Government for that matter—can manage public concerns very well, it would add strength to the economy of the country, to its development and to its progress.

Thank you.

**Hon. N. B. Nobel-Achana, (M.P., Ghana)**

I am very happy because I have this opportunity to address this seminar.

We, from Ghana, on our part, would like to congratulate the Government and the people of Sri Lanka on the fiftieth anniversary of the introduction of adult franchise. The constitutional record of Ghana has not been a smooth one. Since our attainment of republican status in 1960, there have been three civilian Governors and two military Governors. The total life span of the civilian Governments up to the present one has been nine years and for eleven years Ghana has been under military rule. Everybody will see that our record has been punctuated with military coups, but all the same we are now a constitutional Government and it is our hope that we will not have any more of those tortures.

Now, Mr. Chairman, the idea of Government involvement in public enterprises and in business has not been a new one in Ghana. We have a number of reasons why Governments have to engage in enterprises. These are some of the reasons. First and foremost is the volume of capital requirements of some of the enterprises and the nature of some of these enterprises. Besides that, the private sector alone is not capable of providing the necessary capital. A typical example is in the area of road construction. Therefore, we have some

organisations that have been formed with the purpose of providing the necessary capital to undertake the functions that we have to.

Another factor is the importance of the enterprises in the sense that it seriously affects the welfare of the people. In other words, if it is considered that a particular enterprise affects the welfare of the people, then Government comes in to undertake it; otherwise, if it were in private hands, the price of whatever service or commodity it produced might be so prohibitive that it would not be within the reach of the ordinary man. An example is water supplies. We have a state corporation which is in charge of the responsibility of supplying to the people these services at moderate charges.

Another factor that justifies the intervention of Government in business is that some of the ventures are unattractive. But their very nature you cannot make any profit. In such areas the private individual is not interested and it is only the Government that has to come in. These are some of the very important factors that have influenced Government to engage in business. There are a host of others, but it will not serve any purpose in enumerating them.

In this way, public corporations are found in almost all the centres of our national life, for example, agriculture, manufacturing, housing, banking, transport, and so forth. We could categorize public ventures or state enterprises into three main groups. The first group comprises those that are wholly owned by the State. We have examples like the Electricity Corporation of Ghana, Water and Sewerage Corporation, the Posts and Telecommunications Corporation. These Corporations operate on the basis of the principle of disinterestedness. That is to say, they



break even without necessarily making profits. And, in fact, some of them depend heavily on annual assistance to be able to exist.

The second category of state corporations are those jointly owned by the State and some individuals who still have a majority share. These are particularly found in the mining and manufacturing areas.

Then, we have the third group, which is steel—a joint venture between the government and private individuals—but here the government owns minority shares.

These are the classes of private corporations that we have in Ghana, and I just want to remark that the performance of some of these corporations over the years has not been very satisfactory, and a host of factors account for this state of performance.

First and foremost is political interference in the management of these institutions. All public corporations in Ghana are placed under ministries and it is the Minister who has responsibility—overall responsibility—for the running of these institutions, and to that extent sometimes Ministers, being the politicians that they are, interfere so much in the day to day administration of the corporations. This problem is even more remarkable during the military regimes, where you find that a soldier is put at the head of a ministry and some are even put as heads of corporation as managing directors without the necessary skills! So, these corporations have suffered so much interference from politicians to such an extent that the governments are not able to do much.

Another factor is the question of political influence in appointments to these institutions. It is conventional

that when you have constitutional rule the government does not appoint members from the Opposition to head any public institutions, and because of this influence sometimes certain individuals—who otherwise would not have qualified to be appointed—find themselves in these positions, and the result is obvious. They are not able to cope with the challenges of the job and, therefore, these corporations suffer financial losses!

Then, there is also the issue of under-capitalization. As I mentioned earlier, sometimes government is involved in certain areas because they think the capital required is too high. Yet, there are certain areas where the government has taken up a venture and the capital provided is not adequate for them to take off. Therefore, from the very start they are at a disadvantage financially.

One other factor would be the lack of effective control over the operation of statutory bodies. What happens is, when a corporation is set up, the management—you have the board of directors—sees to the day to day administration of the corporation. What happens to the management after they have failed to efficiently manage the corporation is anybody's guess! In other words, nothing happens. So, there is this elasticity and the people do what they want! All these factors that I have mentioned are in a state of conspiracy against the efficient performance of these corporations.

There are opportunities where we have now made some constitutional arrangements to ensure effective control. One of such arrangements is that annual budgets of corporations and ministerial estimates have to be submitted to Parliament for approval. Right now, while we are here, we believe Parliament would be debating

the Budget Estimates for the Financial Year 1981-1982 and every corporation is expected to submit its annual budget which would be incorporated in the ministerial estimates for approval. Wherever there is evidence of waste, Parliament would not allow that. So this is where Parliament exercises influence over the corporations.

Then, the Constitution also requires the Auditor-General to audit the Reports of all government departments, ministries as well as statutory boards and he must submit his report every year to Parliament. We have in Parliament a Public Accounts Committee which examines the Reports of the Auditor-General and if necessary invite people to Parliament to explain or to justify some of the adverse findings made against them, and then after they have looked into the reports they submit a report again to Parliament making the necessary recommendations with a view to effecting corrective measures, and Parliament has never hesitated in carrying out some of these measures.

Then there is also in existence the State Enterprises Commission and this is tied with the responsibility of implementing operations of public corporations. In fact, all public corporations must submit their annual reports to this Commission. They are also expected to submit feasibility studies to the Commission for approval.

Fourthly, because the government is interested in maintaining some mixed economy, sometimes the government undertakes to arrange loans for some of the state corporations and the constitution provides that in any such transaction where government has entered into any loan agreement with any other government, the agreement must be brought before Parliament for approval and when such agreements are submitted to

Parliament, Parliamentary Finance Committee examines the agreement in detail to ensure that they are in the best interests of the country, and then it is this committee which advises Parliament as to what should be done. So this is the relationship between Parliament and the public corporations, and, as I said, much of our national life was dominated by military government. You know the characteristics of military governments are arbitrary. But now we have constitutional rules and we are implementing these constitutional arrangements and it is through this that we will be able to assess the effectiveness or otherwise. But we are hoping that the record of performance in public enterprise in Ghana will be improved in due course.

Thank you.

**The Chairman:** I now call upon Mr. Lionel Jayatilleke, Member of Parliament for Divulapitiya, Sri Lanka, to make his comments.

**Mr. Ariyaratne Jayatilleke, M.P. (Sri Lanka)**

Mr. Chairman, I must first of all thank you for the opportunity given me to ask a question. Distinguished Delegates, I sought permission of the Chairman not to make a contribution on the subject that is being discussed today, but to ask a simple question. But, listening to the distinguished Delegate from Ghana and the distinguished Delegate from Tanzania, I find that some of the points I had in mind in regard to this question have been answered.

The subject for today's discussion is "Parliamentary Control over Public Enterprises". Being a Member of the Public Enterprises Committee of the Parliament of Sri Lanka, I know that one of the problems we in the Committee have had to face in regard

to our examinations, has been that public corporations in this country, especially during the period before the present Government came into power, had been subjected to a fairly high degree of political interference, which, as stated by the distinguished Delegate from Ghana, had happened in his country as well. This has become a fairly big constraint militating against the proper functioning of public corporations in my country. I only wish to find out from distinguished Delegates gathered here, whether this same situation had occurred in their countries. Without wasting time I put the question to the Honourable and learned Members on the Panel so that we in Sri Lanka may profit by what distinguished Delegates have to say on this matter. The question is whether public corporations are subjected to political interference especially in the form of public corporations being filled with employees who happen to be supporters of the Government in power during a particular time.

**Lord Davies:** Well, I can tell you what has happened in Great Britain. Right from the Morrisonian days, which gose way back to 1945, there was an honest effort made whichever Government was in power, not to interfere politically—and I mentioned this in the little speech I made earlier on—with public enterprises. And I can say frankly, whether under the Labour Government or Conservative Government, that there has been no political interference. But what we are watching is accountability. In the last analysis Parliament is supreme. I see in this very country that has hosted and looked after us so kindly, some 80 organizations where the endeavour is to avoid political interference.

Finally—you may not agree with me—I think every Member of Parliament should declare his interests for the public to see. I am now in the

Lords, but when I was in Parliament, whatever directorship, whatever I had, was an open book for my constituents to see if they wanted to. You may not like it, but that, brother, is democracy.

**The Chairman:** There is one final request from the House. I call upon Mr. Stanley Cohen, Member of Parliament of the United Kingdom, to make his comments.

**Mr. Stanley Cohen (M.P., United Kingdom):**

Thank you, Mr. Chairman. I am obliged for the opportunity of saying a few words, and they will be "few". I agree with your opening remarks and also those of Lord Davies of Leek, although I have to disagree with him in some respects.

We were talking about the extension public enterprises. I think there is a little difference of opinion between yourself and other distinguished Delegates who spoke today from the Floor, about the need to do this. What I want to emphasize is that it will not be easy—in fact it will be extremely difficult—because there has to be a complete change of atmosphere, a change of attitudes, before we can, first of all, stabilize our existing public enterprises without thinking of extending them. I say this as someone who formerly worked in British Railways in the United Kingdom before I became a Member of Parliament. I witnessed, along with my colleagues, the feeling of insecurity that we experienced whenever there was a change of Government. It is true, as stated by Lord Davies, that political parties that formed Governments in the United Kingdom never tried to interfere with the management or the running of the industry. But we have interfered with the principle whether it should continue in the form we found it. I will

cite as a perfect example the situation with which we were faced at the end of the War in 1945.

Because of the war, the transport industry in Britain was run down so much that it was incapable of providing the sort of service the public needed and the service needed to rebuild our economy. The private owners at that time were unable or unwilling to inject the necessary capital into the industry and make it again a serviceable undertaking, and the Government was left with no alternative but to undertake it. For six years a great deal of work was put into it. Half of the lorries we had to purchase from private operators went straight into the scrap heap because they were not road-worthy. But after six years the change occurred and we had an excellent road fleet, and railway was again efficient and making a profit along with the road undertaking. But it was not only change. A change of Government also occurred during that period. Within a short space of time the road undertaking was halved and the railways were left as a liability on the public, a liability which could never pay its way. The employees in the road undertaking suffered as a consequence of its being halved. Their conditions of service, their rates of pay, their pensions and everything else suffered. The people who were left in the railways suffered because their rates of pay were down to the fact that it was no longer a profit-making industry. That is just one example.

You said in your opening remarks that we have to expand public enterprises to new fields such as the tourist trade and things of that nature. We did that. I think every one in this Conference knows the name of Thomas Cooks Limited, one of the most famous travel agents, one of the most efficient and reliable and

probably the largest institution that was making a profit. But again it was sold back to private enterprise because it had entered that situation. We are experiencing the same thing now, and a Bill is going through Parliament with proposals to sell parts of industries which are making profits. If we continue to do this we will be undermining the confidence of the employees, we will be undermining the confidence of consumers, and we will be creating a doubt in the minds of international supporters and competitors and international customers. If we want to make public enterprises survive and make a success of them then there has to be this change of political attitude on the part of parties. I do not think we have to talk in terms of merely describing the United Kingdom as lame ducks. We have got to think in terms of nationalizing or taking over industries which are essential to the economies of our countries. And if they are meeting the needs of the economies, that is the thing. If they are key industries, whether they are making a profit or a loss, if they are not providing the necessary service to supply the needs of the community, then I think that is probably the basis on which we have to think in terms of taking over a public organization.

A lot of things have been said about accountability. I think every one in this Conference would agree that public money is being wasted and not spent wisely. If monies are to be accounted for there should be direct supervision.

What I would emphasize again is the need for us also to reconsider our whole attitude. Just as we accept responsibility when a Government leaves office, the Government that takes office should also be prepared to fulfill the international commitments that the previous Government had entered into. And I think we have

taken a similar attitude as regards the Public Accounts Committees, namely that these people have a job to do and they will give of their loyalty and support. Finally, I wish to apologize to Lord Davies.

**The Chairman:** If I may refer back to the Panel again, Lord Davies made a few remarks earlier, and I wish to find out from him whether he would like to make a few more comments before we proceed.

**Lord Davies:** I agree. I have only a few comments to make on an outstanding point, because we have a tendency to go on, if we do not get a continuity. I do not want to get into politics, but we can get a Government that socializes losses and privatizes the profits. If you say "We are going to take over the railway; we are going to take over the hotels, we are going to take over the inter-city trains," and you leave the Welsh hills and the Scottish hills to their old-fashioned distances; if you say, "We are going to interfere with the post office and give it to telecommunications; we won't take long-distance letters that have to be delivered to the lonely farms in the wind-swept mountains; we will take only the letters to the cities of London and Birmingham; in other words, we will be halving off the profitable areas and leaving the unprofitable areas," then that is socialization of losses and privatizing of profits. And this is entering into all system of society. I do not want to say any more; so let us keep the ball rolling with the discussion.

**The Chairman:** Mr. Crouse.

**Mr. Lloyd R. Crouse:** Thank you, Mr. Chairman. I have little to add to that which has already been said by Lord Davies, except to note that it is the feeling of this Conference that when Crown corporations are being set up in general, clear statements of their task and their purposes and

objectives should be outlined in the Act covering their formation. The creation of any new Crown corporations or subsidiaries should require the express sanction of Parliament. I think that reflects some of the views expressed here.

I would also add that perhaps the chief executive officer of the corporation should be required to present, every five years, his strategic plan of the purpose for which the Crown corporation is set up. I think this would reflect the view of the hon. distinguished representative from Tasmania who classified it as a "sunset law". This requirement to present a corporation's strategic plan every five years would cover, in part, that type of recommendation; and any Ministerial directives covering Crown corporations should be tabled in Parliament by the Minister and recorded in the annual report. Finally, operating budgets should be approved by the Ministers and Governors-in-Council before they are tabled in Parliament.

This may not be a summation of some of the views expressed, but these observations are, in part, my own feelings as to the views that have been stated here by the distinguished Delegates.

**The Chairman:** We have had a very fruitful and comprehensive discussion, and I wish to thank all the ladies and gentlemen who participated in this evening's discussion. I think there is a view expressed by a constitutional lawyer, in relation to the function of Parliamentary whips, where he has stated that the power of the Whips has grown and will grow and that it should be curtailed. Whatever we do about the growth of public enterprises in the future, I think most of us here will agree that in some countries the role of public enterprises will continue to grow

for various reasons both in the older parliamentary democracies and the new ones.

To this discussion was demonstrated a very keen awareness of the problems related to parliamentary government and the management of public enterprises—from the contribution of our good friend, Mr. Neil Robson of Tasmania who displayed a very deep knowledge of the checks and balances necessary to keep in harness public enterprises and also the fact that he has got his teeth into the flesh of the big spenders, a thing which I think is very essential, to other contributions of hon. Delegates who spoke during this discussion. When all is said and done, I think the final balancing effect is the life of Parliament itself, the debates, the discussions, including budget discussions, the debates that take place when supplementary estimates are introduced, the explanations that ministers are asked to provide, so much so that in Sri Lanka's Parliament—I am giving a recent example—there was a chairman of a very large public enterprise which produced consumer goods, and each time the Industries Ministry was discussed, he sent samples of his products to the most troublesome members of parliament in the Opposition. We later found that he also sent similar samples to the editors of leading newspapers.

I think the problems of parliamentary control in the Commonwealth of Nations have been considered comprehensively—discussed, debated, studied—and I hope that this discussion will lead to, on all sides, an inquiry into the nature of our responsibilities. I may mention that even in our Mother of Parliaments, there was a situation where the House of Commons discovered, I think last year, that there was no apparent Minister who has been given the responsibility of being

in charge of that vulnerable institution called the Crown Agents. They found that there was no Minister who had been given the task of being answerable to Parliament for the conduct of the Crown Agent.

So, you do get this lacuna, and I think this is the essence of democracy. A little bit of inefficiency, I think, is justified in the greater interests of freedom, if I might say so. That is what the Commonwealth has proved to be and we have done well. We have done exceptionally well, and I think today's discussion will add more stimuli to the effort we are making to bring about a greater rationality and unity in the management of the public sector. And I do not think that anyone here would as a result say that public enterprises in any country in the Commonwealth have been a serious challenge to parliamentary sovereignty. The question has often been mooted, and I think it was quite correctly referred to by Lord Davies of Leek, as to whether multinationals amount to a threat to the sovereignty of nations. These are interesting matters, and I think in the goodness of time we will be have an opportunity of discussing this, perhaps on another occasion.

Before I wind up, I wish to thank you once again for the very interesting contribution which everyone of you has taken the trouble to make.

Before I conclude my remarks, may I say that I just got a message from the Secretariat to inform you that the visit to the New Parliamentary Complex will begin at 3 p.m. tomorrow, not in the morning, so that you will have enough time to attend to personal matters. All delegates who are joining will be picked up at their hotels at this time.

Let me tell you something about the New Parliamentary Complex. The New Parliamentary Complex has been

designed by a Sri Lankan, one of the leading architects in South East Asia, Mr. Jeffrey Bawa, who is the consultant architect for the restoration of Borobudur, and also for the designing of the New City of Tel Aviv. He has been consulted by a number of International companies.

We are building this Parliamentary Complex because the present Parliament building which was built in 1936 was intended to accommodate 36 Members and today the membership of Parliament is 168. In 1936 this Parliament accommodated only 36 Members. Today the membership of Parliament amounts to 168. With the new delimitation it might amount to 200 Members. We have no space to

sit, we have no space to meet our constituents, there is no post office, there are no facilities of any kind. And, also, the City of Colombo has been developing to such an extent during the last two decades that practically all the residential houses have been taken over by the public sector. This is not only the Parliamentary complex the entire public sector is to be gradually shifted there. I would very much like you all to go and see it. Perhaps, when you have the next Parliamentary Conference in Sri Lanka we will have the pleasure of meeting you once again there.

Thank you.

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