



# THE ECONOMIC TIMES

## GPS Purchases Increase

Paddy purchases under the Guaranteed Price Scheme showed an increase from 12,886,43 bushels for the first nine months of 1969 to 19,037,038 bushels for the corresponding period this year, according to Planning Ministry sources.

Rice supplied to the Food Commissioner also increased from 196,957 tons for the first three quarters of 1969 to 213,680 tons for the corresponding period this year.

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Price 50 cts

# EXPORT EARNINGS LEAP

By Our Commercial Correspondent

**EXPORT EARNINGS FROM CEYLON'S MAJOR TRADITIONAL PRODUCTS AS WELL AS 'OTHER EXPORTS' SHOWED AN APPRECIABLE INCREASE FROM JANUARY TO SEPTEMBER 1970 AS COMPARED WITH THE CORRESPONDING PERIOD LAST YEAR.**

Tea fetched a better price in the third quarter than during the first half and second quarter of this year. The volume of tea exports from January-September 1970 showed a slight increase from 368.3 million lbs. last year to 369.0 million lbs. The export value for the same period increased from Rs. 875.4 million to Rs. 897.5

million, showing an increase of Rs. 22.1 million.

### RUBBER

Rubber, however, fetched a slightly better price during the first half of 1970 as compared with the first half of 1969, but the price for the second and third quarters of 1970 showed a decline over the

same period last year. The price of rubber for the first nine months of 1970 was Rs. 1.27 as compared with Rs. 1.32 for the corresponding period in 1969. Thus the value of rubber exports for the period increased from Rs. 312.2 million to Rs. 355.2 million, while the volume of rubber exports increased from 236.7 million lbs. to 270.8 million lbs.

### COCONUT PRODUCTS

Export earnings from the three major coconut products, i.e., desiccated coconut copra and coconut oil showed an appreciable increase for the period January to September 1970 as compared with the corresponding period last year. Both export volume and price showed a healthy trend during this period. See details in Table below:—

### QUANTITY AND VALUE OF EXPORTS—JANUARY TO SEPTEMBER 1969/1970

Commodity	Unit	Year	1st Half		July ? August		September			Total for nine months				
			Quantity	Value Rs. Mn.	Price Rs.	Quantity	Value Rs. Mn.	Price Rs.	Quantity	Value Rs. Mn.	Price Rs.			
Tea	M.lbs.	1969	244.8	595.7	2.43	80.6	174.1	2.16	42.9	105.6	2.46	368.3	875.4	2.38
		1970	235.9	572.7	2.43	101.4	204.6	2.37	31.7	84.7	2.65	369.0	897.5	2.43
Rubber	M.lbs.	1969	177.0	224.6	1.27	46.3	67.3	1.45	13.4	20.3	1.51	36.7	312.2	1.32
		1970	171.8	228.0	1.33	83.4	98.8	1.18	15.7	18.4	1.18	270.9	345.	1.27
Major Coconut Products														
(i) D.C.	Cwts.	1969	413,510	4.05	97.94	241,941	179.	73.98	114,014	9.2	81.13	769,465	67.6	87.85
		1970	391,162	40.0	1022	194,216	19.6	100.92	116,041	11.6	99.55	701,419	71.2	101.51
(ii) Copra	Tons	4,125	6.4	1,551.52	1,551.52	5,824	7.71	322.12	1,716	2.2	1,310.57	1,665	16.31	397.34
		1970	3,059	4.7	1,536.45	3,385	5.11	506.65	3,350	5.0	1,480.26	9,794	14.8	1,511.13
(iii) C'Oil	Cwts.	1969	388,554	40.6	104	231,931	22.9	98.74	124,079	11.5	92.39	744,564	75.0	100.73
		1970	506,950	52.1	102.78	233,539	24.0	102.77	116,194	11.8	101.55	856,683	87.9	102.61
Other exports		1969	—	82.9	—	—	28.3	—	—	13.6	—	—	124.8	—
	1970	—	102.0	—	—	34.9	—	—	17.4	—	—	—	154.3	—
Total		1969	—	102.0	—	—	318.2	—	—	162.4	—	—	1,471.3	—
	1970	999.5	—	—	—	423.0	—	—	148.4	—	—	—	1,570.9	—

Source: Ceylon Customs.

## SMALL SECTOR IN INDIA

Production of oil stoves, locks, utensils, ink, safety pins and pendulum-type wall clocks

will be reserved for the small-scale sector soon.

These are among the new list of 42 items the Indian Ministry of Industrial Development is understood to have forwarded to the Cabinet, recommending their reservation for the small sector.

The new list is in addition to the 55 items that have already been reserved.

Other items sought to be reserved include sanitary fittings, domestic wires and cables, tin containers, drums and barrels, zip fasteners and house-hold knitting machines besides two dozen automobile ancillaries and a score of garage equipment.

## Three aid programmes close in

The latest statistics on Ceylon's utilisation of foreign aid as at 30th September 1970

The Ministry is also considering a proposal to grant *ad hoc* increases in the allocation of raw materials to small-scale industries on the basis of production capacity as is being done in the case of the large sector. Now raw materials are being sanctioned to small units on the basis of the value of their plant and machinery.

(Based on Counterpart Funds), show that the first, second and third Aid Programmes have been utilized almost fully, according to Planning Ministry sources

Aid under the fourth programme amounts to 49.93 million U.S. dollars, of which \$40.61 have been utilized. This represents 81 per cent utilization.

Under the fifth programme a total of 66.85 U.S. dollars was available, of which \$30.79 or 45 per cent have been utilized as at the end of September 1970.

The main aid donors under the fifth programme have been: U.S.A. with \$19.00; U.K. \$ 13.10; France £ 8.89; India \$6.67; Japan \$ 5.49 and Canada 5.36.

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# MARKET PRICES

## COLOMBO

CLOSING PRICES 22.11.70

TEA (Rs. Cts. Per lb.)

Approximate range of prices (including teas sold Ex-Estate)

	BOPS		B. O. P. Fs	
High Grown	1.40	3.20	1.48	3.00
2 at 3/25			1 at 3.15	
Medium Grown	1.33	1.70	1.40	1.79
Small leaf Low Grown	1.33	1.55	1.40	1.60
Tea for Price	1.10	1.32	1.20	1.30
Leafy B.O.P.	1.30	1.52		

F. B. O. Ps. F. B. O. P. Fs

Tippy Teas	1.35	1.60	1.40	5.55
1 at 1.60	1 at 1.70	1 at 6.00	1 at 8.95	
		1 at 9.55	1 at 16.00	

PRICES FOR THE WEEK ENDED 22.11.70

## RUBBER

Rs. cts.—per lb.)

	Closing Avg. to date		Avg. Same	
	Quotations	1970	Period	1969
RSS No. 1	92 1/4	91 1/4	104	1/4
RSS No. 2	85	86 1/4	100	3/4
RSS No. 3	83	84 1/2	99	1/4

## COPRA

(Rs. per candy)

	Open., Price	Clos., Price
Estate Copra No. 1	237.50	235.00
COCONUT OIL (Rs. per ton)	Open., Price	Clos., Price
November	1550.00	1550.00
December	1550.00	1550.00

## DESICATED COCONUT

(per lb.)

November and December 62 and 63 cts. Closing Price

PRICES FOR THE WEEK ENDING 22.12.70

Commodity Buyers Quotations Export

	Per lb.	Duty
Cardamoms	23.00	26.00 40% on true
Cadamom Seeds	22.50	true
Cloves	27.00	288.00 F.O.B
Clove Stems	4.00	4.50 value
Mace	8.00	8.50
Nutmeg (Shelled)	4.25	4.50
Nutmeg (Unshelled)	3.25	
Pepper (Black)	5.40	
Papain (White)	14.54	15.00
Papain (Brown)	9.00	9.50
Cinnamon H/1	3.20	20% on true f.ob.
Cinnamon H/2	3.30	-do-
Cinnamon Quillings No. 1	2.50	-do-
Cinnamon Qlings No. 2	2.75	-do-
	Per Cwt.	Export
Cocoa	235/-	240/- 40% on true f.o.b.
Coffee	725.00	250/- true f.o.b.
Kapok (Clean)	1.3500	value
Kapok (Unclean)	42.00	
Cotton Seeds	140.00	150.00
Essential Oils	Per Oz. lb.	Export Duty
Cinnamon Leaf Oil	25.25	
Cinnamon Bark Oil	27.00	
Citronella Oil Estate Quality	6.50	10% on true f.o.b. value
Citronella Oil Ordinary	6.25	

## SUBSIDIARY CROPS — WEEKLY PRICE LIST POYA.

ENDING 22.11.70

The undernoted quotations are the Wholesale Buyers Prices paid in Colombo and is maintained only as a guide to the trade. Every effort has been made to be as accurate as possible.

	(Per Bag 154 to 158 Lbs)	Per bushel
Cereals		
Paddy		
Samba	16.00	
Other varieties	12.00	
Rice		
Par Boiled	70.00	77.00
Country Rice No. 1	83.00	85.00
Country Rice No. 2	73.00	78.00
Samba Rice	100.00	108.00
Korea Rice	115.00	118.00
Pulses	Per Cwt.	
Maize	48.00	
Red Gram (Toor Dhal)	40.00	45.00
Black Gram (Undu)	61.00	
Bengal Gram	46.00	
Bengal Gram	53.50	
Bombay Cowpea	4.000	
Millets	Per Bushel	
Finger Millet (Kurakkan)	10.00	10.50

## TEA REPORT

Auction No. 45 held on 22nd and 23rd November, 1970.

The total quantity offered was 7,439,240 lbs., comprising 4,057,047 lbs. Leaf Grades, 947,070 lbs. Dusts, 52,130 lbs. Reprints, 96,113 lbs. Sundry Lots and 2,339,010 lbs. Ex-Estate. Quality continued comparatively plain but there were a few brighter teas from the Western districts.

## HIGH-GROWN TEAS:

There was an improved demand for best High-Grown Broken on offer and these were generally 10/30 cents dearer. Plain kinds remained fully firm. BOPFannings also met better demand and on average prices improved 5/10 cents per pound. Leaf Grades were a little dearer.

## MEDIUM-GROWN TEAS:

Good colour Medium Broken were irregular and generally easier but one or two of the better invoices were slightly dearer. Lower kinds and Uvas were firm to a few cents higher.

BOPFanning in the Rs. 1.40/1.50 range met a good demand at firm rates but those in the higher price range were 5/10 cents easier.

## LOW-GROWN TEAS:

There was a strong demand for all Low-Grown varieties which were dearer. Small leaf BOPs advanced 10/15 cents, BOPFannings 3/5 cents and

## Commodity Commentary

Leafy sorts suitable for the Persian Gulf were 2 or 3 cents dearer except in the top price range.

**TIPPY TEAS:** FBOPS and small leaf Flowery BOP-Fannings were firm to dearer but all others particularly the best showy Fannings were considerably lower in price.

**OFF GRADES:** Except for best liquoring Western Fannings which were easier all others met a slightly dearer market, especially BM's and BP's.

**DUSTS:** Dust grades met an irregular market at generally firm rates but good black grainy were a little dearer.

### RUBBER REPORT WEEK-ENDING 22ND NOVEMBER 1970

**RSS NO: 1** opened 1 cent easier at 88 cents per lb, partly due to the increase in duty by 1 cent per lb. declined further the following day to -87 cents per lb, but recovered thereafter in line with overseas advices to close at -92 cents per lb.

Approximately 553 tons of **LATEX CREPES** were offered at the Two Sales held during the period under review

a substantial increase of 208 tons compared to the previous week's total. At the First Sale, best latex and F.A.Q. offerings were marked up by 2 to 4 cents per lb, whilst the duller and inferior sorts showed substantial gains of about 4 to 9 cents per lb. At the following Sale, improved covering demand pushed best latex and F.A.Q. types 3 to 6 cents per lb, higher, whilst the duller and inferior sorts too once again recorded a rise of 1 to 20 cents per lb.

Approximately 206 tons of **SCRAP CREPES** were offered, an increase of 52 tons compared to the previous week's total. At the First Sale, light brown scrap crepes were 1 to 3 cents per lb. dearer, whilst the dark brown and darker sorts too showed improvements of about 1 cent per lb. Flat Bark however was marked down by 2 cents per lb. At the following Sale, light brown scrap crepes were irregular but the dark brown sorts improved further by 2 cents per lb. Darker sorts however declined by 1 cent per lb. Flat recovered by 2 cents per lb.

Approximately 17 tons of **SOLE CREPE** were offered during the week under review, an increase of 3 tons compared to the previous week's total. Short-covering demand locally for all thicknesses, backed by overseas advices resulted in a marked improvement in prices allround.

quoted. Grades next to best were unchanged and were traded in at the previous week's rates of Rs. 220/- to Rs. 230/s per cwt. The dark and poorer grades were also taken in at the last week's of Rs. 180/- to Rs. 200/- per cwt. with the few lot; of garblings also remaining unchanged at Rs. 80/- per cwt.

**Coffee:** One lot of 4 cwts. was on offer but was withdrawn for the lack of suitable bids.

**Nutmeg:** 3 lots totalling 848 lbs. of unshelled nutmeg were on offer, the best of which sold at Rs. 3/25 per lb, for quotation to be made at this price.

**Cloves:** 1 lot of 507 lbs. was on offer but was withdrawn for the lack of suitable bids.

**Mace:** 2 lots totalling 6 lbs. were on offer. These sold at Rs. 7/75 per lb, for quotation to be made at this price.

**Export Duty:** Ad valorem of 40— on the F.O.B. price on Cocoa and Cardamoms, 20— on Cinnamon Quills and 10— on Cinnamon Chips.

## Produce Report

### WEEK ENDING 21ST NOVEMBER- 1970

**Cardamom!:** There were 118 lots, totalling 7,856 lbs. on offer this week, showing a decrease of 2,209 lbs. on the previous week's quantity. As previously, buyers confined interest to best quality greens only and these registered no change when at the close of sale, No. 1 was again quoted at Rs. 23/- to Rs. 26/- per lb. Grades next to best were also unchanged at Rs. 20/- to Rs. 22/- per lb. with only, off-grades registering a decline, when values for the

more inferior lots receded by about Rs. 1/- per lb., with sales at Rs. 8/- to Rs. 12/- per lb. Seeds once again traded at Rs. 22/50 per lb. The price paid for the day for superior quality Cardamoms was Rs. 32/90 and the lowest price paid was Rs. 1/- per lb. for one lot of husks.

**Cocoa:** There were 78 lots totalling 496 cwts, on offer, showing an increase of 57 cwts. on the previous weeks figure. Despite fair interest shown by buyers for good quality Cocoa, almost all sud, lots were withdrawn and consequently the market was un-

Sorgum	Per Cwt.	440.00	der ton
Soya Beans		700.00	per ton
Spices Condiments		Per Lb.	
Mustard		13.00	
Chillies		Per Cwt.	
Dried Long		550.00	600.00
Dried Round		200.00	300.00
Dried Off Gradg		150.00	200.00
Goraka		108.00	
vanila		15.00	
Tamarind		Per Cwt.	350.00
Nut Cashew			
Groundnut	Per 80 Lbs.	60.00	70.00

# HOW MINOR EXPORT CROPS FARED —

April to June 1970

**Cinnamon:** The market during the period of three months commencing from April, 1970, was less favourable to cinnamon quills '0000' than during the earlier three months. The market prices ranged between Rs. 3.75 and Rs. 6/-, depressing both the lowest and highest prices fetched during the previous period. The week following the General Election witnessed a new low of Rs. 3.75 for a pound. However, the assurances given by the Government serviced to ease the uncertainty concerning the FEEC Scheme in relation to cinnamon exports, and the market grew steadier.

**Cardamom:** The price of a pound of cardamoms varied

between Rs. 31.80 and Rs. 34.75 during the three months ended June, 1970. Compared with the earlier period, the market more or less remained the same.

**Pepper:** The market for pepper improved during the period under review. Whereas the price of a pound of pepper varied between Rs. 2.50 and Rs. 3.50 during January—March, the price did not drop below Rs. 3/- during the current period, the range being between Rs. 3/- and Rs. 4.25.

**Nutmeg:** The nutmeg market too showed signs of improvement but for the fact that the highest price fetched during the previous period was re-

duced. The price range during April/June was between Rs. 3.50 and Rs. 4.50, while the price range during the earlier period was from Rs. 2.90 to Rs. 5.25. However, the market for unshelled nutmeg did not fair so well compared with the preceding period. The lowest price was brought down to Rs. 1.40 from Rs. 1.90, and the best price depressed to Rs. 2.10 from Rs. 2.75.

**Mace:** The market for mace too suffered during the period. The lowest price in January—March was reduced to Rs. 3/- from Rs. 4.75 and the highest price dropped to Rs. 5.75 from Rs. 6.25.

**Cloves:** The cloves market fared much better. During

## India exports more Tea

Tea exports from India have picked up this year after a steady decline during the last three years, IPA reports.

According to the latest assessment made by the Foreign Trade Ministry, during the first six months ending June this year, 74.4 million kg of tea worth Rs. 50.27 crores was exported as against 61.22 million kg valued at

Rs. 41.44 crores and 67.84 million kg valued at Rs. 51.71 crores exported during the corresponding periods in 1969 and 1968 respectively.

### REASONS

The improvement in the situation is attributed to the fiscal relief and incentives announced in the last budget to stimulate tea exports.

- The Ministry feels that with the abolition of export duty from March 1970 and introduction of rebate on excise duty on tea exported from 15 April, prices of Indian tea have become very attractive to the foreign buyers. This, together with normalisation of tea stocks which accumulated in London from September 1968 to the end of 1969, has brightened the prospects of direct shipment of tea, specially from North India, for sale at London auctions.

January and February the price of a pound of cloves was in the region of Rs. 14/-. This price increased to Rs. 16/- during the current period, and fluctuated between Rs. 16/- and Rs. 19.50.

**Cocoa:** The cocoa market remained depressed during the entire period of three months commencing from April, 1970. Quotations were made only thrice during the period for Estate No. 1 and these quotations, i.e., Rs. 267/- in April, Rs. 256/- in May and Rs. 204/- in June consistently showed a downward trend. During January—March the prices ranged between Rs. 254/- and Rs. 293/- and the conditions were comparatively more favourable.

## Common Market and C'wealth Tea

Britain will not impose levies on tea from the Commonwealth if the United Kingdom enters the European Economic Community. This was the reply of the Secretary of State for Foreign and Commonwealth Affairs, Mr. Geoffrey Rippon, in answer to a question in the House of Commons last week.

The Secretary of State was asked if, in Britain's negotiations to enter the European Economic Community, "he will seek to ensure that tea

produced in the Commonwealth will not be subject to levies or duties in gaining access to United Kingdom markets."

Mr. Rippon replied: "Yes, if we join the Communities, imports of tea into the United Kingdom will not be subject to levies. "The common external tariff of the Communities on tea in packets of three and above is suspended at nil."

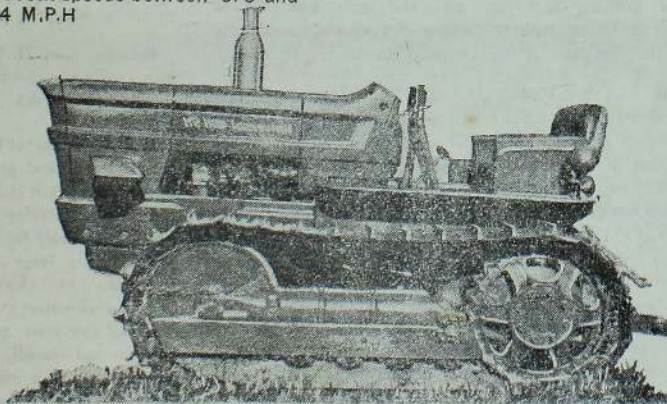
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## SHARE MARKET REPORT

Conditions on the share market continued to be easy throughout the week, according to The Colombo Brokers' Association.

	Previous Price	Nov. 26th	+ or -
	Rs. cts.	Rs. cts.	Rs. cts.
<b>Teas:</b>			
Ceylon Provincials	6.50	6.00	—50
Mochas	8.25	8.00	—25
Uplands	4.50	4.50	
<b>Rubbers:</b>			
Kalutara Rubbers	11.75	10.50	—1.25
Indo Malays	19.00	19.00	
<b>Commercials</b>			
Browns	11.00	8.50	—2.50
Lankems	8.00	8.00	
Commercial Banks	7.00	7.00	
Pegasus Hotels	10.50	9.00	—1.50

There was no business in Tea-cum Rubbers, in Preference Shares and Government Loans.

# *Development of Textile Industry in the Democratic People's Republic of Korea under the wise leadership of Premier Kim Il Sung, the Respected and Beloved Leader*

The textile industry of our country has developed rapidly thanks to the wise leadership of Premier Kim Il Sung, the respected and beloved Leader and the people's policy of the Workers' Party of Korea and Government of the Republic which regard it as the supreme principle of their activities to promote the material and cultural livelihood of the people.

Today, our textile industry that produced only 14 cm of textile per-head of population before liberation, turns out various textiles of good quality enough to allocate more than six suits for everyman in a year.

This shows the brilliant embodiment of the grand conception of fatherly Leader Premier Kim Il Sung who is anxious to provide our people with better clothes and more bountiful living by creating the solid independent textile industry in our country.

### Clear Direction

In order to rapidly develop the textile industry, Premier Kim Il Sung, the respected and beloved Leader, put forth the clear direction of developing the textile industry at every stage of socialist construction and taught personally the concrete method of its realization.

After liberation it was not so easy to develop the textile industry which had no any foundation before. However, the textile industry should be developed together with other industries in order to stabilize and improve the people's livelihood deteriorated due to the colonial rule of the Japanese imperialists and to develop the national economy.

Right after liberation, Premier Kim Il Sung, the respected and beloved Leader set forth the line of putting the main efforts to the development of the textile industry in the light industrial domain and directed the primary attention to lay its firm material and technical foundations.

Under the wise leadership of Premier Kim Il Sung, the respected and beloved Leader, the factories destroyed by the Japanese imperialists were rehabilitated and the new textile mills were built up in a short span of time.

As a result, in 1949, the total output of textile industry was 7 times greater than that of 1946 and production of cloth grew 5.7 times.

Even in those arduous times of the Fatherland Liberation War, Premier Kim Il Sung, the military strategic genius and ever-victorious iron-willed brilliant commander, the respected and beloved Leader, paid always his utmost care of developing the textile industry. First of all the Leader took steps to remove

abroad for the purpose of giving them technical education to rehabilitate and construct the textile industry destroyed during the war. He went constantly on the preparation work to rapidly develop the postwar light industry with the textile industry as its core.

When our people started the postwar rehabilitation, the situation of the country was very difficult.

Nevertheless, our people were neither discouraged nor

line of giving priority to the rehabilitation and development of heavy industry with simultaneous development of light industry and agriculture. This alone will enable us to consolidate the economic foundations of our country and improve the people's living conditions in a short period of time."

The line was the most sagacious line which made it possible to properly determine the orientation and order of priority in the rehabilitation

rehabilitated and up-to-date textile mills set up in Pyongyang and localities. And the textile industry made a clean sweep of the aftermath of war in the short period of postwar.

The textile output went up rapidly. In 1956, it recorded a really astonishing growth reaching 7.7 times that of the prewar time.

During the Five-Year Plan a task was set before the textile industry to solve basically the clothing problem of the people, further consolidating the material and technical base itself relying on the basic line of postwar economic construction.

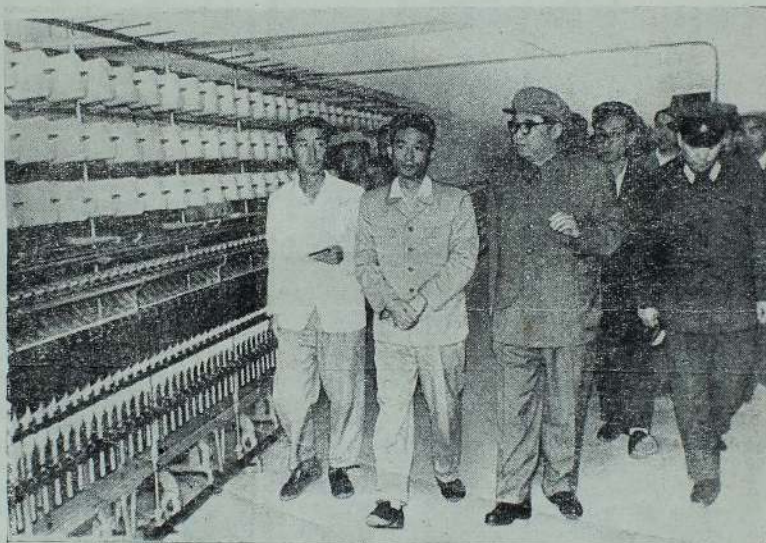
In the period of the Five-Year Plan, the technical equipment of the textile industry was reinforced further and up-to-date textile mills equipped with the latest science and technique were built.

In particular, the large scale development of local industry in our country brought about epoch-making change in the development of the textile industry.

At the June 1958 Plenum of the Party's Central Committee, Premier Kim Il Sung, the respected and beloved Leader put forward the line of building more than one local industry factories in each city country and shooting up consumer goods production.

Premier Kim Il Sung, the respected and beloved Leader, taught as follows:

"... In view of the economic and technical peculiarities of light industry it is in general, rational to develop medium- and small-scale factories side by side with large ones. Especially it shows that it is an effective way of increasing consumer goods production and rapidly developing industry as a whole in the under-developed countries to build many local factories which are comparatively simple in technique and are small in scale." ("On Socialist Construction and the South Korean Revolution in the Democratic People's Republic of Korea" Eng. ed., p.p 27-28)



underground large textile mills to go on with the textile production.

At the same time, he took the well-advised measures of laying firmly the material and technical foundations of medium and small mills and producers' co-operatives and further consolidated and developed them to shoot up textile production.

### Continuous Growth

By dint of the wise leadership of Comrade Kim Il Sung, continuous growth of textile production was seen even in the circumstances of the severe war. In 1953, the production of cloth grew 2 times than the prewar level.

Foreseeing the final victory, even in those hard times of the severe war, Premier Kim Il Sung, the respected and beloved Leader sent a number of youths fighting in the front to institutes at home and

agitated at all in combating with the great difficulties. The people trusted in the Leader and the Leader reposed faith in the people.

At the Sixth Plenary Meeting of Party Central Committee in August, 1953, Premier Kim Il Sung, the respected and beloved Leader, had a deep insight into the postwar situation in the country and the prospect of our revolution and, on this basis, set forth an original line of economic construction, the basic line of postwar economic construction on giving priority to the growth of heavy industry with simultaneous development of light industry and agriculture, which no one had ever tried one's hand at.

Premier Kim Il Sung, the respected and beloved Leader taught as follows:

"In postwar economic construction we must follow the

and construction of the national economy and to correctly grasp the main link in the chain of work and concentrate efforts on its.

After the war, the task before the textile industry was to rehabilitate and expand the destroyed factories, to build up-to-date textile mills and to firmly lay its material and technical foundations.

Even in the days of being very busy with the state affairs, Comrade Kim Il Sung visited factories placed everywhere in the country, discussed about state affairs with the workers sitting knees to knees and taught them the direction of rehabilitation and construction of the factories. Thus, he energized and encouraged our people.

### Post - War Plan

During the postwar Three-Year Plan, the war-ravaged textile mills were completely

# Development of Textile Industry in the Democratic People's Republic of Korea under the wise leadership of Premier Kim Il Sung, the Respected and Beloved Leader

(Contd. from page 4)

Our people built more than one textile mill in almost every city or country in only 3-4 months by all people's movement by mobilizing the local reservematerials and potentialities.

Owing to this epoch-making development of the local industry, the material and technical foundation of the textile industry consolidated further and the base of the textile industry was laid firmly. Thus, the share of the textile industry in the departmental structure of industry grew to 17.4 per cent in 1959 from 6 per cent preliberation.

### Astonishing Growth

In 1960 the total output of textile recorded a really astonishing growth of 1.5 times as against 1949 and 115 times that of the preliberation and the per-head textile output amounted 19 m. The production of knitted goods grew rapidly, too.

In 1959, underwears were 7.5 times, socks, 2.7 times as compared with 1956.

The historic task of solving for ourselves the clothing problem was carried out by the successful accomplishment of the Five-Year Plan.

During the Seven Year Plan, the task before the textile industry was to rebuild and expand the textile industry on the basis of new technique relying on the achievements already gained, to consolidate its independence and to meet the ever-increasing material and cultural demand of the people by expanding the kinds products and enhancing their quality. As a result, the new branches were set up in the textile industry, the items of textiles expanded and their quality improved. Along with this, incomplete production processes were replenished and perfected into larger and up-to-date ones, and a large number of flaxen and woolen mills were built a new.

With the result of expanding textile mills and improving their technical equipment, textile machinery and its repairing bases were laid firmly.

With the laying of material and technical foundation in the textile industry, the struggle for solving the fibre raw materials was of a great importance in developing the consumer goods production.

Premier Kim Il Sung, the respected and beloved Leader taught as follows:

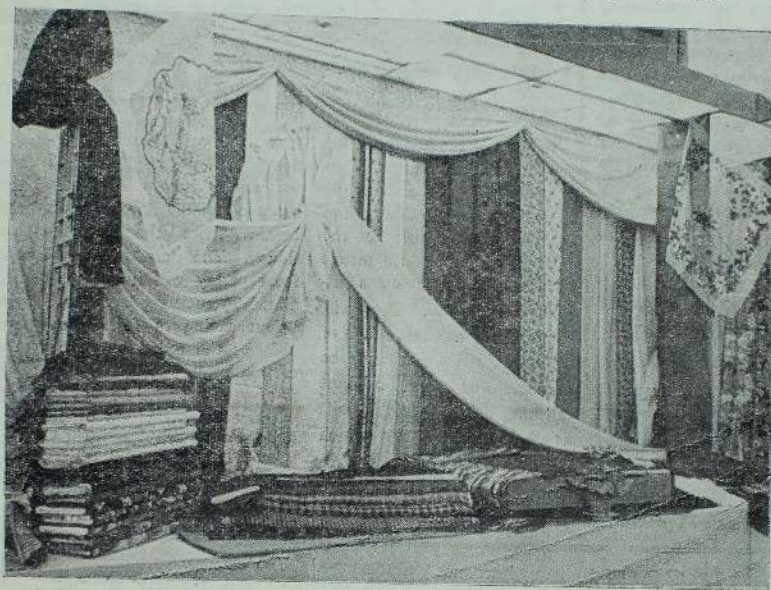
"To rely on foreign raw materials in developing industry is very unstable. The industry is stable only when it develops on a foundation which is capable of providing itself with most of raw ma-

revolutionary measures, the textile fibre problem was brought to perfect solution.

He laid before the scientists the task of tackling with the research work of vinalon looking far ahead in the thick of the fierce battle and provided them with all the material conditions.

chemical fibre, and set up the large scale chemical fibre bases fed on reed.

Today, our country produces in large quantities the beautiful patterns and colours of various silks, suitings, overcoat materials, wears, socks and other textiles and meets the people's demand.



are a brilliant fruition of his wise leadership and kindred care which inspires into our people boundlessly creative wisdom and talent.

Today, the textile industry constructed by our people not only becomes a firm root to completely solve the clothing problem of our people but also makes great contribution to the development of the trade and economic relations. In our country, the textile industry and other all branches of the national economy are equipped with the up-to-date technique and their departmental structures are further improved and strengthened, thereby the bases of the independent national economy are further consolidated and the economic might of our country is incomparably strengthened.

This becomes the practical guarantee of developing trade relations with all countries on the principles of filling each other's needs.

### Economic Relations

Our country establishes economic relations and develops commercial exchange with the newly-independent countries of Asia and Africa which brake the colonial yoke of the imperialists and make a clean sweep of aftermath of colonial rule and fight for building the independent national economy.

Premier Kim Il Sung, the respected and beloved Leader taught as follows:

"By developing economic relations with the newly-independent states on the principle of filling each other's needs without any political and economic strings attached, we should sincerely help them secure complete political and economic independence from the imperialists and assist their peoples in achieving national prosperity." ("Let Us Embody More Thoroughly the Revolutionary Spirit of Independence, Self-Sustenance and Self-Defence in All Fields of State Activity" Engl. ed., p. 77).

In the future too, our country will endeavour to develop trade and economic relations on this principle with the newly-independent countries of Asia and Africa including the Ceylonese people.

(Contd. on page 9)

materials. Therefore, we should concentrate all efforts on securing for ourselves the raw materials of the textile industry." (Kim Il Sung, Selected Works, vol. II, p. 50)

Thanks to the correct line put forward by Premier Kim Il Sung, the respected and beloved Leader, and his bold,

Thus, a world first-class gigantic vinalon plant was built up and vinalon, the world famous Korean chemical fibre, could be turned out in large quantities. Paving the muddy road of tideland and rank reed-blind, he taught the design to lay "Silk land," the material foundation of the

Our textile output has taken long strides. The quality of consumer goods in the textile industry reached to the world level, their kinds increased variously in accordance with the modern life of our people and their items amounted to tens of thousands of kinds.

In 1968, the total textile output increased about 203 times as against preliberation.

Now, our people put alternately on suits made of high quality various clothes according to seasons with the products of our textile mills and enjoy the hopeful life.

### Export Increase

With a powerful textile industry base, our country exports to overseas market a large quantity of diverse, beautiful and high-quality textiles and their products. Their export is increasing year after year. Namely, the export grew 2.8 times in 1968 as against 1963.

All these successes are victory of the great idea of Juche of Premier Kim Il Sung, the respected and beloved Leader, on the development of Juche industry relying on our own technique, equipment and resources and, at the same time,



# Industrialisation and immediate planning activity

After a decade of industrial investment, we have failed to set the economy on a viable footing, as is suggested by a serious unemployment situation, a foreign exchange crisis, and a low level of productivity and income in the economy as a whole. We go on sending out raw materials and are getting down, for the most part, industrial equipment and components and materials for outright assembly or bottling and local packaging. The national middle class which took over economic power at the end of the colonial regime remains an underdeveloped industrial class with the instincts of the merchant rather than those of a dynamic or pioneering industrial class.

In spite of tax holidays and a protected market from which fabulous profits have been reaped, the local capitalist class continues as intermediaries and business agents of metropolitan industrialists within a new - colonialist framework. After a considerable extent of industrial activity (in terms of the aggregate volume of industrial investment and of profits from such investment as well as of foreign exchange expenditure in the industrial sector) it may therefore appear that for a genuine industrial development we would have to start all over again at the beginning.

## INTER-RELATED PROCESS

Industrialisation policy in Ceylon so far has aimed mostly at marginal changes; the changes effected have been superstructural. A basic industrial transformation however can only take place through an interrelated process of industrialisation, in which the dynamic accelerator effect is far greater than is the case with

isolated projects which qualify for approval on the conventional criteria - viz. export potential foreign exchange saving, contribution to employment, or the development of the village.

*Industrial policy while not excluding such considerations (some of them of a sociological kind) must be centrally concerned with the ripple-effect of different industries on the industrial network as a whole. What must be seriously considered, in other words, is the impact of one industry upon the possibilities of development in others, through a lowering of the cost of raw materials and components in the latter (and also, perhaps, of improved market possibilities).*

## "BACKWARD - REACH"

Generally speaking industrial development in the advanced countries was a build-up from the discovery of basic minerals for raw materials. Petroleum is an outstanding case; from the discovery and use of petroleum in its raw state the advanced countries

proceeded to distil it and develop the volatile elements of petroleum with increasing degrees of refinement - such as kerosene, motor fuel, aviation fuel etc. On the other hand, the under-developed countries having started by importing finished products have been reaching backwards to those processes or to the production of those elements which can link up with their indigenous raw materials.

## TEXT OF THE SPEECH DELIVERED

- BY -

HON. T. B. SUBASINGHE

*Minister of Industries and Scientific Affairs at the Seminar on "Industrialisation How" organised by the Technologists Study Group, held recently at the CISIR Auditorium.*

In Ceylon the tendency for such a backward reach is reflected in such projects as the flour-mill, the oil refinery, and the fertilizer project; but the possibilities are by no means exhausted by the cases already underway. There is, for instance, a whole range of cleo-chemicals which could be manufactured from coconut oil and other vegetable oils as a base. Stearic acid (which is now imported by the Tyre Corporation and is also used in the manufacture of other

rubber products and even in pharmaceuticals) can be manufactured from rice bran oil.

An improved quality of bran as is now available in Ceylon is however needed for the manufacture of stearic acid, and this would require improved paddy milling techniques. The development of improved paddy hullers which is in turn required could give an impetus to the local machine industry.

A backward reaching industry of the kind referred to would induce a whole series of related developments besides those already mentioned. The out-turn of rice from paddy will increase by about 3% causing an equivalent saving of foreign exchange; the reduction in the oil content of rice bran (which is now directly fed to poultry without the extraction of oil) would enhance the protein content of the bran; this, according to estimates, would permit a 1% out in the im-

ports of fishmeal which is imported entirely for its protein content. In nearly every-one of our corporations, this kind of backward reach may be possible.

## CRUCIAL FACTOR

To identify such an inter-related pattern of industrial activity, studies must be made in conjunction with appropriate groups of scientists or technologists in the country. This study of the output-input relations in industry (or the reticulations) is also significant from another angle. It would give an insight into the manner in which we can develop our industrial strategy and blanket and control even the existing private sector industry, so as to ensure socially desirable rates of growth in the private and public sectors.

What is important to the respective rates of growth in the two sectors is not merely the number of industrial projects or capital investment in them but also the type of industry and the proliferation effects in each sector, such industries which form the nucleus of a whole complex of related industries.

It is this concept of external economies, or diseconomies which is crucial to the industrial growth process; in fact, it is a necessary condition

for such growth to occur. The particular inter-dependence of different segments in any industrial development (or the inter-industry relations) is what we refer to as the structural pattern. Different structural patterns have a qualitative aspect; and the propensity to growth of the system as a whole, or its speed of movement, cannot be thought of merely as the sum of the outputs of individual projects. Some structural patterns, that is to say, more conducive to growth than others.

## FABRICATION OF COMPONENTS

The possibility of progressive manufacture is already evident in Ceylon. In most industries while the majority

## Ceylon's

The United Front Government has given high positions to ensuring the welfare and future of Ceylon as far as possible, the first stage of the Five Year Development Scheme, the importance of which is well known to you all, is to ensure that the country is a technologically advanced one locally.

Ceylon has a land mass of about 25,000 square miles and is subject to two Monsoons. There is in this country a network of over 600 Rain Gauge Stations to record the precipitation of the Monsoons, some of which are over 100 years old. The mean annual precipitation is assessed as about 90 million acre feet of

# THE BUDGET FOR 1970-71

A National Budget comprehends many aspects and seeks to achieve a variety of objectives. It has economic, social, political and even cultural aspects; it may seek to increase production, promote social welfare, transform the economic and social bases of a society to suit given political ends and even impose austere living on the community in the expectation of a better life hereafter.

Ideally, a National Budget is implicit in a comprehensive National Plan, for the Budget is, then, nothing more than the financial instrument required to put the National Plan into operation. In other words, the National Budget is derived in the very process of framing a comprehensive National Plan. Since Independence - indeed, even immediately prior to Independence - we have been talking of a comprehensive National Plan; we have framed several plans and it has unfortunately, happened that they have practically been forgotten soon after they have been announced

The Minister of Finance of the United Front Government has now promised a medium-term five year National Plan. He has used some of the right phrases to describe its contents, and if the present Government succeeds in getting up a comprehensive National Plan with the right order of priorities and, above all, in getting it effectively implemented which, in turn, requires financial and executive discipline at all levels from the Ministries downwards, then the Minister of Finance would have succeeded in reducing to manageable proportions the financial problems he is now heir to.

Every Finance Minister of every Government, in a sense, inherits his Budget. His life would be easier if he could start with a clean slate. Unfortunately, he inherits a vast corpus of expenditure commitments and fixed revenue receipts. Initially, what change he can make to his budgetary inheritance are marginal in character and it is only with the passage of time that he

can introduce fundamental changes. Nevertheless, within this limited room for manoeuvre, the Finance Minister has deployed uncommon skill and resourcefulness in seeking to achieve maximum possible change in the direction he wants to steer the economy.

By  
N. U. JAYAWARDENA  
(Adapted and expanded from an Address at the Rotary Club of Colombo North)

## BASIC PROBLEM

A National Budget, in a strict financial sense, has to deal with two basic problems, one internal and the other external. The internal problem is the domestic financing of the Budget conceived as the art of finding the means of payment. The central problem is the "budget deficit" and the related "cash deficit" which differs from the former in that loan transactions and extra-budgetary operations are allowed for.

The external problem has to do with the task of external solvency. While the Sovereign State, through the exercise of its writ, can command the resources of the country to whatever use it may choose to put them, its writ does not run outside the Sovereign territory. Accordingly, the State is obliged to manage its financial affairs suchwise that it must be able to meet its external commitments. Any deficit reflects itself in the so-called "Resource Gap."

I do not propose to trace the link between the Budget Deficit and the Resource Gap, for a link there is. What is important is not the existence of this link but how significant it is. I shall have occasion to refer to one significant aspect of the Resource Gap in what follows presently.

I summarise in Table the significant fiscal and financial data for the last seven fiscal years from 1964/65 to the current financial year 1970/71 which covers the recent Budget presented by the Minister of Finance. The figures up to 1968/69 are actuals; those for 1969/70 are the revised estimates given by the

Minister of Finance. The figures for 1970/71 are those assumed by the Minister in his financial plan for the year. The Resource Gap refers to the Calendar year; for example, the year 1970/71 should read for the calendar year 1971. I have also included in this table a column to show the cost of food subsidies in gross terms and another to indicate the expansionary impact of the fiscal operations.

The Minister of Finance was faced with a stupendous task of bridging a Budget deficit of Rs. 1,412 million at pre-tax rates, which is composed of the post-tax deficit of Rs. 1,171 million appearing in the above table and the additional revenue of Rs. 271 million secured from the new fiscal measures. He had several choices open. One was to increase steeply direct taxation which would have acted as a strong disincentive effort. Another was to increase likewise indirect taxation which would have raised the cost of living generally and cast a heavy burden on the mass of the people, a course of action which was

## SUMMARY OF GOVERNMENT OPERATIONS

Year	REVENUE		EXPENDITURE	
	Current account	Budget surplus/deficit	Current account	Budget deficit
1964/65	1816	1803	1860	1860
1965/66	1833	1861	1860	1860
1966/67	1955	1895	1895	1895
1967/68	2156	2186	2186	2186
1968/69	2356	2384	2384	2384
1969/70 (a)	2773	2778	2778	2778
1970/71 (b)	2791(c)	2752	2752	2752
			Current account surplus/deficit (+) or deficit (-)	Budget deficit (+)
1964/65	+ 13	- 520		
1965/66	- 28	- 682		
1966/67	+ 39	- 723		
1967/68	- 30	- 850		
1968/69	+ 152	- 946		
1969/70 (a)	- 5	- 1144		
1970/71 (b)	+ 39	- 1171		
(a)	Revised Estimates.			
(b)	Draft Estimates disclose a deficit on pre-tax rates.			
(c)	Includes Rs. 271 Million from new fiscal measures.			
(d)	Includes Rs. 150 million from the food subsidy in 1970. Estimates as payment will be made.			
(e)	Includes Rs. 170 Million from the National Programme.			
(f)	Relates to Calendar year 1971.			

with to occur. inter-dependen- cent segments of development industry rela- we refer to as pattern. Differ- patters have a pect; and the growth of the e, or its speed cannot be ly as the sum of individual structural pat- to say, more growth than

**ION OF NENTS**

y of progres- e is already on. In most the majority

of firms are outright assembly units, a few carry out a certain degree of fabrication of components required for the finished product. Eg., one of the smaller units in the radio industry makes the printed circuits for radios while every other unit imports them; in the umbrella industry one unit makes the metal ribs while the others obtain them from abroad; in the bicycle industry one unit manufactures some of the components but another is engaged in the outright assembly of cycles under three foreign brand names; in the refrigerator industry one unit makes certain components for the sealed unit while the other imports the entire sealed unit. In the case of car batteries a

cert in amount of the components is manufactured by three firms in the industry while a fourth firm merely assembles imported components.

A very limited range of the simpler mechanical equipment, including rice hullers, is being locally fabricated. Ventures of this kind should not be administratively treated on a par with industrial projects which merely assemble imported components or materials; these ventures must be identified and industries-promotion services should reach out to them and press forward their pace of development.

An associated element of such a policy would be to allow freer imports of or en-

courage the local manufacturers of certain base metals (such as pig iron for castings) and of basic machine tools (such as lathes, milling machines, shaping machines, power drills, arc welding equipment) and equipment for the establishment of foundries.

*In other words, we must induce a change in the composition of imported capital goods, from machinery which merely turns out finished consumer goods to the import of such types of equipment as are needed for the fabrication of components and intermediate equipment.*

We need neither import an entire machine nor attempt straight-away to manufacture the whole of it locally. Par-

tial manufacture is made possible by the fact that the level of technical skill or sophistication required to manufacture different parts of a machine is not uniform; and imports of machinery should be restricted to the complex and more intricate parts of a machine. Locally manufactured goods need not also have the same finish as those imported abroad nor conform meticulously to specifications laid down in the metropolitan countries; e.g., electric fans that are locally manufactured could be made to operate at a uniform speed without provision for a regulating switch. The quality of Indian cement though slightly inferior to international standards has been found to be acceptable for construction purposes.

**PRODUCTION COSTS AND EXPORT MARKETS**

A deepening of the industrial structure would, in the first place, contribute to the development of latest technical skills, which are by no means lacking among the Ceylonese work force. Secondly, the local manufacture of components and equipment would have an important cost-reducing effect on the manufacture of finished goods. The lack of export markets for our industrial products cannot be attributed wholly to quality considerations. With the exception of a few productions such as razor blades and machines, modern technology as adopted in our industrial sector automatically ensures a certain quality.

Contd. on Page 8

## on's Water Resources -

Front Government of Mrs. Sirima Bandaranaike positions to Engineers in various spheres affect- and future of Ceylon. It has also intended that, e, the first stage of the Mahaweli Ganga Diversion importance of which scheme to this Country is I am to you all, is to be carried out by Ceylonese En- gineers and Workers using resources that are avail-

water used up annually in agricultural enterprises is more than 5 million acre feet.

**Short & Long-term Measures**

It would be appropriate for me to mention on this occasion that in planning our water resources, Irrigation Projects may be so devised that short

water resources. Though the former may not provide for the consistent and continuous assured irrigation of the area, yet the latter will require considerable time for completion, some more time for development, and fair amount of foreign exchange for purchase of machinery to construct the project. These matters may receive your due consideration during the Seminar so as to evolve a judicious

given time. For example, in the 1930's the accent was on the utilization of water for the purposes of increasing food production by opening up new irrigated areas in the dry zone and for relieving population pressure by settlement of landless families on the newly irrigated areas.

**Shift of Emphasis**

The gradual growth of industries later shifted part of the emphasis on the utilization of

is only just being investigated. I am also going into the question of setting up a Natural Water & Drainage Board.

Industrial water supply has so far not posed any major problems as only a few industries have had to be provided with a separate water supply while the others have been located close to surface water sources. It may well happen that with further development of our water resources, the availability of water may be a critical factor in the location of future new industries.

land mass of water. Ceylon could also be divided into about 100 natural basins with over 90 stream-gauging stations all over the Island. The total run-off from rivers is estimated as 41 1/2 million acre feet of which about 2 1/2 million acre feet are stored in reservoirs for rice cultivation. But, the amount of

water used up annually in agricultural enterprises is more than 5 million acre feet.

## Need for planned development

and long term measures may be made to supplement each other so as to ensure assured irrigation for all types of year-round crops in an attempt to get maximum food production with the optimum utilization of available water resources. Also, whatever methods of economic analysis are employed for the justification of projects it is also well to remember that in the face of problems peculiar to this country, it may be necessary to deviate from established norms to justify the undertaking of projects.

combination of short and long term measures in planned development of water resources.

**Need for proper Planning**

In a world where water is such a precious resource, no man may be allowed to waste water which another man needs. This may be ensured by proper planning of the water resources. Therefore this Seminar which

water for the generation of hydro-electric power. The Gal Oya Project was the first instance of development of water resources both for irrigation and hydro-power. Meanwhile, greater attention began to be paid to the planning of single-purpose power projects in the upper Kelani Ganga basin for meeting the rapidly growing power demand

Apart from these aspects of water resources development other aspects which have been considered in isolation have been the flood and water-logging problems in some other river basins of the wet zone for which acceptable solutions have yet to be found.

### GOVERNMENT FISCAL AND FINANCIAL OPERATIONS

REVENUE	EXPENDITURE		
	Recurrent food subsidy (Gross)	Sinking fund and loan Re-payments	Capital
(Rupees Million)			
1816	1803	442	90 471
1833	1861	487	116 528
1955	1895	462	117 624
1956	2186	573	135 714
1956	2384	620	158 855
1973	2778	611	187 751
1971(c)	2752	754(d)	249 892(e)
Current Budget surplus/plus/(-)	Budget deficit	Nett cash deficit	Resource Gap (f) Expan- sionary impact of fiscal operations
13	- 520	- 430	187 35
28	- 682	- 566	501 122
59	- 723	- 606	504 56
30	- 850	- 716	630 267
152	- 946	- 759	1198 128
5	- 1144	- 895	1277 375
39	- 1171	- 922	1177 88

It may not be out of place to mention that though achievement of self-sufficiency in food production is vital to the country yet it would be necessary to plan projects to include industrial development as well with appropriate priority.

**PARTIAL TEXT OF THE ADDRESS**

of the

**Hon. Maitripala Senanayake**

**Minister of Irrigation Power & Highways**

**delivered at The Roving Seminar of Water Resources Planning**

In the context of short and long term measures that I have mentioned short term measures envisage small projects requiring small financial outlay and which could be completed within a reasonably short time with locally available materials. Such small projects will be of extreme benefit large irrigation projects within reasonable time of completion cannot now be undertaken.

you are about to begin must endeavour to achieve that objective. Civilizations have risen on irrigated lands. They have also decayed and disintegrated in irrigated regions. Most men who are well informed on irrigation are certain of its perpetuity as long as it is intelligently practiced. Hence, our task now is to plan our water resources to continue in the future.

in the country, prompted by an awareness that the installation and operation of thermal power plants was no longer justified due to our unsatisfactory foreign exchange situation.

### Lack of Co-ordination

Main purpose in this separate enumeration of the different facets of water resources development that have been carried out in Ceylon is to emphasise the fact that, so far, each aspect has been dealt with separately from the others, with different Government Departments handling each aspect. Even in the case of the Mahaweli Development Project which is recognised as the outcome of the first comprehensive water resources planning exercise undertaken in Ceylon, greater emphasis seems to have been placed on irrigation than on hydro-power

With regard to water supply, it is only very recently that pipe-borne water supply schemes for areas other than the city of Colombo have been receiving increasing attention, but with the emphasis laid on planning on the basis of individual towns rather than on regional lines. A regional water supply plan for the south western coastal strip extending from Negombo to Galle

It is due to the absence of adequate co-ordination among the different Government Agencies dealing with particular aspects of water resources development that it was found important and essential to group together, for the first time, the Irrigation Department, Department of Water Supply & Drainage, the Ceylon Electricity Board and the Department of Highways within a single "Development" Ministry

Long term measures will relate to large tracts of lands and full utilization of the

Estimates. Estimates disclose a revenue of Rs. 2520 Million at tax rates. Rs. 271 Million being additional revenue from new fiscal measures. Rs. 150 million to be incurred in financing food subsidy in 1970/71 but excluded from the estimates as payment will be met in 1971/71. Rs. 170 Million (Net) for the Employment Programme to Calendar year from 1965 onward.

# CEYLON'S TRADE WITH W. GERMANY

## ADVERSE BALANCE OF TRADE CONTINUES

The pattern of trade between Ceylon and Germany, which has been regularly adverse to Ceylon in recent years, showed a sharp deterioration in 1969.

This is revealed by a study of the official German Foreign Trade Statistics published recently for the year 1969.

According to these statistics, the balance of trade has been as follows for the three years 1967-1969:

Year	Balance of Trade (in million DM)		
	1967	1968	1969
Exports (to Ceylon from the F.R.G.) .. .. .	72.3	71.4	102.4
Imports (from Ceylon to the F.R.G.) .. .. .	45.3	55.8	53.5
Balance of Trade .. .. .	27.0	15.6	48.9

It will be seen from the above figures that trade between Ceylon and Germany has been in Germany's favour or adverse to Ceylon. While in 1968 the adverse balance to Ceylon was considerably reduced as compared to 1967, in 1969 this trend was completely reversed when the unfavourable balance of trade sharply increased from DM 15.6 million in 1968 to DM 48.9 million 1969.

This big deterioration in the balance of trade was almost solely brought about through a large increase in the exports of the F.R.G. to Ceylon. While imports from Ceylon to the F.R.G. only slightly declined from

DM 55.8 million in 1968 to DM 53.5 million in 1969, exports from the F.R.G. to Ceylon increased by as much as DM 31.0 million from DM 71.4 million in 1968 to DM 102.4 million in 1969.

The big increase in the F.R.G.'s exports to Ceylon is a reflection of the expansion of Germany's export trade in 1969 under boom conditions at home and the extension of Commodity Aid which facilitated such exports to Ceylon.

The main imports from Ceylon into the Federal Republic of Germany, according to volume and value, for the period 1967-69 are given in the table below.

TABLE A  
MAIN IMPORTS FROM CEYLON  
(Volume in million kgs.)  
Value in million DM)

Description	1967		1968		1969	
	Vol.	Val.	Vol.	Val.	Vol.	Val.
Coir Fibre	20.7	12.1	24.3	13.5	26.2	14.8
Tea (all teas)	2.5	13.9	2.6	14.2	2.7	14.9
Rubber (all grades)	3.5	6.3	4.6	7.3	5.1	10.7
Desiccated Coconut	5.7	7.4	6.7	12.6	5.3	7.2
Fresh Coconuts	3.1	1.2	1.6	1.1	2.3	1.2
Cinnamon (whole and ground)	0.8	1.1	1.4	1.5	1.1	1.3

## Export Opportunities

The following firms are interested in importing from Ceylon the products indicated below:-

M.S. Abel Abu & Sons,  
21, Ojubanire Street,  
P.O. Box. 3655,  
Lagos, Nigeria.

Watches, Stoves, Sunglasses,  
Shirts, Brassieres, Handbags,  
Knitwear and Readymade Garments.

M/S H. R. Hoehmann Co.,  
Import Export,  
233, Germonds Road.,  
West Nyack, N.Y. 10994,  
U.S.A.

Cotton sarees, Ail fabrics,  
Blouses, Shirts, Handlooms,  
Carpets etc.

M/S. Mosco International,  
P.O. Box 1133, Sadar,  
Dacca, East Pakistan,  
Betelnut, Coconut oil, and  
Coir.

There are possibilities of exporting canned tomatoes to Canada. Those interested may communicate direct with Messrs Cancast Foods Ltd., 4920, de Maisonnouve Blvd., Montreal 6, Quebec, Canada

## BUDGET 1970-71

(Cont. from page 6)

politically unacceptable. Yet another was to combine a set of tax and non-tax measures which, while penalising particularly the anti-social elements in society, sought to achieve the quadruple aims of, first, judicious distribution of the tax burden in an equitable manner, second, promoting a measure of social equality, third, imposing austerity coupled with encouragement of thrift and fourth curbing potential inflation.  
(TO BE CONTINUED)

As seen from the table, all our main items of export to the F.R.G. showed an increase in 1969 over 1968 both in volume and value with the sole exception of desiccated coconut.

In the case of cinnamon (whole and ground) though there was a slight increase in the volume of exports, there was also a slight decline in value. Imports of coir fibre into the F.R.G. from Ceylon increased from 24.3 million kgs. valued at DM 13.5 million in 1968 to 26.2 million kgs. valued at DM 14.84 million in 1969. Tea imports from Ceylon registered a slight increase from 2.6 million kgs. valued at DM 14.2 million in 1968 to 2.7 million kgs. valued at DM 14.8 million in 1969. The biggest increase

## EXPORT INTELLIGENCE

was in respect of rubber (all varieties), the value of which increased from DM 7.3 million in 1968 to DM 10.7 million in 1969 or by DM 3.4 million.

The other important item to register an increase was fresh coconuts. Imports of desiccated coconut, however, showed a sizable decline in 1969, both in volume and value. While the volume of imports from Ceylon declined from 6.7 million kgs to 5.3 million kgs, the value of imports declined from DM 12.6 million to DM 7.2 million in the years under review.

### Major Export items

Coir Fibre replaced tea as our major item of export (in value terms) in 1969. It has

thus once again re-gained its foremost position, and in 1969 accounted for 27.73% of our total exports to the F.R.G. Tea was a very close second to coir fibre, and in 1969 accounted for 27.0% of our total exports to the F.R.G.

The F.R.G. imports in 1969 was rubber (20%) and cinnamon) 2.42%, desiccated coconut (135%), and fresh coconuts (2.24%). Other than the above items, there were also imported into the F.R.G. from Ceylon, though in small quantities, the following traditional items: graphite, coconut oil, pepper, citronella oil, cloves and precious stones.

## INDUSTRIALISATION...

(Contd. from page 7)

Export markets for industrial exports is largely a function of the prices at which these products could be made available. Production costs in Ceylon ought to be lower than in some other countries of the Region which have higher wage levels, such as Singapore, Malay and Thailand.

The relatively high production costs in Ceylon, notwithstanding low wages, is partly due to the importation of practically all the capital equipment and a large portion of the manufactured components or raw materials and of even packing materials. The import content of the few industrial goods so far exported has been so high that the net foreign exchange earnings (expressed as a percentage of the total foreign exchange proceeds from these exports) is negligible.

In the face of restrictive tariffs in the importing countries, the development of an export market for manufactured goods must be based on a scheme of regional co-operation, involving a regional division of labour or else on special bilateral or multilateral trading arrangements. Alternatively, the export of these goods would have to await an appreciable lowering of production costs through the extension of the manufacturing process so as to produce lo-

cally a certain portion of the components and equipment that are now imported. (Another source of cost reduction would lie in reducing the number of manufacturing units in any industry for whose product an export market is contemplated, so that the remaining units in the industry could achieve greater economies of scale.

### EXPANDED USE OF CAPITAL

The source of this higher productivity and income is the superior technology adopted in industrial production, involving an increased capital per worker.

The case for industrialisation is not that agriculture alone cannot provide employment for the total work-force, but the fact that productivity and income are necessarily greater in industry than in alternative forms of employment. In fact, agriculture itself acquires the aspect of an industry when the technology of agriculture, as has happened in the advanced countries, rises to a level corresponding to that of industry, leading to an increased productivity of labour. Because of the greater application of capital and technology, the amount of direct employment that can be offered by industry is lower than in traditional forms of production.

*This is by no means to take the unrealistic position that we must ignore the short-term problems of a chronic foreign exchange shortage and unemployment that exists in our economy, but merely to suggest that the solution to such immediate problems can be found elsewhere.*

For example, the development of the coconut industry is a potential source of foreign exchange earning. The present yield of about 2,900 nuts per acre can be raised to 6,600 nuts through greater fertilization (as established by technical working groups). This would be a return of 4-5 times. To meet the consequences of a rising domestic consumption of coconut oil with an adverse effect on exportable supplies, other oil bearing crops can be developed to substitute for coconut oil; soya beans can be grown on paddy lands, which are not cultivated during Yala for lack of rain, since the moisture available would permit the cultivation of soya beans; certain varieties of soya beans mature in 85-90 days.

A whole range of possibilities of this kind exist for making of almost immediate impact on the problems of foreign exchange and unemployment.



# Man on threshold of ocean discovery

Professor Eugen Seibold, of Kiel University's Institute for Geology and Paleontology, West Germany, is optimistic of the future utilization of the ocean and the sea bottom for raw materials.

He estimates that 10,000 million tons of gold and 4,000 million tons of uranium are hidden in the oceans of the world. Profitable exploitation is out of the question by any methods known at present, he said, since the deposits do not exist in a sufficiently concentrated form.

Professor Seibold is convinced that mankind is now in its "second age of discovery," an age that will in time make these precious minerals accessible. First, however, an economic method must be developed for processing the minerals in the sea before there can be any thought of exploiting them.

The more concentrated raw materials in seawater can even now be taken out to a considerable extent with the help of modern chemical techniques. According to Professor Seibold, some 20 percent of the world's output of mineral salt stems from the sea, as well as 70 percent of all bromine and 61 percent of all magnesium production. Moreover, drilling or mining is taking place at 100 locations for submarine coal, iron, sulphur and other raw materials.

In 1968, some 16 percent of all the petroleum mined came from deposits below the bottom of the sea, and by 1985 the ocean bed will produce a volume equal to that which now reaches the consumers every year.

## MOSCOW ORDERS FOR INDIAN SURGICAL TOOLS

New Delhi

Surgical instruments worth Rs. 24 lakhs will be exported to the Soviet Union in the next four months, according to an agreement signed today between the Chairman of the Indian Drugs and Pharmaceuticals Ltd. and representative of Medexport.

This export order for 2 1/2 lakh surgical appliances is the largest obtained so far by the IDPL for its products manufactured in Madras.

It is part of an export contract finalised for 1971, covering 7.11 lakh instruments valued at Rs. 72 lakhs.

This is the third contract signed by the IDPL for surgical equipment to be exported to the USSR during this year.

Earlier contracts were valued at Rs. 21.61 lakhs covering 2.48 lakh instruments to the USSR, signed in March and May. The second consignment was despatched two months ahead of schedule.

The Surgical Instruments Plant at Madras has exported its products to Uganda, Burma, Ceylon, the UAR, West Germany, Belgium, Jordan, Kenya, Syria and the USSR in the last two years.

Production at the IDPL plant is likely to exceed Rs. 50 lakhs worth of instruments during the current fiscal year.

## SOVIET FARMING TODAY

Soviet collective farms and state farms are from year to year being supplied with a larger number of machines and agricultural implements. In addition to 1,700,000 tractors, 1,100,000 lorries, 541,000 grain combine harvesters, 230,000 silo combine harvesters and 60,000 beet combine harvesters, agriculture will receive in the coming five-year period (1971-1975) 2,085 different types of machines and diverse technical means in order to more fully mechanise all branches of agricultural production in the country's diverse zones.

The Assistant Head of the Central Administration for the Mechanisation and Elec-

The Kiel geologist considers one of science's main tasks right now is to learn more about the minerals of the sea and their origins. In their evolution, a widely differing role was played in the various oceans by mechanical, chemical, biological, tectonic and volcanological processes. Among other things, it ought to be possible to learn from marine organisms that in some case make use of, for instance, copper and nickel in their native element.

tification of Agriculture of the USSR Ministry of Agricultural points out that: "Scientific and technological progress in agriculture, depends not only on an increase in the delivery of new machines. It is necessary to use them efficiently. Indeed, an increase in the per shift ploughing per one conditional tractor unit for the country as whole by only 0.5 hectare is equal to an additional supply of 500,000 15 hp tractors to agriculture".

A mass youth movement for mustering technical farming professions has developed throughout the country for this purpose. Thousands of youths and girls have already received training in such trades as tractor drier, machine and harvester combine operator and



are successfully working in the countryside. The curriculum of the new academic year in the village schools includes the training of senior-form pupils in operating tractors and other farming machines.

## INDO-JAPAN TALKS ON JOINT VENTURES

New Delhi

An industrial co-operation mission from Japan is studying the investment climate in India and the possibilities of setting up joint ventures. It is particularly interested in exploring the possibilities of entrusting Indian entrepreneurs with subcontracting jobs.

This mission would confine itself to industrial co-operation in chemical goods. Two more business missions dealing with sewing machines and bicycles, would visit India soon.

The visiting mission stated that Japan would be interested in joint ventures particularly in synthetic chemicals and plastics. This was bound to be beneficial for both the countries because Japan had already achieved tremendous progress in the chemical industry and

it was one of the growing sectors of the Indian industry.

On behalf of the Indian side, it was mentioned that Japanese assistance would be particularly welcome for the manufacture of machines in India for the conversion of PVC resins, plasticisers, machinery of enamels, paints and varnishes.

## TEXTILE INDUSTRY.....

(Contd from page 5)

Of late, the establishment of the diplomatic relations at the ambassadorial level between our country and Ceylon will be the new steps in developing the economic relations and trade intercourse between our two countries.

The Korean people sincerely wish the dauntless and industrious Ceylonese people greater success in their struggle against imperialism and colonialism headed by the U.S. imperialists and for the consolidation of the national independence and construction of the prosperous independent state under the leadership of Premier Sirima R. D. Bandaranaike.

# INDIA'S INCENTIVE SCHEME FOR INDUSTRIAL EMPLOYEES

The incentive scheme introduced in March 1965 in India has been specially designed to suit local conditions and the variety of products of this country.

So far about 90 per cent, of industrial employees, (about 6,500) have been covered. The remaining employees are expected to be covered in the next six months to one year.

All the jobs in the factory have been analysed and evaluated keeping in view both mental and physical skill requirements and classified. Under incentive conditions, it is necessary that operators doing similar work should be in the same skill classification. Synthetic schedules for computation of allowed times have been prepared in the consultation with consultants' staff and with the help of time studied carried out on the shop floor whenever necessary.

## The basis

The present incentive scheme gives an operator standard

times for different operations and measures the performance as a ratio of time taken against time allowed. The ratio of time allowed versus time taken is reckoned as operator's efficiency and the bonus is paid according to the efficiency achieved on that particular operation.

The incentive earnings of direct operators can go up to 33 per cent. of the basic wage plus D.A. The bonus payment starts at 50 per cent efficiency and increases in a straight line in equal slabs upto 100 per cent. efficiency. In addition to the above efficiency the operators are paid craft bonus up to six years of service in each grade. This bonus has been introduced to encourage newcomers to give of their best both in terms of skill and effort.

In addition to the above, the workers whose contribution is related to sectional-divisional and factory activities and whose work is not amenable to measurement, are paid

sectional-divisional and factory service ancillary bonus. This normally constitutes 80 per cent. of average of direct workers' bonus.

## Increased Efficiency

The operators' efficiency has increased from 25 to 30 per cent. before incentive to around 70 per cent. over a period of six years after the introduction of the incentive scheme. The results in respect of the performance of this scheme indicate a very encouraging trend. The rise in efficiencies has, in turn led to:

- (a) More effective development/reduction of labour force.
- (b) Organising better planning and proper flow of work.
- (c) Realistic evaluation of labour costs.

The scheme has helped in the development of craft skills at a faster rate and efforts are being put in by the industrial employees to continuously increase productivity.

## THE BANK OF BELGRADE FOUNDED

Belgrade

The largest financial institution in the country and the first Yugoslav bank to rank among the 100 largest banks in the world was founded early in October in Belgrade. It resulted from the merging of the Economic Bank of Belgrade and the Associated Bank of Belgrade. In London financial circles it has already been noted that the Bank of Belgrade will occupy 86th place in the list of world banks.

During November the assemblies of both banks will formalize the decision to concentrate credit and business potential and will draw up proposals for the statutes and business policy. The new bank is to begin activity on January 1, 1971.

The Bank of Belgrade, with its potential of over 30 billion dinars, will have over 30 branches in Belgrade and elsewhere throughout the country. The concentration of resources which has been achieved through the merger of the two Belgrade banks, will render possible the undisturbed use of resources by the large economic organizations which have been formed through mergers, particularly in the last two years.



## National Day of the Socialist Republic of Yugoslavia 29th November 1970

### YUGOSLAV FOREIGN TRADE

The data released by the Federal Bureau of Statistics give an insight into Yugoslav foreign trade for 1970. The facts given out confirm the strong tendency to expand, imports having been considerably higher than exports, while in respect of services, foreign exchange earnings surpassed expenditure. However, owing to the high import rate from January to September 1970, problems of the foreign trade deficit loom high in economic planning in the months to come.

Exports during the first ten months of 1970 had a 17 per cent increase rate, while in imports the increase went up to 30 per cent. However a better picture of export-import activity can be obtained if we observe the values expressed on total amounts. From that view point we can see that the total value of ex-

ports, during nine months of 1970, reached the value of 15,153 million dinars, compared to 12,943 million in the same period of 1969.

Imports rose to 25,636 million dinars in 1970, as against 19,720 million during the nine month period of 1969. Therefore, as we have pointed out,

trade expansion has been closely followed by a trade deficit of such proportions as cannot but have a tremendous influence on our balance of transactions with foreign countries. However, when it comes to invisible assets the situation is much better.

According to data previously furnished by the Federal Bureau of Statistics, foreign trade earnings from invisible assets should, during 1970 surpass by far the earnings for 1969. For example, during the first eight months of 1970, a sum

of 400 million dollars was earned by invisible assets, compared to 530 million dollars earned by these trade during the whole of 1969. The earnings of Yugoslav workers employed temporarily abroad, in addition to earnings from tourism, occupy a prominent place in invisible assets for 1970.

What makes the trade deficit so serious is that it is concentrated in the Western countries with convertible currency. Statistical data on results of trading in relation to the currency areas would give the following picture (in millions of dinars):

TABLE A	Exports		Imports	
	1969—I—IX 1970		1969—I—IX 1970	
Convertible Currency Area	7.717	9.230	13.185	18.614
Comecon Clearing Area ..	4.059	4.692	4.787	5.260
Other Clearing Areas ..	1.167	1.231	1.748	1.762
Total:	12.943	15.153	19.720	25.636

This summary shows the vital trade characteristics in relation to the currency areas. If we add to this the transactions in invisible assets, mostly with the advanced countries of the west, we can conclude that the problems of foreign trade financial balance, and its long-term solution, can only be found in the relations with these countries. Expansion of trade with the socialist countries of Eastern Europe, as well as with the emergent countries, has been more or less balanced.

The problem of disparity in foreign trade was fully acknowledged by the Yugoslav

Government in the middle of this year.

It was then (June 1970) that the decision to introduce a 5 per cent import tax, and respective premiums in favour of exports was taken. The results of this measure were immediately felt and in September, for the first time in 1970, imports dropped by 6 per cent in relation to the preceding month. While exports were increased by 36 per cent in relation to those in August. It is expected that the trade balance will be considerably improved by the end of this year as the result of the measures taken.

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Brodospas, Split.

51-53, Queen Street,  
Colombo-1



Yugoslavia exports ships to almost all countries of the world, in the picture: The TITO shipbuilding yard in Split.

# Offseason holidays in Yugoslavia

A lot of foreign tourists decide for off-season holidays, and today as many guests as during the summer months ten years ago can be met all along the Adriatic coast, from north to south—from Porec to Bar.

A brief guide to summer-resorts in the off-season months is enumerated below:-

## HOTELS WITH WINTER SWIMMING POOLS

More than 20 tourist places have winter swimming pools with warm sea water and catering establishments in the process of being built include in their projects such swimming pools as a sine qua non. The reason is clear: Yugoslav catering enterprises now count on a tourist season of 365 days per year.

To start with Hercegnovi—this pleasant Mediterranean summer resort in Boka Kotorska Bay offers a winter swimming pool in the modern Hotel Plaza. The off-season starts in November and ends in April. Close to Hercegnovi is Mount Orjen, suitable for various sports, including hunt-

ing. Near Hercegnovi is Igalo, a well-known summer-resort and radio-active health centre. The Hotel Tamaris possesses a winter swimming pool.

For those who wish to spend an off-season holiday in the famous city of Dubrovnik, there is a whole range of hotels well known for their excellent services to choose from. First, there is the Hotel Park, A category, situated in the best part of Lapad. It has comfortable rooms with bathrooms, numerous sitting rooms, bars, air-conditioning, and winter swimming pools. The amenities offered by this hotel will certainly add to the pleasure of one's holiday. There is also the Hotel Excelsior, offering a beautiful view of the ancient town, and with a winter swimming pool. The Hotel Argentina also possesses a winter swimming pool, air-conditioning, tennis courts, and abundant subtropical vegetation.

Cavtat is situated in the peaceful Tiha Bay, built on the ruins of ancient Epidaurus, only 7 km. from Dubrovnik

airport, cilipi, and 17 km. from Dubrovnik itself. The mild winter temperature (average 17°C) renders Cavtat an ideal place for a rest in the off-season. Besides the natural beauty and favourable climate there is the excellent service of the ALBATROS, A category Hotel, which makes one's holiday doubly enjoyable. This is one of the most luxurious hotels on the Adriatic coast, every room being provided with air-conditioning and facing the sea. It has a winter swimming pool, a beauty parlour, a dance hall and a tennis court.

The Island of Hvar is situated only 15 miles from Split, and the area several tourist places in its vicinity. Apart from its natural beauties one can enjoy the beauty of its famous historical monuments. There are two hotels: the Adriatic and the Delfin, both possessing winter swimming pools, comfortable rooms with bathrooms, saunas with TV, and numerous rooms for entertainment.

Primosten is a picturesque little town situated 25 km.

from Sibenik and 30 km. from Split air-port, and has an ideal climate. The average winter temperature is 17° C. A few years ago this small town acquired yet another attraction for the contemporary tourist—the comfortable Hotel Adriatic. This hotel can accommodate a thousand guests in its comfortable air-conditioned rooms, all of which face the sea. There are numerous terraces and good restaurants. The popular swimming pool with warm seawater is circular, and its plexiglass and dome is removable. A bar and a sauna complete this pleasant establishment. There are various excursion places to be visited among which are the falls of the Krka River, one of the most picturesque in Yugoslavia.

Opatija — The hotels Ambassador, Adriatic, Kristal and Kvarner, all have winter swimming pools. The off-season is from December to April. In its vicinity is Crikvenica, where the hotel Terapija has a special department for water-therapy, a swimming pool, and installations for inhalation therapy.

Mali Losinj—The season in this fishing place, which has become very popular in the few last years, lasts from December to April. Tourists may use the winter swimming pool in the Hotel Belvi.

Split—The luxurious A category Hotel Marjan is a good choice for an off-season holiday. It has a winter swimming pool at the disposal of guests.

Portoroz is a summer-resort in Istria with several luxurious hotels of with the Hotel Palas, with therapeutic baths and water-therapy is particularly recommended, while the Hotel Rivijera, with its enclosed winter swimming pool, is within half an hour drive of Porec, one of the oldest settlements in Istria and also offers excellent conditions. A favourable geographical position, exceptional natural beauty and rich cultural heritage are the attractions of this town, famous for the Euphrasius Basilica—a masterpiece of Byzantine architecture.

There is also the modern Hotel Parentiu, with a winter swimming pool.

## Greetings on Yugoslav National Day

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## EMPLOYMENT IN YUGOSLAVIA

Something has changed under the roofs of Yugoslav factory halls. What is in question is the rapid inclusion of highly-skilled personnel into production, especially engineers and economists whose "price," as wittily said in the Yugoslav press these days, threatens to jeopardize the primacy of "golden footballers legs."

Not so long ago, the climate has been quite different. While politicians have consistently insisted on the employment of experts, factories have often been managed by insufficiently skilled people. However, what has not been possible to achieve by persuasion, has been attained through the economic reform over a very short period of time.

Pulling the "carpet" away under the feet of all those who have been adding to their business calculations the points of subsidies, the reform has proved that the so much sought "stone of wisdom" in the Yugoslav economy lies in a rather simple truth: to find the right people for the right posts.

How bitter are the fruits of the past policy of compromise in employment is best indicated by figures.

### Lack of Balance

According to the present estimates, the Yugoslav economy presently needs about 420,000 specialists and highly skilled workers. At the same

By

ZORAN ZIVKOVIC

time, it is burdened by more than a hundred thousand people who—without the necessary qualifications—wish to find their "place under the sun" in production.

In solving this "hot question" of employment and establishing proper balance, Yugoslav experts are presently under the pressure of the imperative need for its systematic solving more than ever before. All of them are united in the opinion that extensive employment will not be aimed at

in the forthcoming period when the realization of the new medium term plan of the country's development (1971—1975) begins.

This shows that responsible factors, politicians and economists, have bitten into the hardest piece of the "planned cake" from the right side. Deprived from former illusions that it is sufficient to open a production department and employ people, they base the plan on four key elements:

—To give priority in employment to young and skilled cadres:

—To enable the pre-qualification in those branches of economy which have produced redundant labour in recent years;

—To discover internal reserves for the opening of new working posts; and

—To offer Yugoslav workers going to work abroad favourable material conditions and vocational training, so as to

## Yugoslav National Day A Special Supplement

return to the country as personnel which the domestic industry will immediately absorb.

### Priority to the Young

It seems that no dilemma exists here. Two years ago, the Law on the compulsory employment of inexperienced young experts was enacted in Yugoslavia which pledged economic organizations to open their doors to young specialists. Last year alone, 48,000 young men and women with high qualifications were employed in the country. It has become a common thing that the leaders of economic organizations go to University faculties and select students to whom their organizations will give scholarships so as to bind them for the future.

The Federal Institute of Planning holds that 65,000 new working posts will be

opened within the planned resources every year. The introduction of new shifts in factories will also make it possible to employ 50,000 new people annually, while a certain number of working posts will be freed when elder workers will retire. It is therefore considered that 815,000 new workers will be employed in Yugoslavia by 1975.

In the course of the past two years, more than 20,000 workers were pre-qualified in the centres for vocational training. The task of centres for the training of workers in the coming period is to pre-qualify 60,000 workers every year which—according to expert estimates—will greatly improve the qualification structure and give workers, in conditions of an ever stricter selection of labour which is looked forward, not only a "carte blanche" for a working post but also higher standard which logically accompanies higher productivity of labour.

# INGRA-KONSTRUKTOR

of Zagreb - Split, Yugoslavia

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Tunnel Adit Site

# Shipping & Aviation

## Ceylon Shipping Corporation Gets Going

The Ceylon Shipping Corporation is getting ready for a major breakthrough with its proposal to go into the liner service between Ceylon and the Continent.

The prize dangling before it is the annual import export trade from Ceylon, to UK and the Continent, now estimated to be 400,000 shipping tons, valued at Rs. 72,000,000—rather an encouraging thing to any new comer! The import business is also in the region of 400,000 shipping tons which, in terms of cash is a further Rs. 77,000,000.

The Corporation, it is stated, is trying to equip itself to gather for itself about 40 per cent, or 320,000 shipping tons annually. The participation of the Corporation in the island's import-export trade could mean annual nett saving of foreign exchange of Rs. 30,000,000, after allowing for 50 per cent. of freight earnings for disbursements abroad according to a Corporation source.

### FIRST COMPUTER-CONTROLLED SUPER-AUTOMATED SHIP

Seiko Maru, the world's first computer-controlled super-automatic tanker was lately completed by Ishikawajima-Harima Heavy Industries Co., Ltd. at the company's Aio Shipyard for her owner, the Sanko Steamship Co. which put her on the maiden voyage from Yokohama to Saudi Arabia. She weighs 138,700 DWT. Her overall length is 274M and molded breadth 4.35M. The service speed is 1.54 knots.

The fully automated operation system controlled by a computer for the larger tanker has been developed by IHI since 1967.

The computerized equipment fitted up in the rear of Seiko Maru has the function to transmit an electric wave to an artificial satellite for the survey of the tanker's position, to monitor the engine, to locate the points of trouble and inform the causes of trouble.

Such modernized equipment can also automatically detect the dangerous objects or ships within a radius of 28.4 Km to send forth a cautioning signal to guide the ship to the safe course. Besides, it can supervise the loading of cargo onto board as well as perform the medical examination of the crew.

The total cost for the building of the large tanker is approximately 3.6 billion yen and the computer alone worths 600 million yen. On the maiden voyage 38 persons were on board, 5 of them were programmers.

### SINGLE-DECK SHIPS

The Lenin Shipyard in Gdansk has begun the production of three series of universal single-deck ships. The ships, the highest world standard, will open another chapter in the post-war history of the Gdansk Shipyard.

The single-deckers will be built in three different series: the keel under the first of them will be laid in November this year, while the first ships put of all the three series will go into service next year.

A single-decker is a motor single-propeller ship with a single continuous deck, two holds and two hatchways, with the engine-room and crewquarters situated aft. The single-

deckers will be most highly automated vessels afloat. The control panels and the main engine remote control system will be installed on the bridge. Only while manoeuvring the ship entering or leaving harbour will be the main engine room mechanisms be controlled by man.

The ships will have a carrying capacity of 3 thousand tons and will be used for transport of bulk cargoes, general cargoes and grain.

### THE SOVIET UNION JOINS ICAO

The USSR has decided to be a member of the International Civil Aviation Organization (ICAO). Membership became effective from 14th November 1970.

Mr. Walter Binaghi, President of the ICAO, who was a guest of the USSR Ministry of Civil Aviation, was asked to comment on this event.

"I am very pleased", said Mr. Binaghi, "that the USSR has joined the ICAO, because its absence created a tangible gap in that organization.

"I know that Aeroflot has the biggest fleet of planes, the longest network of air lines and the largest number of services of passengers, air survey, and for agricultural and medical purposes

"The Soviet Union employs advanced technology in building the land-based radio and electronic installations and in the construction of aircraft and equipment for them". One of the main tasks of our organization is to evolve standards and international rules, and it is a very good thing, of course, when all countries of the world take part in evolving these rules".

While he was in the USSR Mr. Walter Binaghi visited Moscow, Leningrad, Tashkent and Samarkand, and thoroughly acquainted himself with the work of Soviet Civil Aviation.

### VERTI-PLANE COULD COMPETE WITH TRAINS ON SHORT JOURNEYS

Vertical and short take off/landing aircraft could make flying an economically competitive means of travel over distances as short as 47 miles, an airline pilots conference was told in London on last week.

Professor G. M. Lilley, head of Southampton University's Aeronautics Department, said recent investigations had shown that the direct operating costs of a v/STOL airliner on such journeys could be comparable with other high-speed transportation systems such as trains.

"In addition, the v/STOL system, which is of low capital

cost, is flexible and can readily adapt to changing patterns in populations", he said. "It does not carry with it the burden of a fixed and expensive track".

Provided v/STOL could be fully integrated with the car and the train and offer safety and punctuality in all weathers, it would have "a very important part of play in the future shorthaul transport scene".

The professor said it was believed a v/STOL aircraft would be able to operate at about two pence per seat-mile on an 80-seat aircraft offering overall journey speeds up to 430 miles an hour. This would put all the major European centres of population within daily reach of the businessman.

# MANAGEMENT

## Techniques of modern management

(13th Instalment in the Series)

### DECIDING WHAT WILL BE NEEDED

How does one determine the nature of the markets five, ten or twenty years from now and their location? of course there's no way of being certain about the future, and the further ahead you plan the greater the uncertainty. Thus even five-year plans must be tentative, and plans for a longer term are still more tentative.

However, an examination of trends will provide some clues and at least reduce the possibility of surprises. Even the crash of 1929, which seemed to most people to occur without the slightest warning, had been foretold by some economists well in advance of its occurrence.

In cases where it is necessary to make irrevocable commitments—for example, when you must spend money to build a new plant to meet demand anticipated two years from now—there's always considerable risk attached to the decision. But the risk of ignoring the trends may be greater. A company that lacks the capacity to meet a larger demand may lose more than the profit it might otherwise have made. If customers are unable to get its products when they want them, they may turn to its competitor's

or to alternate products—and in the end, the company may not even be able to sell what it can supply. Suppose, for example, that a company producing automobiles were unable to produce as many cars as it could sell, while competing makes were in ample supply. Unable to get the car of their choice, customers would turn to other makes. Then, since there's usually a larger trade-in allowance on an old car if the customer rebuys the same make, they might be tempted to stick with their second choice, to say nothing of the possibility that they might like the car better than the one they wanted originally.

Or consider the field of packaging, where a great number of products from different industries compete for the customer's order. In this case the customer can choose among glass, paper, steel and a number of plastic materials. For exterior packing which is designed for protection rather than appearance, the choice is often between corrugated containers, wood and steel. To shift from one material to the other may require changes in equipment or methods; but if one of the materials is in short supply, the shift may be forced. Then unless the material used earlier has distinct advantages, the customer may not feel it worthwhile to shift back.



In pix Ingra's technicians are seen placing reinforced steel bars in the tunnel presently been constructed in Zambia.

# THE ECONOMIC TIMES

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## COST OF LIVING AND PRICE CONTROL

In an attempt to bring down the rising cost of living the Government has been compelled to resort to the Administrative device of price control, though this course of action is reminiscent of measures introduced during war times, it has nevertheless become necessary. The Government is in fact waging a war against a section of traders and businessmen who have by dubious means manipulated and maintained high prices in respect of consumer goods in order to amass unconscionable profits.

The Colombo Consumers' Price Index (unrealistic as it may be), shows when analysed, that the rise in the cost of living is brought about mainly from the rise in the sub-index for the food and clothing groups. It is this sphere of trade that has been dominated by non-nationals while Ceylonese traders have remained helpless in the face of their monopoly. It is therefore very welcome that the Ministry of Internal and Foreign Trade proposes to hand over the import and distribution of food items to State Agencies in an attempt to break the existing stranglehold.

Price Control should necessarily commence at the point where the problem starts. Thus, a priority wise it is in these groups, i.e., food and clothing, that price control should first be established if any serious attempt is made to arrest the spiralling cost of living. In this context the Ministry of Industries has taken initial steps in the right direction by bringing shirts and synthetic textiles under price control for a start while the Ministry of Internal and Foreign Trade tackles the food problem.

Price control necessarily involves rationing. This becomes inevitable in the face of import restrictions, and reduced raw material quotas to industrialists. Resulting scarcities are likely to set in motion hoarding, black marketing and other anti-social activities. Therefore, it is imperative that governmental machinery should be streamlined and sufficiently geared to tackle such a situation, otherwise the consumer will have to bear untold burdens. It must be ensured that the remedy will not prove to be worse than the disease. People will not be satisfied if prices are reduced merely on paper—it must be effectively enforced so that they actually obtain the goods at the prices fixed.

Another danger that could arise from price control is the inflationary impact. When the price of goods are reduced the purchasing power of the consumer increases. The consumer will have more money to spend as a result of the reduced prices that would prevail and in the context of import restrictions and reduced domestic production demand would tend to exceed supply, particularly in relation to the goods that are not brought under price control. Thus an inflationary process would be set in motion. This aspect of the matter deserves serious consideration.

It is here that savings will have a vital role to play. A savings campaign must be launched to mop up the "excess" liquid resources in the hands of the consumer. This aspect of the matter has been stressed by the Minister of Finance and if the community's savings are made to increase relative to the demand for goods inflationary pressures could be eliminated.

We trust that the necessary precautionary measures would be taken to ensure that price control would work satisfactorily and in the consumers' interest.

## Price Index Goes Up Again

The Colombo Consumers' Price Index for the month of September 1970 stood at 138.7 recording an increase of 1.2 points over the Index of 137.5 for August 1970.

This upward movement was due primarily to increases in the sub-index group for food and clothing.

The following changes in the Index was recorded from May-September 1970:—

May	1970	138.6
June	1970	138.6
July	1970	137.6
August	1970	137.5
Sept.	1970	138.7

Within the food group marked increases were recorded for meat, dried fish, pepper, tumeric, garlic, mustard, potatoes and dried chillies.

## More rice imports

Despite evidence of increased domestic production relating from the intensified food drive, rice imports for the first three quarters of 1970 increased to 278,056 tons from 174,358 tons for the corresponding period in 1969.

Rice imports almost doubled itself in the first quarter of 1970—from 81,423 tons in the first quarter of 1969 to 145,447 tons. The second quarter showed an increase of 11,847 tons, while in the quarter July-September there was again a substantial increase from 37,671 tons in the previous year to 65,498 tons this year.

## Survey of India's export potential

The Indian Institute of Foreign Trade proposes to take up a Survey on India's Export Potential in a number of commodities, including Tea, Coir, Coir Products and Cashewnut Shell Liquid. There is to be a Market Survey on Tea in Britain and West Asian countries. For Coir an attempt will be made to identify new users. A Survey will be taken up in about a dozen countries, including the U.S.A., Canada, W. Germany, France, Ceylon and the Philippines. A Market Survey on Cashewnut Shell Liquid will be conducted in Hong Kong, New Zealand, Japan, and Australia.

The Survey has been sponsored by U.S.A.I.D. The Institute conducted a Survey in 1969-7 1/2. It showed that India's Export of components of Engineering Goods to Japan will be worth Rs. 67.5 m. by 1973/74. It also showed the enormous potential for the Export of Marine Products. The Indian Institute of Foreign Trade has completed 17 overseas Market Surveys, 30 Commodity Studies and 20 Research Projects.

## Ceylon-Bulgaria Trade Pact

Ceylon has entered into four Agreements with Bulgaria following top-level negotiations aimed at increasing greater co-operation between the two countries.

The agreements cover economic aid, technical and scientific assistance and traffic assistance and traffic rights.

### SPARE PARTS

Under the economic and technical co-operation agreement, Bulgaria has agreed to grant Ceylon £2 million for supply of plan and equipment including standard spare parts. A list of nearly 50 items have been listed under this category and will be imported after consultations.

The trade agreement covers a period of five years. Along with this is a protocol for 1971, under which Ceylon will be able to import machinery and goods worth £1 million. Under the agreement, Bulgaria will buy 400,000 pounds of tea and large quantities of coir fibre.

The technical and scientific agreement will enable the exchange of technical and scientific personnel.

The traffic agreement grants traffic rights to the national airline of Bulgaria to fly through Colombo.



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