

THE ECONOMIC TIMES

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COCOA EXPORTS AT A STANDSTILL

By A Staff Reporter

CEYLON'S EXPORT OF COCOA HAS COME TO A NEAR STANDSTILL AT A TIME WHEN EVERY EFFORT IS BEING MADE TO BOOST THE COUNTRY'S EXPORTS OF NON-TRADITIONAL PRODUCTS. THE DRAMATIC DECLINE IN DEMAND HAS SO FAR NOT RECEIVED THE ACTIVE ATTENTION OF THE AUTHORITIES CONCERNED, ACCORDING TO COMPLAINTS MADE BY BOTH PRODUCERS AND SHIPPERS.

THE ECONOMIC TIMES RELIABLY UNDERSTANDS THAT REPRESENTATIONS WILL SOON BE MADE TO THE MINISTER OF PLANTATION INDUSTRY, DR. COLVIN R. DE SILVA IN A BID TO REMEDY THE SITUATION.

Cocoa exports have now reached a very low ebb. The dwindling demand has been experienced since last February, and today there is practically no demand for Ceylon cocoa.

Last week 64 lots totalling 460 cwt. were on offer, but as there were no quotations all these lots were withdrawn.

Shippers attribute this fall in demand mainly to the high price that prevails as a result of the addition of the 40% ad valorem duty on the F.O.B. value of cocoa. With the addition of this duty the value invariably exceeds Rs. 250/- per cwt, which is considered too high.

A spokesman for M/s. John keel, Thompson White Ltd. told the Economic Times that the Ad Valorem duty of 40%

for Ceylon cocoa from Ghana, where the price is comparatively low. Some shippers expressed the view that with the present Ad valorem duty it was almost impossible for the Ceylon product to compete with Ghanaian Cocoa, though Ceylon cocoa is far superior in quality.

The price factor is the chief criterion that determines the demand. Hence, a reduction in the existing export duty was necessary, in order to make Ceylon Cocoa more competitive, shippers maintain.

was too high. He added that for the demand to be good the price should not exceed Rs. 200/- per cwt.

Competition
There is fairly severe compe-

Ten thousand tons of U.S. fertilizer arrive

Ten thousand tons of ammonium sulphate fertilizer provided from a five million dollar development loan from the U. S. Agency for International Development is now being unloaded in Colombo.

Consigned to the Ceylon Fertiliser Corporation and private sector companies, the fertiliser arrived packed in bags for immediate distribution to farmers.

The multi-million dollar loan, signed last August is to be repaid in 40 years.

This shipment will be followed by another 10,000-ton cargo next month. All the shipments agreement totaling about 120,000 metric tons, will be completed by March 1971.

Foreign Exchange Saving

The July shipment will arrive as bulk cargo, since the loan agreement with the United States also helps to provide financing for automatic bagging equipment, which is to be installed on premises of the Ceylon Fertiliser Corporation.

This new equipment will permit automatic bagging of bulk fertiliser shipment in Ceylon for the first time. It will enable Ceylon to make substantial foreign exchange savings, in as much as bagged shipments of fertiliser cost more than bulk cargo.

Repayment on the loan does not commence until 1979, Ceylon will pay two per cent interest annually until 1979 and three per cent thereafter until the loan is fully repaid in the year 2009.

C. I. F. T., to function soon

The Ceylon Institute of Foreign Trade (CIFT), is expected to commence functioning shortly. The memorandum and articles of Association of the Institute are now being finalised while the finances have already been approved.

Trade Chambers and Banks have agreed to finance the entire project which will ini-

initially incur around Rs. 600,000 as annual expenses.

Main functions

The CIFT is expected to undertake a variety of functions, chief among them being the exploring of foreign market, sponsoring of trade delegations and participating in trade fairs with a view to boosting the non-traditional export trade.

PRICE CLAMP DOWN ON LOCAL PRODUCTS

The Minister of Scientific Research and Industries, Mr. T. B. Subasinghe will soon take steps to ensure that all locally produced goods are sold at reasonable prices.

All goods produced by Corporations, the Government and

the private sector will have their prices reviewed.

Local production will be stepped up and the fullest use will be made of local raw material in a bid to save foreign exchange.

More aid from both blocs

It is expected that Ceylon will soon receive substantial offers of economic assistance from the socialist bloc of countries, according to reliable diplomatic sources. The same sources expressed the view that Ceylon's re-orientation in foreign policy would in no way affect the country's aid prospects from Western Nations.

This is a sequel to Ceylon's policy of non-alignment with the power blocks and its assurance to extend full diplomatic recognition to several socialist countries.

LESS CEYLON TEA TO LONDON

The total quantity of Ceylon tea destined for the London Auctions in the first four months of this year has registered a fall, according to figures released by the Controller of Tea Export.

A total of 31,132,436 lbs. of tea was shipped to London in the January-April period this year, compared with 32,569,907 lbs. in the corresponding period last year.

The quantity of tea shipped to the London Auctions in April this year, however increased from 7,174,561 lbs. in April, 1969 to 10,926,837 lbs. this April.

PRICE OF METAL UP CRAFTSMEN COMPLAIN

The unprecedented increase in the price of gold, silver, brass and copper has affected the manufacture of Kandyan artware.

Kandyan craftsmen have complained that they have been compelled to stop work following the increase in prices of these metals.

Meanwhile the Kandyan Arts and Crafts' Society has been besieged with orders for curios. But they have not been able to execute the orders as the metals are not available in the market.

Report of the U.S. Task Force

Recommendations of the PETERSON REPORT On

U. S. FOREIGN ASSISTANCE PROGRAMME Will be serialised.

In THE ECONOMIC TIMES Commencing from 2nd July Make sure of your copy

In this Issue

- Business News : Page 4
- Export Intelligence Page 5
- Shipping and Aviation News : Page 6
- Strategy for the Developing World : Page 8
- Techniques of Modern Management—Second Instalment in the Series : Page 10
- Throne Speech—A Special Supplement : Pages 11, 12 and 13
- Plus the regular features.

MARKET PRICES

COLOMBO CLOSING PRICES 15.6.70

TEA (Rs. Cts. Per lb.)	BOPS		B. O. P.Fs	
	low	high	low	high
High Growns	1-60	3-05	1-70	2-80
1 at 3-15	1 at 3-25		3 at 3-00	1 at 3-10
1 at 3-30	1 at 3-40		1 at 3-50	
Medium Crown	1-35	1-85	1-40	2-00
Small leaf Low Crown	1-30	1-48	1-35	2-50
Tea for Price	1-00	1-25	1-00	1-35
Leafy B.O.P.	1-20	1-40		
	F. B. O. Ps.		F. B. O. Ps	
Tippy Teas	1-25	1-47	1-30	5-00
1 at 1-49	2 at 1-40		1 at 7-70	1 at 8-55

PRICES FOR THE WEEK ENDED 16.6.70

RUBBER (Rs. cts.—per lb.)

The Commissioner of Commodity Purchase paid the following prices to shippers.

Colombo	High	Low
RSS No. 1	93 1/4	93
RSS No. 2	87 3/4	87
RSS No. 3	87	86 1/2

COPRA (Rs. per Candy)

Estate Copra	No. 1.	High	Low
		223.50	224.50

COCONUT OIL (Rs. per ton).

	High	Low
June.	1400	1360
July.	1350	1325

POONAC (Rs. per ton)

	High	Low
	350 N	350 N

DESICCATED COCONUT (per lb.)

June and July	.59 cts.
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PRICES FOR THE WEEK ENDING 11th JUNE 1970

	Rs. cts.	Rs. cts.
Cloves	18/50 to	19/00 per lb.
Clove Stems	3/50
Nutmeg Shelled	4/00	4/25
Nutmeg Unshelled	1/40	2/ ..
Papain White	14/50	15/00
Papain Brown	9/	9/50
Cinnamon Quills	3/50
Mace	4/00
Kapok Cleaned	130/	cwt.
Kapok Uncleaned	30/
Croton Seed	130/	140/
Coffee	300/-	325/-

SHARE MARKET

The share market was dull throughout the week. There was no business in tea-cum rubbers and rubbers.

Teas:	Previous Price	June 10	+ or -
	Rs. cts.	Rs. cts.	Rs. cts.
Fairlawns	8. 50	6. 00	-2.50
Pittakandes	6. 00	6. 00	
Commercials:			
Associated Motorways	14. 50	12. 50	-2.00
Lankems	17. 50	12. 00	-4.50
Central Finance	15. 00	14. 00	-1.00

The following were quoted ex dividend:-

Rubber Plantations of Kalutara Ltd.—15% Final on 6.6.70.
 Glasgows Estate Co. Ltd.—8% First & Final on 6.6.70
 Palm-erston Tea Co. of Ceylon Ltd.—4% First & final on 6.6.70.
 Hayleys Ltd.—7 1/2% Interim on 30.5.70. Perak River Coconut Co. Ltd.—17 1/2% Final on 2.6.70. Poonagalla Valley (Ceylon) Co. Ltd.—3 1/2% Final on 2.6.70.

TEA REPORT

At last week's Auction 3,887 lots totalling 8,932,4949 pounds were on offer. Quality from Western Districts continued rather plain but Uda-pussellawa teas and many Uvas tended a little brighter.

HIGH GROWN TEAS: Better colour BOPs from Western Districts met with keen competition at irregularly dearer rates while below best sorts, although irregular, held fairly firm with the exception of plainest light liquoring and poorly made sorts which were 10 to 20 cents lower. Brighter Uda-pussellawa and Uva BOPs were 5 to 10 cents dearer. Leaf grades were generally a little lower.

MEDIUM GROWN TEAS: Better Western BOPs fell by 10 to 20 cents per pound and plainer sorts by 5 to 10 cents. Uvas however, were firm to slightly dearer on average, except where appearance was poor. Leaf grades were 5 to 10 cents lower.

LOW GROWN TEAS: Neat leaf, colour BOPs sold at fully firm to slightly dearer rates, but other BOPs and leafy descriptions suitable for Middle East markets were irregularly lower on the previous weeks closing rates. Orange Pekoes were 5 to 10 cents lower and Pekoes slightly easier.

BOP FANNINGS: High and Medium Grown BOPFgs. were irregularly lower but the drop in price was usually in line with declining quality. Uva BOPFgs. were 5 to 10 cents per pound down on average but a few improved teas fetched higher prices. Best colour Low Growns were

Commodity Commentary

about steady, but others 2 to 5 cents lower. Flowery BOP Fgs. Specials were often considerably dearer whilst small leaf types were firm.

OFF GRADES: Strong demand. However, prices were barely steady and stalky BMs were a weak feature.

DUSTS: Fair demand. Except for powdery sorts others were easier.

RUBBER REPORT

We give below the Rubber Market Report issued by the Colombo Brokers' Association for the Poya Week ending 11th June, 1970.

World Rubber Markets were steady this week but eased somewhat towards the close. The Singapore market opened higher on improved London advices and on better physical demand from the USA. Prices kept improving due to encouraging reports of US car production and a return of consumer confidence to stock markets, and it was also reported that Goodyear's negotiations were progressing satisfactorily and proved fruitful with the strike being called off.

However, later on the market closed easier due to a lack of interest and diminished factory off-take caused by the strike at Dunlop and the beginning of the holiday season. The London market opened in line with the East but sagged later entirely due to lack of consumer demand. On balance London declined by 1/8 d. while Singapore declined by 1/8 dollar.

Sheet: RSS 1 opened the week at -/94 1/2 cts. per lb. showing an increase of 2 1/2 cts. on the previous week's figure, remained unchanged the next day (International week-end) but declined by 1 cent the following day entirely due to a rise in the export duty. The market declined by 1/2 cent on the 4th day of trading but gained by 1 cent the next day, declined a further 1/4 cent the following day to close the week at -/92 cts. per lb. Approximately 65 tons of sheet rubber were sold by Members of our Association of which 50% consisted of No. 1 sheet.

LATEX CREPE:

737 tons of Latex crepe were on offer at the two sales held during the week showing an increase of 230 tons on the previous week's figure. At the opening sale IXs improved by half to 1 cent per lb. while No. 1 crepes improved fractionally. Duller sorts improved by about 2 cts. per lb. At the subsequent sale, the market opened slightly easier for the Latex Crepes on offer and closing quotations marked down fractionally for the IXs while No. 1 crepes declined by half to 1 cent per lb. Duller sorts too declined by about 1 cent while off Grades eased by about 1 to 3 cts per lb.

Rubber prices down

Prices of all grades of rubber showed a downward trend in the first quarter of this year as against the same quarter last year.

The Colombo Market price of R. S. S. No. 1 which was Rs. 1.05 per pound in January this year dropped to 96 cts. by March this year. The price in March 1969 was Rs. 1.06 per pound.

R.S.S. No. 2 which opened at Rs. 1.00 per pound in January this year had dropped to 92 cts. per pound by March. The price of R. S. S. No. 2 in January last year was 91 cts. per pound and had topped Rs. 1.02 by March 1969.

The price fetched by R. S. S. No. 3 in the Colombo Market also showed a downward trend dipping from 98 cts. per pound in January to close at 89 cts in March this year.

R.S.S. No. 3, however, fared considerably better in the corresponding period last year, opening at 91 cts. per pound in January and moving up to Rs. 1.00 per pound in March.

Produce Report

We give below the Sundry Produce Market Report for the Poya Week ending 11th June, 1970.

Cardamoms: 44 lots totalling 3513 pounds of Cardamoms were on offer at the sale this week, showing a decrease of 645 pounds on the previous week's figure. Following strong demand, all grades moved up by Rs. 2/- per pound for quotation to be made at Rs. 32/50 to Rs. 34/75 per pound. The highest price paid for the day was Rs. 34/75 per pound. Seeds, however, met with poor demand and these fetched Rs. 31/05 per pound.

Cocoa: 37 lots totalling 213 cwts of Cocoa were offered at the sale, showing an increase of 2 cwts on the previous week's

offering. Due to the very poor demand, all lots were withdrawn from the sale and no quotation was made.

Pepper: One lot of 54 1/2 pounds of pepper was on offer at the sale this week and sold at Rs. 3/- per pound.

Coffee: Two lots totalling 17 cwts were on offer and remained un-sold due to the lack of suitable bids.

Kus Kus Grass Roots: One lot of 4 1/2 pounds was on offer and sold at Rs. 1/25 per pound.

Export Duty: Ad valorem of 40% on the F.O.B. value on Cocoa and Cadamoms, 20% on Cinnamon Quills and 10% on Cinnamon Chips.

Declining trend in Coconut oil exports

(By our Commodity Correspondent)

The chances of Ceylon having an exportable surplus of coconut oil in the next few years is certainly bleak, judging by the progressive decline in exports evidenced since 1964. We might well be reduced from an oil exporting country to an oil importing country as has happened in the case of India.

Exports of coconut oil showed a further dip last year, despite the fact that 20 per cent more copra was on offer at the Ceylon Coconut Board Sales Room in 1969 than in the previous year.

More Domestic Consumption

From 1964 there has been a decline in exports from year to year. This is perhaps an indication that there is increasing domestic consumption in Ceylon. This is a tendency that could be remedied by making the export of coconut oil more remunerative. One way of doing this would be to have a more realistic rate of duty.

As it is, Ceylon oil is very often uncompetitive at the high levels of duty under the sliding scale. At time the export duty is as much as 40 per cent of the price.

Principal Buyers

Our chief buyers last year were Russia with 16,000 tons, China with an increased quantity of 13,500 tons, Pakistan 9,000 tons, Italy 3,150 tons; Canada 2,400 tons, U. A. R. 2,300 tons and East Germany 2,100 tons.

The U. S. S. R. cut down her purchases by 25 per cent. last year while China increased her purchases by over 75 per cent. Pakistan continued at the same level. Canada also bought higher quantities. Italy and

E. Germany bought considerably less.

The most significant change is in the U. K. purchases from 4,360 tons in 1967 and 1,900 tons in 1968 to a mere one ton in 1969.

According to one of the largest exporters of coconut oil in world markets, the reason for Britain's notable exit from the local oil market was due mainly to the "over-pricing" of our product.

Ceylon coconut oil constitutes about 12 per cent of total world exports, the largest exporters being the Philippines with nearly 60 per cent of world exports and Malaysia and Singapore with about 17 per cent.

New Low

Oil prices were high throughout the year. From an average of Rs. 1,600/- per ton in January last year, the market continued to drop regularly until it hit a new low in July of Rs. 1,260/- per ton. It continued at these levels for three months and thereafter showed a steep rise, ending at Rs. 1,650/- in December, 1969.

Ceylon prices were completely out of line with the European markets for more than nine months of the year, a trend which is becoming a regular feature of our price structure.

Export Earnings

Our export earnings are

heavily dependant on purchases made by Russia and China. These two countries account for nearly 50 per cent of Ceylon's total export earnings from coconut oil. Export earnings last year fell by over Rs. 25 million as compared with 1968.

The export duty varied between a minimum of Rs. 292/86 per ton (for the week commencing June) to Rs. 633/31 per ton (for the week commencing December 29).

AVERAGE MONTHLY QUOTATIONS (1699)

(White per ton, Naked, Wharf Delivery)

	Rs.	c.
January	1,620.24	
February	1,601.76	
March	1,584.35	
April	1,538.12	
May	1,457.50	
June	1,389.76	
July	1,260.00	
August	1,280.43	
September	1,283.64	
October	1,355.91	
November	1,474.47	
December	1,651.94	

Source: Ceylon Coconut Board.

Rubber Production Jan.—March '70

Rubber Production during Jan/March, 1970 totalled 40,547 tons, an increase of 2,578 tons compared to the corresponding period in the previous year.

Consumption of Natural Rubber during this period totalled 747 tons, a decrease of 83 tons compared to the corresponding period in the previous year.

Actual Exports of rubber during Jan/March, 1970 was 42, 926 tons, a slight increase of 394 tons compared to the corresponding period in the previous year.

Sudan Tea market reopens

Sudan, one of the biggest buyers of tea in the Middle East has offered to re-open her market to Ceylon on a bilateral trade basis.

The Sudan Government has offered to exchange cattle and cotton for local mid and low grown tea.

A bilateral trade pact with Ceylon could well result in the diversion of about 10 to 12 million pounds of our tea into the hitherto closed Sudanese tea market, estimated at Rs. 25 million.

Iraq pays higher price for local copra

Iraq has decided to buy 12,000 candies of copra from Ceylon immediately at Rs. 300 per candy, almost Rs. 70 more than the present market price.

This decision was taken following a visit by a two-man Iraqi delegation who arrived here last week.

This is the first time that Iraq has decided to buy local copra, and the Iraqi delegation had indicated that more purchases would be made in the near future.

Research Unit for Cinnamon

The new Minister of Plantation Industry, last week decided to set up a research unit for the cinnamon industry, at the request of the All-Ceylon Cinnamon Planters' Association.

RUBBER MARKETS: MAY '70

The Singapore rubber market fluctuated narrowly during the month of May influenced on the one hand by adverse world economic news, G.S.A. stockpile releases at the rate of 7,000 tons per month, the higher production against lower consumption due mainly to the unsettled labour situation in the U.S. rubber industry, and the lack of buying incentive and fresh orders which caused a drift,

and on the other hand by periodic short-covering prompted by news of better interest from China and political considerations resulting from the extension of the Vietnam War into Cambodia.

The London market was very quiet due to lack of consumer interest and the strike at Dunlop, whilst activity in the New York market was almost at a standstill due to the strike bound conditions and wage negotiations still in progress.

Closing quotations compared to the previous month's prices were as follows:—

London	RSS 1	19 13/16d	+ 3/16d.
Ceylon Thick Crepe No. 1		23 1/4d	+ 3/4d.
Malayan Thin Crepe No. 1		22 1/2d	+ 1/4d.
Malayan Sole Crepe		34d.	— 1/2d.
New York	RSS 1	21 S Cts	+ 1/2 Ct.
Singapore	RSS 1	57 3/4 Strait S Cts	+ 1 5/8 Cts.

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TEA AVERAGES FOR MAY 70

We give below the Nett Averages per pound for the first and last Sales in May as compared with the equivalent Sales in 1968 and 1969 :—

	1968	1969	2.5/70	1968	1969	25/5/70
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
High Grown	2.06	1.81	1.78	1.91	1.41	1.73
Medium Grown	1.75	1.31	1.51	1.71	1.10	1.53
Low Grown	1.73	1.34	1.39	1.72	1.29	1.41
Total	1.85	1.50	1.57	1.78	1.26	1.57

Crop

The following are the production figures for April and the first four months of 1970 as compared with the previous two years :—

	1968	1969	1970
April	57,837,427	50,770,887	47,355,285
Jan./Apr.	166,353,058	174,336,917	162,298,322

With a drop of 3 1/2 million pounds on April last year, the total shortfall for 1970 after four months was 12 million pounds. Estimates for May indicate a fairly substantial decline on the previous year's all time record of 60 million pounds and the total shortfall could well increase by a further 7 million pounds to 19 million pounds at the end of five months.

BUSINESS NEWS

A local example of rapid progress

The firm of Messrs. Hettiarachi & Company Ltd. which came into existence in early 1952, has now emerged into the forefront among local rubber goods manufacturers and rubber tyre retreaders.

The Company's tyre retreading plant, which is part of their large modern factory at Panagoda is manned by a highly competent technical staff. They undertake retreading tyres of any size.

Sound footing

Starting from small beginnings, Hettiarachi & Co. Ltd. has now established itself on a sound footing and was recently forced to open a branch office to cope with the increased volume of business.

Today this Company, besides undertaking tyre retreading in which it specialises, also manufactures a wide range of rubber products.

Among the rubber goods turned out at the factory are rubber soles and heels, radiator hoses, rubber carpets, microporecellular sheets, solid rubber sheets, spring pads, headlamp diaphragms, rubber mounds, mud flaps, bicycle brake blocks, tricycle solid rubber tyres, trolley tyres and hand cart tyres.

The Company's modern factory can now also turn out any type of complicated rubber product and has big plans of expanding and even going into new lines of business.

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THE ECONOMIC TIMES



Classic Rise to Fame and Fortune

James Christie, formerly a midshipman in the British Navy, set up in business as an auctioneer in London in 1766 — thus founding the firm of Christie's, which was to become one of the foremost art auctioneering names in the world.

Few big collections and galleries do not possess a picture which at some time has not been sold at Christie's. The firm plays a major part in maintaining London as the art centre of the world. . . . Britain exports £30,000,000 art treasures a year.

The enterprising Christie began by selling almost anything. Paintings, collections of silver, boxes of candles, barrel organs, even loads of hay were among the 'lots' he disposed of from his rostrum. He had a persuasive style. He grew rich.

Christie moved his auction rooms to better premises in fashionable Pall Mall. Next door lived Thomas Gainsborough, the portrait and landscape painter. They visited one another and sat for hours discussing art. Gainsborough painted his friends portrait.



The rich and the famous flocked to Christie's, which became not only a sale room, but a social centre and a gallery where painters exhibited their works. Dr. Samuel Johnson, the great scholar, was seen there. There too came Sir Joshua Reynolds, the painter.

During the French Revolution Christie was secretly visited by Madame du Barry who brought a fabulous collection of jewels given her by King Louis XV. (She was beheaded in Paris for 'stealing' State property). Christie sold the jewels for £10,000.

Admiral Lord Nelson, Britain's greatest sailor, comes into the Christie story. When he learned that a portrait of his beloved Emma Hamilton was to be sold at the rooms he wrote to her from his flagship "You are at auction. . . my blood boils." He bought the picture himself.

Dealers from all over the world attend the sales at Christie's. Many dramas take place there. Notable in modern times was the sale of a picture by the French artist Claude Monet. When he originally painted it he was paid £17 for it. Christie's sold it for £588,000.



The record yield of a sale in the firm's history was reached in 1964 when, after a prolonged battle of bids between rivals, a portrait by the 17th century Dutchman Rembrandt of his son Titus was acquired for Los Angeles, USA, for the sum of £798,000.

Pictures whose owners wonder "It might be worth something" sometimes realise fortunes. One day a man brought a picture to the enquiry desk, asked "What's it worth?" A Christie's expert identified it as a sketch by 16th-century Flemish painter Rubens. It made £25,200.

Christie's was completely burned out in an air raid in the last war. Steel-helmeted staff on duty as fire-watchers tried to save one of the firm's treasures, the original rostrum from which James Christie conducted his auctions. But the flames drove them back.

In the vaults is stored a fabulous collection of pictures, silver, books and manuscripts, china and jewellery awaiting auction. Here experts — Christie's has experts in all branches of the arts — value and catalogue the treasure that finds its way there.



Christie's experts are constantly flying about the world on business. It took three visits to Moscow and many conferences with Soviet officials before the 1,427-piece porcelain dinner service used during celebrations of the coronation of the Tsars was brought to London. It realised £65,751.

Prices in many thousands of pounds are commonplace at Christie's among the £50,000,000 works of art which change hands in London yearly. But pieces which can be found in a comparatively modest home are auctioned, too. In fact, two thirds of the sales realise less than £100.

Paintings, drawings, sculpture, jewellery, furniture, silver, books, musical instruments — Christie's sell them all. . . and all over the world their representatives are at work. The firm has offices in New York, Canada, Paris, the Argentine, Australia, Geneva, and elsewhere.

Christie's will value anything at their rooms in King Street, St. James's. The results are often astonishing to the sellers. Not long ago a housewife brought in her grandmother's eight-sided silver teapot. She thought it was worth £20. It was sold for £1,800.

DENMARK: A POTENTIAL MARKET FOR CEYLON'S EXPORTS

Trade between Denmark and developing countries has grown in recent years. In 1968 11% of Danish imports amounting to 344 million came from developing countries. Their exports to developing countries on the other hand has remained fairly constant for the last few years and in 1968 it amounted to 134 million.

The large part of Danish imports from developing countries consist of primary products. 33% of total imports of non-manufactured commodities in Denmark originated in developing countries. Imports of fuels and minerals in 1968 amounted to \$33 million and developing countries share of it was 46%. They also supplied about one third of its food and live animals imports of many other important commodities such as fuels, coffee, oil seeds and rubber show a rising trend not the least in the value of imports from primary producing countries into Denmark.

PROSPECTS

What are the prospects of Ceylon increasing her exports to Denmark? As far as the past is concerned our record in this sphere is rather unimpressive. In this regard the report of the second Session of UNCTAD Secretariat on the relatively poor performance by developing countries of exporting to developed countries seems relevant to Ceylon too.

The Report states that all four Nordic markets are fully open to developing countries. These markets have expanded though not spectacularly. Hong Kong was able to improve its export drive and increased diversification in favour of clothing. The Secretariat points out that efforts to open up markets will be of no avail unless the exporting countries make the necessary efforts in several directions including market research, product diversification and sales promotion.

INITIAL PROBLEM

The initial problem for Ceylon would be to make an entry into the Danish market. A fresh appraisal which makes a constant effort aided by proper marketing technique with a practical imaginative view may open up new vistas for Ceylon. This is an undoubtedly tough proposition in the face of severe competition but it is not impossible to enter the Danish market.

Judging by the report of the International Trade Centre prepared by an assistant head of the Danish Ministry of Commerce a constant effort by Ceylon could enable us to find a market in Denmark for manufacturers especially labour-intensive products, exotic foreign articles and goods produced from our own raw ma-

terials. The Danish Tariff has always been very liberal. Tariffs are not normally levied on primary products and tariff rates for manufactures are very moderate. Customs duties average an estimated 10.20% for consumer goods 8.10% for capital goods and 2% for raw materials.

Danish imports of manufactures from developing countries are not subject to quantitative restrictions. A general sales tax of 12.5 is levied on practically all goods and services domestic as well as foreign.

The report of the Danish expert adds that in the years to come the bulk of Denmark's imports from developing countries are likely to be primary products. With growth in prosperity and further industrialisation it is likely export opportunities would also increase and countries like Ceylon could hope to export items like minerals tropical foods and fibres among other items.

There is every prospect of improving sales of packeted tea if as stated earlier a sustained campaign popularising the product is carried out. In comparison to tea, spices have a better chance of selling on the Danish market. The Danish people with their high standards of living go in big way for variety in food. In the West there is an increasing tendency to use spices in their food. India has used

this trend to advantage and her exports of spices have gone up impressively. Ceylon's exports of spices too showed an upward trend during last year. The indications in Denmark are encouraging and enterprising exporters of spices have chances to export more.

One serious problem that Ceylonese exporters likewise any other from developing countries may face is the difficulty in adapting themselves to the tradition of trade in Denmark. Price and quality are of course the main consideration but Danish Commercial Standards also necessitate strict compliance with contracted delivery terms and when necessary after sales service. For this reason any prospective Ceylonese exporter is advised to sell goods on the Danish market through a Danish Agent who can supply information about practical details and consumer preferences in regard to quality packing etc. Any major sales drive should be planned jointly by the producer, agent and advertising Agency.

Contact with Danish agents may be established by application in writing to:-

Daska Importagenter Forein ing (Association of Danish Import Agents) Barsen, 1217, Copenhagen K, Denmark.

Export Intelligence

Australia provides a boost for non-traditional exports

In an endeavour to assist the non-traditional export trade of developing countries, the Government of Australia has decided to permit these imports at special concessionary rates of duty.

It would be a certificate of origin issued by a recognised authority certifying that the goods are traditional hand-made products of a cottage industry of the country concerned.

ITEMS

A number of commodities have been specified for preferential rates of duty. Local exporters of handmade traditional products of cottage industries should find themselves in an advantageous position as they could export these items duty free and with no limitation on quota.

This concession also does not require prior application and quota certificates. A necessary requirement, however,

Among items qualifying for complete exemption from tariff are: hand-woven cotton fabrics including other woven fabrics, matting, travelling rugs and blankets, parts for umbrellas, walking sticks, ceramics, pipes, woven fabrics of jute, hemp or other vegetable fibres, hand-made carpets, tubes, jars of iron and steel, specified types of machines tools for working metals and metallic carbide, musical instruments, etc.

FOREIGN EXCHANGE FROM CERAMICS

The Ceylon Ceramics Corporation is now earning valuable foreign exchange for the country from the export of its products.

A Corporation Official told the 'Economic Times' that a major portion of an export order for saucers valued at Rs. 35,000 to Iraq has already been shipped. The balance is due to be exported by the end of June this year.

The Ceramics Corporation has also secured an order from Iraq for the supply of 250,000 saucers. This order which will result in a substantial earning in foreign exchange is due to be shipped before the end of this year.

The Corporation official also disclosed that an encouraging firm inquiry for the supply of Kaolin to Pakistan has been received. He added that the chances of this product being exported to Pakistan was 'fairly certain.'

The Ceramics Corporation has now received numerous enquiries from several middle eastern and European countries for their products. These enquiries are now receiving the attention of the Corporation and more firm orders are expected to be a reality in the near future.

The Givandan Corporation, 321, West 44th St., New York 36, New York, U.S.A.

L. A. Champon & Co. Inc., 230, West 41st Street, New York, New York 10036 U.S.A.

Export Opportunities

These firms are interested in importing the following products from Ceylonese exporters:-

Cinnamon

Empire Spice Mills, 173, Mc Dermot Avenue, Winnipeg, Manitoba Canada.

Imco Trading Co. Ltd., 183 m, Bathurst St., Toronto, Ontario, Canada.

Arthur Irish Co. Ltd., P.O. Box 130, 1220 Vancouver, B.C. Canada.

Canadian Spice Mills, 87, Sault-Au Matelot, Quebec, P.Q. Canada.

F. E. Lingemn, 351, Place Royale, Montreal 1, P.Q. Canada.

Gold Medal Products Ltd., 21, Front Street, E., Toronto, Ontario, Canada.

Blue Ribbon Ltd., 334, Mc Dermot Avenue, Winnipeg, Manitoba Canada.

Cadju Nuts:

J. Arthur Co., 19, Melinda St., Toronto, Ontario Canada.

Fry-Cadbury Ltd., 2025, Masson St., Montreal, P.Q. Canada.

James Kyd. & Sons, 339, Mac learen St., Ottawa, Ontario Canada.

Halford-Lewis Co., 438, St. Francis-Xavier St., Montreal P.Q. Canada.

Ready Made Garments.

Ampaco Inc., 29, West 30th Street, New York, New York 10001, U.S.A.

Bardon Inc., 122 E, Washington Blvd., Los Angeles, California 90015, U.S.A.

Harris & Frank, 644, S. Broadway, Los Angeles, California, U.S.A.

Handicrafts

Tandy Corporation, Pier No. 1, Fort Worth, Texas, U.S.A.

Worldwide Merchandise Co., P.O. Box 1423, Milwaukee, Wisconsin 53201 U.S.A.

Shopping International Inc., 25, North Main Street, White River Junction, Vermont 05001, U.S.A.

Shaski, 57, East 89th Street, New York, New York 10028, U.S.A.

Cinnamon Bark Oil
Magnus Mabec & Raynard Inc 16, Dresbrosses Street, New York, 13, New York, U.S.A.

FEECS FOR NON-TRADITIONAL EXPORTS TO CONTINUE

The new Minister of Internal and External Trade, Mr. T. B. Illangaratne, in a press statement released last week categorically stated that exporters of minor products will continue to enjoy the FEECs Premium for their exports.

The New Minister further stated all measures would be taken to assist local exporters of non traditional products to secure export markets for these items. He has even invited exporters to enlighten him on steps that should be taken to further increase earnings from minor exports.

BRITAIN'S TRAIN OF THE '70s

Why did the United States turn to Britain to find out how to build a high-speed railway? For one thing, because Britain has found how to steer a 100-mph train round 60-mph curve without even slopping your tea into the saucer; and, for another, because Britain has done it without spending £1,000,000 a mile to build a track from scratch.

Britain gave railways to the world. Now almost 150 years later, British Rail's 150-mph Advanced Passenger train (A. P. T.) promises world railways a new lease of life.

First to take an option on Britain's new high-speed rail technology are the North Americans, increasingly concerned at road and air congestion.

PRACTICAL LIMITS

Every major industrialised country is anxious to exploit rail's potential. The snag is that the practical limit of today's trains on today's tracks is not much above 100 to 110 mph. A modern electric locomotive is capable of up to 200 mph on straight track, but most existing routes have curves.

Again, to push a conventional train up to over 150 mph consumes power extravagantly; and there is, at such speeds, prohibitive wear and tear on track and vehicles.

The only solution used to be a brand-new railway (or at least new bypasses to cut

out curves). This the Japanese built between Tokyo and Osaka. But the 320-mile New Tokaido Line and its trains cost them around £400,000,000; merely to build new sections of high-speed railway nowadays may cost over £1,000,000 a mile.

The appeal of British Rail's new technology is an offer of 150-mph operation with scarcely any alteration of existing track.

BASIC PRINCIPLES

The key to A.P.T. technology is exhaustive research in rail vehicle dynamics.

First, light weight. A stressed-skin aluminium body on aerospace principles cuts vehicle weight per passenger by about two-thirds. A trainload of nearly 400 passengers can thus be accelerated swiftly to 150 mph by a power plant of only 3,000 h.p. output, less than that of a modern electric locomotive.

Second, suspension. A still secret system will steer axles through curves at much higher speeds than today without the wheel flanges touching the rails. A hydraulic device will automatically bank the coach bodies through the curve. Passengers should feel no discomfort, nor should train or track be unduly stressed, as the A.P.T. streams at a smooth 100 mph through a curve now limited to 60 or 70 mph.

SIGNAL ASPECTS

The A.P.T. must be able to

decelerate from top speed to a standstill within existing signal distances, so there are the first railway hydrodynamic brakes, supplemented by disc brakes for the final low-speed-range.

Most railways are likely to regard continuous signalling contact with the driving cab as essential for 100 mph. Several railways have developed systems of continuous displays of signal aspects for the driver: the virtue of British Rail's is that it minimises use of fallible electronic components and can be adapted to fully automatic, computerised train and traffic control.

Although the A.P.T. will reduce track wear, the permanent way must be maintained to very fine tolerances to ensure the smoothest ride. British Rail is experimenting with a track-bed entirely of reinforced concrete, to which the rails are fixed directly through rubber-bonded cork. This may become the track of the future.

Britain expects to see a prototype A.P.T. by 1972 and a production series at work by 1975.

Now a 'see-thro' ship

The world's largest plastic ship, a proto-type minesweeper being built for the British Royal Navy, will have a "see through" hull to allow technicians to check any flaws and carry out tests during construction.

One hundred and thirty tons of glass reinforced plastic

SCIENCE AND TECHNOLOGY

Absenteeism in Industry and its cause

Medical research teams at the Phillips Laboratories in Eindhoven, Holland, have unearthed a rather peculiar aspect of absenteeism in industry because of sickness. In a project which covered a period of some 15 years, it was found that the average sick-leave rose from 12 days per employee a year to 25 days in 1968 a doubling of the figure in 15 years.

The remarkable thing about the discovery is that the classic illnesses are no more numerous today than they were 15 years ago. Also the increase is more marked in the type of complaints in which psychological factors figure prominently. In many cases the physician just cannot find anything physically wrong with the patients but they still complain about stomach and intestinal troubles, backaches and headaches.

Another striking find was that absenteeism occurs more frequently in the middle age groups. A possible explanation for that state of affairs may be that psychological problems affect the middle age groups more strongly than they do the young people, who are still unaware of these problems or the older people who have simply resigned themselves to any particular situation.

INTO THE SEVENTIES—ON THREE WHEELS

Is the three-wheeler finally coming into its own after 200 years?

The world's first self-propelled vehicle was a steam-driven gun tug built in 1770 which travelled on three wheels. And last week the managing director of a firm which makes modern three-wheelers forecast that the '70s would be "the decade of the three-wheeler."

Sales of British three-wheelers during the '60s had shown an annual growth of more than five per cent. Last year nearly 11,500 worth £5,160,000 were registered in Britain alone.

This year the total was expected to be some 12,500 vehicles, to join a total of 100,000 already in use.

(GRP) is being used to build the 153 foot vessel at Vosper Thornycroft's shipyard in south east England.

Costing between £1,500,000 and £2,000,000, the GRP resin for the ship is seven times as strong as steel.

The ship is scheduled for completion in 1972.

sound and later radio, will be taken over by unmanned offshore platforms. Built from steel or concrete, they will carry a lighthouse and full signalling equipment.

The cost of a new "lighthouse platform" will be equal to that of building a new lightship—but the ships have a crew of 10 each and the platform will operate entirely without human assistance. The economies will therefore be considerable, once the change-over has been completed.

ELECTRONIC SYSTEMS FOR KATUNAYAKE AIRPORT

Work on the electronic systems lay-out for the Katunayake International Airport has now begun. The airport will shortly be fully equipped with electronic systems, including VHF radio and test apparatus.

Already a Major portion of the equipment for work on the project, chiefly operational and training multi-position airport control consoles, have arrived.

The entire project is scheduled for completion by the end of this year.

* * *

SWISS FIRM TO ORGANIZE CHARTER FLIGHTS

A Swiss travel agency has agreed to organize charter flights to Ceylon, beginning this month.

The Travel Agency which has a network of branches in Europe will highlight the Annual Kandy Perahera in an endeavour to lure more tourists to visit Ceylon during this period. These charter flights will operate for a period of three months.

* * *

NETWORK OF MODERN AIRPORTS

In the strong competition that goes under the slogan of "Grab the passenger and hold him," the national airline of Yugoslavia is flaring up more and more from year to year.

During 1969, the number of passengers has increased by

forty-three percent on the 1968 figure.

The greater number of air passengers both on the home and on the foreign flights is due to the construction of a large number of modern airports in the tourist centres which are able to handle even the biggest jet craft.

The tourist centres along the coast—Dubrovnik, Zadar and Split, can already boast of not only long landing strips which fulfil the highest standards but also exceptionally attractive port buildings which captivate the eye with their successful architecture and modern interior. The southern Adriatic also has airports (Tivat and Titograd), in addition to Pula, and soon also the Kvarner Riviera (on the island of Krk), Ohrid and other well-known summer resorts.

Thus, in addition to the former airports in the biggest cities—Belgrade, Zagreb, Ljubljana, Sarajevo and Skopje, the network of airports has been extended to cover the whole territory of Yugoslavia.

Shipping & Aviation

INTERNATIONAL STUDY OF OCEAN BEHAVIOUR

Twenty-five meteorologists and oceanographers of nine countries have worked out a plan for studying the behaviour of the oceans in international co-operation. It is hoped that this may finally lead to reliable forecasts which would be invaluable to shipping.

The plan provides for a thousand "automatic stations" in the seas throughout the world. Most of these would be housed in floating buoys, from which radio transmitters would signal all information registered by measuring instruments. The idea is based on the consideration that we must regard the atmosphere and the oceans as one whole, the parts of which are in constant inter-action; atmospheric conditions have their effect on the seas, and vice versa.

The nine participating countries are Holland, France, Britain, West Germany, Norway,

the Soviet Union, Japan, the United States and Canada.

* * *

SPACE SHIPPING

Plans are afoot in the Netherlands to introduce an entirely new procedure for controlling shipping to and from the world port of Rotterdam. The planners are thinking of building an artificial offshore island some 7 miles from the entrance to the "Nieuwe Waterweg" connecting Rotterdam port areas with the North Sea.

The island would be used to install a very powerful radar installation to obtain a more rapid and complete picture of all shipping approaching the Rotterdam fairway from the high sea.

Another example of coastal modernisation in the Netherlands is the replacement of four lightships which have behind them a hundred years of faithful service. Their task, warning approaching shipping by means of signals, light,

Britain's balance of payments: Surplus in first quarter

London

At the end of the first quarter of this year Britain's current account is estimated to have been in surplus by £144,000,000 and the "basic balance"—current and long-term capital accounts combined—in surplus by £119,000,000, the Treasury has announced in London, last week.

Its statement continued: "In the financial year 1969-70 the current account surplus is estimated at £560,000,000 and the surplus on the basic balance at £606,000,000. This latter figure compares with the objective of a £300,000,000 surplus set by the Chancellor of the Exchequer a year ago.

"There was a massive inward movement on funds in the first quarter which combined with the surplus on current account to bring about a total inward currency flow of £915,000,000. Together with the receipt of £171,000,000 from Britain's first

allocation of Special Drawing Rights, this made a total of £1,086,000,000 available in the quarter for debt repayment or rebuilding the reserves.

"In the 15 months since the beginning of 1969 the sum of all inflows of funds available for official financing was £1,829,000,000, including the Special Drawing Rights allocation. This was used to repay £1,709,000,000 of short and medium term debt, and to increase the reserves by £120,000,000."

The Act, among other things empowers the Central Government to establish a commission known as the 'Monopolies and Restrictive Trade Practices Commission.'

The Commission is expected to be appointed early. Rules and forms under the Act will be published very shortly.

Under the Act, the prior approval of the Central Government would be necessary in the following certain specified cases.

Chapter 4 of the Act empowers the Central Government to regulate and control monopolistic trade practices.

BANKS DIFFER ON PRICES POLICY

New York

Two more major American commercial banks have joined the growing debate on a prices and income policy, offering differing advice to the President and his Administration.

The Chairman of the First National Bank of Chicago, has urged the President to call together business and Union leaders to work out standards for wage, price profits and dividend increases.

But in New York, the First National City Bank has come out strongly against any wage and price controls, arguing that any Government exhortation should be directed towards creating a better public understanding of the role of its present monetary policy. The Bank maintains that controls only serve to obfuscate the real causes of inflation and that controls are a tranquilliser at best which tend to dull the symptoms of inflationary disease rather than to eliminate the cause.

ROW BREAKS OVER CANADIAN WAGES FREEZE

Ottawa

A stormy liberal caucus meeting has finally agreed that Finance Minister, Edgar Benson should round out the 10 provinces on their reactions

to the Government proposal to impose compulsory wage, price and profit guidelines.

Unemployment stirred up the storm and worried liberal backbenchers spoke out freely criticising the Government's Anti-inflationary policies. They voiced alarm at the growing size of the unemployment problem, linking it with the anti-inflationary programme.

EEC MOVE TO LOWER TARIFFS AGAINST U.S.

Brussels

The European Commission has proposed that the EEC's tariff on certain U.S. exports should be lowered. They were raised earlier in retaliation against U.S. tariff adjustments.

This follows President Nixon's decision this year to reduce from 40 per cent to the normal level of 21 per cent the U.S. tariff on Wilton and velvet carpets of oriental design.

The Commission recommends that as from July 1, the member countries should reduce the common external tariff on U.S. polythene from 40 p.c. to 32 p.c. official level being 10p.c. and on some man-made textiles from 40 p.c. to 30 p.c., instead of the normal.

OCEAN TRADE FORECAST TO GROW AT 6% A YEAR

London

The world's ocean trade, which amounted to 1,750 m. tons four years ago, should reach 3,068 m. tons in 1975, the International Cargo Handling Co-ordination Association was told at a conference in London, last week.

It was forecast that by 1980, the trade would have reached 4,050 tons, that would represent an annual growth of about 6 p.c.

A paper presented on "Growth of World Trade" stated that it was plausible that shipping would continue to carry the lion's share of world trade. Air transport has been a brilliant advance but the possible future amount of air transport was restricted.

MAJOR BENEFITS FOR BRITAIN'S TRADING PARTNERS

Bonn

Britain's trading partners should reap major benefits from the sustained and quickening tempo of growth she



has the opportunity of achieving—now that her balance of payments has been restored.

This was the message which the Chancellor of the Duchy of Lancaster, Mr. George Thomson, gave to the Western

European Union Ministerial Council in Bonn last week.

Not least among the countries which would benefit, he pointed out, were Britain's partners' in WEU—the Six Common Market countries.

JAPAN'S EXPORT STRATEGY NEED RETHINKING

By
BY HIDESHI KAGAWA
President,
Osaka Trade Association.

fold while those to developing countries rose only by 2.9 times.

Since Japan's export trade depends on both advanced and developing nations, business strategy should be worked out in two ways, one for the former and the other for the latter...

Japan's export trade has been booming for quite some time and it is high time, I believe, that we reconsidered the prevalent line of thinking that the more we sell, the better.

Japan has been preoccupied with how much she can sell abroad and how much a given year's export increased over the previous year. She has given little thought to the question of "how to sell."

In medieval times, strategic thinking used to be concentrated on how to win a battle by sheer force of military might. In modern warfare, more thought is given to how to take care of the aftermath of the war.

Trade Strategy

In working out a trade strategy, we should consider ways and means of selling on a steady basis rather than short-range tactics of forcing our products on to the overseas market.

Let us here review Japan's foreign trade performance in recent years.

Last year, Japan's export amounted to \$16,000 million on a customs clearance basis. Of this amount, \$8,300 million or 52 per cent was for advanced nations, \$6,900 million or 43 per cent for developing countries and \$700 million or 4.8 per cent for Communist countries.

The rapid growth of Japan's foreign trade in post war years has been due to the increase of export to advanced nations in general and the United States in particular. During the 10 year period from 1959 to 1967, Japanese exports to advanced nations increased 4.4

One sure way of promoting export to developing countries is to help their economic development. That is, we should help boost their purchasing power rather than trying to sell goods to them. For this purpose, we should consider developing and importing indigenous products and helping elevate the standards of living in developing countries by opening new business ventures.

Developing Nations

We could also help developing nations in their efforts to industrialize and achieve a greater measure of self-supply by exporting integrated industrial equipment to them.

As regards advanced nations, we should endeavor to raise the degree of sophistication of our export merchandise. In advanced countries, merchandise is judged first by quality and then by designs, with prices claiming less importance in appraisal. Price cutting is by no means the primary weapon in sales activities.

Also, in advanced countries, the system of distribution and marketing is well developed so that export strategy must be finely tailored to suit the requirements of the clientele.

The old adage, "the consumer is the king," is particularly apt to the export business. The Government should refrain from hamstringing private business with cumbersome conditions on foreign trade transactions. This is a prerequisite to prosperous export trade.

Strategy for the developing world

Question: Dr. Guth, developing countries and regions differ widely from one another. Is it possible and permissible to analyse the past and provide a future strategy for the developing world, without taking into consideration the specific environments of the area or the country?

Answer: The diversity of environments of the various less developed countries LDC is, indeed, immense. Let us just take as an example the size of different nations. India's largest state has more people than any European country; Africa's Gabon has fewer people than a single borough of London. The diversity in per capita income, income distribution, social and political conditions etc., is equally striking. But they all have in common that they are struggling to reduce poverty, i.e. to accelerate their economic growth and to improve the social conditions for their population. Of course, economic policies to achieve these aims cannot be exactly the same everywhere; they depend on the size of the economy, the availability of natural

resources, the level of savings and many other factors.

This is why we have not tried in the Pearson Report to present a ready-made blueprint for a development program.

Yet, I am convinced by experience and observation that the fundamental lessons of development which can be learnt from the record of the past, and the basic principles for a development strategy of the future hardly differ from country to country. Think of such questions as the role of the private sector, the need to improve local agriculture, the educational system—the answers will be very much alike. What we have been concerned with in our Report are these basic principles of sound development.

POPULATION GROWTH AND FOOD SUPPLY

Question: The Pearson Report has stated in its thorough review of the First Development Decade that the two main problems of the developing world are population growth and food supply. Are there hopeful prospects with regard to these two problems?

Answer: The excessive growth of population in the LDC's is indeed the greatest single obstacle to economic growth. The problems of food supply are connected with the first question in an obvious way. Thus, efforts towards a better control of population growth will by themselves do a great deal to solve the second problem.

In spite of the great weight we have given in the Report to adequate population policies we left no doubt that the developed countries should not in our opinion force the LDC's to launch population programs by tying aid to these programs. Population control policies must be decided upon by each country in full sovereignty and responsibility. But we recommend that the LDC's should get any necessary support to identify their population problems. Where this identification leads to an active program we recommend that these countries should receive substantial aid to carry it out. We furthermore recommend that world scientists make joint efforts to improve methods of birth control.

If these recommendations are accepted in the big overpopulated countries of Asia I have no doubt that the population problem can be greatly eased. But I have no hope for a quick solution in spite of visible progress in a number of countries.

Here is the development strategy for developing countries as given by Dr. Wilfried Guth, Member of the Pearson Commission, Frankfurt, in an interview with "Inter Economics".

As far as the food supply is concerned it must be pointed out that impressive steps forward have been achieved. The frequently used expression "green revolution" is no more slogan, since dramatic increases in food production have taken place during the past years. Especially since 1966 there have been changes in both technologies (new seeds and fertilizers) and agricultural policies. Examples such as India and Pakistan may illustrate the achievements. During the period 1960-1966 India's aver-

age annual growth of food production was almost nil (0.1 p.c.). But since 1966 this rate has jumped to 7.2 p.c. The data for Pakistan show comparable achievements. There the growth rate of agricultural production rose from a former 1.5 p.c. annually to 7.1 p.c. since 1966. Pakistan's wheat production alone increased by 50 p.c. in two years.

These changes together with a further pronounced emphasis on agricultural development give promise that no sustained shortages in food supply will occur in the coming decade, provided the great majority of developing countries follow such policies.

DEVELOPMENT OF A REALISTIC STRATEGY

Question: The strategy developed by the Commission for the Second Development Decade seems to us not as specific and progressive as often expected. There is the pledge for stronger assistance by industrial countries through easier credit conditions and more government aid. A more provocative demand would have been, for example, the annulment of in-

terstate indebtedness between developed and developing countries. What were the reasons for the rather reserved demand in the Report?

Answer: Our aim was to develop a realistic rather than a provocative strategy. Why have not been more specific? We have tried to explain in answering your first question.

The annulment of the indebtedness between Governments would in my view have serious disadvantages as against the more moderate policies we recommend. The cancellation of debts would probably weaken the political will in the industrialised countries to give more aid in the future. It would seemingly justify the critics who say development aid is a bottomless barrel. Furthermore, the aid relationship should be understood as a partnership between the LDC's and the industrialised countries and each partnership must be based on mutual rights and obligations.

The LDC's obligations are to deploy the received aid in the most effective way and to make maximum development efforts of their own. The industrialised countries' obligation is to pro-

STARTING UP A NEW PARLIAMENT

The result of even a close British election will be known during the afternoon of the day following the voting and many hours earlier in the case of most elections.

If the Government loses the election, the Prime Minister drives to Buckingham Palace to inform the Queen that he no longer has a majority in the House of Commons, and must therefore resign. He advises her to send for the leader of the winning party, who is ready and waiting.

A Prime Minister must have the confidence of his party and must be able to guarantee that he can command a majority of the 630 Members of Parliament.

Since this is almost always the case the leader of the winning party "accepts the Queen's commission to form a government." He is Prime Minister from that moment.

Immediately the retiring Prime Minister moves out of the official residence, No. 10 Downing Street, and the new Prime Minister moves in.

Same Civil Service

Within a few hours the key government appointments are announced by the new Prime Minister and over the following few days the 90 to 100 members of a government, from the senior to the junior posts, are filled. The retiring Ministers move out of the departments, though it is common for them to introduce their successors to the senior civil servants and to dis-

By HAROLD HUTCHINSON of the "Sunday Mirror"

cuss with them any continuing business.

The new government is served by the same Civil Service and the senior men work as closely with the new Ministers as they did with the old. All that happens is that the personal files of the old Ministers are closed and are not seen by the new ones.

The Civil Service is selected by competitive examination to its various grades. It is neutral, highly trained and above suspicion. The highest Civil Service posts are paid more than those of Cabinet Ministers.

But the Civil Servants, sometimes known as the permanent politicians, do not make policy. They are impartial, discreet and their function is to advise and to administer. The relationship is intimate and usually free from friction. Constitutionally, the elected and chosen Minister is the master. The last word is his.

It is customary for the new government to take 10 days or so to assess the work load on the various Departments of State and to draw up a programme for their first session of the new Parliament.

The Queen's Speech

This programme is announced in the form of the Queen's Speech and is a list of legisla-

tive proposals. These are chosen to show the country that the new government intends to fulfil election promises—or as many of them as they can.

The new Ministers receive their Seals of Office from the Queen and their names are submitted for her approval. Her role in all this and in the elaborate ceremonial opening of a new Parliament, complete with State Coach and the pomp and circumstance of medieval splendour, reflect the origin of Parliament centuries ago as the monarch's "Great Council."

Historically, it was the Royal Prerogative to appoint the Prime Minister and summon Parliament and the outward appearances are maintained.

These conventions are useful in providing for the smooth transition from Opposition to Government. They emphasise continuity and the national rather than the purely party nature, of British government.

The government remains "Her Majesty's Government" and Parliament meets—as it has since the 14th century—in the Royal Palace of Westminster—the seat of Parliament.

World War II damage

Only the Great Hall remains of the original palace. The rest was destroyed by fire in 1834 and the Commons Chamber was destroyed again by bombs during World War II. It was rebuilt, exactly as it had been, deliberately

too small for 630 members to sit down at the same time. The reason for this is that it

is a debating chamber, not a place for addressing a public meeting, and it has to be small

How Britain Polls

A new government is formed by the political party with a majority of Members in the newly-elected House of Commons. The House of Lords is not elected and a preponderance of any party there does not affect the government of the day.

A general election must, by law, be held at least every five years; but usually the Prime Minister asks the Sovereign to dissolve Parliament before the full legal term has run. Choice of the exact moment lies with the Prime Minister who, naturally enough, tends to choose a time he feels his party's prospects of re-election are good.

Elections usually give a working majority to one of the two larger parties; but a near 'tie' can be resolved by a party with a small majority forming a coalition with a minor party to give the whole a better majority in the House.

The new Prime Minister chooses his Ministers from both the House of Commons and the House of Lords. Ministers are responsible to Parliament and a special time is set aside on every day of parliamentary business when Members may ask specific questions and require precise replies.

Each Member is elected for one of the 630 electoral dis-

tricts by a simple majority in a single, secret ballot, whether or not there are two or more candidates. A Member does not have to poll an overall majority of votes. Electoral districts are not of even size, but their boundaries are changed now and again to keep their populations about equal.

There is no ban on any party affiliations. There is universal adult suffrage and no person may have more than one vote. Voting is not compulsory but postal voting is encouraged for the sick and for those working away from home. Polls are held everywhere on the same day, usually about three weeks after the Royal Proclamation calling for a new Parliament.

A new register of electors is compiled annually and this time will include young people of 18 years and over. Anyone may challenge the register if an irregularity is suspected.

Arrangements to ensure fairness between candidates (particularly between those of different financial backgrounds) include a legal limitation of expenditure on an election. Radio and television time on all stations and channels is carefully allocated between parties, in the same proportion as their representation in the old parliament.

Britains goes to

enough to preserve the necessary sense of intimacy.

The first week of a new Parliament is devoted to a debate on the proposals in the Queen's Speech.

If the government has changed, the parties have changed sides in the rectangular chamber. The former Prime Minister is most probably the new Leader of the Opposition and he will open a wide-ranging attack. The vigour of this attack may depend on whether it has been a fairly close election. If it has, the Opposition will be powerful and since it has just ceased to be the government, well informed.

On the other hand, if the election has been a disaster for the former government, it will have lost some of its most experienced men and will still be in a state of depression.

The future will look black and the exuberance of the winners will add insult to injury. It takes some time for a badly beaten government to get used to the life of opposition, which will seem quite exceptionally arid after the exercise of power.

"Honeymoon" period

Their spirits, however, will notably revive as the new government, faced with the inevitable problems for which there are no popular solutions—and possibly no solutions at all—enrich the inevitable public displeasure. The honeymoon between a new government and the electorate

orld

erstate indebtedness between developed and developing countries. What were the reasons for the rather reserved demands in the Report?

Answer: Our aim was to develop a realistic rather than a provocative strategy. Why we have not been more specific I have tried to explain in answering your first question. The annullment of the aid indebtedness between Governments would in my view have serious disadvantages as against more moderate policies we recommend. The cancellation of debts would probably taken the political will in the industrialised countries to give aid in the future. It would seemingly justify the critics who development aid is a bottleless barrel. Furthermore, aid relationship should be understood as a partnership between the LDC's and the industrialised countries and each partnership must be based on equal rights and obligations. The LDC's obligations are to repay the received aid in the most effective way and to make maximum development efforts for their own. The industrialised countries' obligation is to pro-

vide the LDC's with a continuous flow of aid which grows with the rise of their own incomes. If the bilateral debt burden were to be cancelled it is almost certain that the LDC's would be less concerned about their performance and the strengthening of their repayment capacity.

I do not think, however, that our demands are rather "reserved". To request that in the future no aid credit should be given at an interest rate higher than 2 p.c. is in my view quite dramatic a proposal. We have also said very clearly that debt relief operations will be necessary in many cases and that they should be carried out so as to avoid the need for repeated reschedulings. With such policies adopted, existing debt problems can be solved in my opinion.

INTENSIFIED PRIVATE DIRECT INVESTMENT

Question: Does the Report suggest concrete steps to be taken by industrial and developing nations in order to intensify private direct investment?

Answer: Altogether we made ten recommendations to expand private direct investment and increase its efficiency. I will try to summarise the most important ones:

(Contd. on Page 15)

Britain goes to the polls on 18-6-70

gh to preserve the necessity of intimacy. The first week of a new government is devoted to a debate on the proposals in Queen's Speech.

The government has changed the parties have changed in the rectangular chamber. The former Prime Minister most probably the new member of the Opposition and will open a wide-ranging debate. The vigour of this debate may depend on whether it has been a fairly close election.

If it has, the Opposition will be powerful and, it has just ceased to be government, well informed. On the other hand, if the government has been a disaster for the former government, I have lost some of its experienced men and still be in a state of confusion.

The future will look black for the exuberance of the government will add insult to injury. It takes some time for a newly beaten government to be reduced to the life of opposition which will seem quite conditionally arid after the use of power.

"Economic" period of the spirit, however, will revive as the new government, faced with the same problems for which there are no popular solutions and possibly no solution at all—incur the inevitable public displeasure. The tension between a new government and the electorate

is not guaranteed to last.

Government legislation is put in the form of Bills and each goes through the same process. There is a general debate on the principles of the Bill under discussion. The Opposition is there to oppose and will do so, but the government majority ensures approval at this stage.

The second stage is examination in detail and it is now that the Opposition seriously attempts to make changes in the Bill. In some cases amendments are accepted and the Government themselves make amendments to meet points that such close study shows to be desirable.

The amended Bill now comes before Parliament for the final debate and vote—which the government wins.

Parliament consists of two chambers, the Commons and Lords. The House of Lords is a much-changed institution with powers only to delay a Bill.

The House of Lords, once wholly hereditary, is increasingly dominated by men and women of distinction in their own fields who are created Peers for their lifetime only.

In practice the Lords are a valuable revising body. Since they are not elected their powers are minimal and hardly ever used, but since they are insulated from the need to win votes, they are also free to initiate public discussion on controversial social and moral issues and so test the climate of opinion.

Price and sales policies for fruit and vegetables

The price of a product is one of the most important—if not the most important—factors in marketing. Discussions on prices will never stop, because the different groups in marketing business speak of their prices in a different meaning.

We know the farmers' price which obviously is lower than the middleman's or the wholesaler's price. The retailer sells at a price that is higher again than the price he bought the product from the wholesaler. The last one in the market chain, the consumer, has his own ideas about the price, when he wants to buy a certain product.

Price policy

Every group in the economy of a country has its own ideas on what is or should be the reasonable or the fair price. The farmer wants it as high as possible because the price level influence his income. The consumer is interested in a low price in order to get a wider choice to spend his income. The traders are not so much interested in the absolute price level, but in the differences of their buying and selling prices, the margin.

It seems to be impossible to combine all the different interests in order to establish a prosperous economy. Agricultural Policy should lead to a reasonable farmer's income that can be compared with the income in other working groups, on a price level that allows prices to the consumer he can afford to pay, according to his rising income. Further on Agricultural policy also should take into consideration the necessity of foreign trade.

Three essentials have to be co-ordinated: the farmers' interest, the consumers' interest and the interest of foreign trade.

To develop price mechanisms that solve the total of the problem is a task which is very difficult to solve. There will at least always be one group, that does not reach the level described in the official policy.

In Europe, farmers at present demand higher prices because their income seems to remain behind the income of some other comparable groups.

On the other hand price and market policy of the European Community has lead to high surpluses mainly in butter, grain and sugar. On the fruit and vegetable markets some government bodies—according to market regulations—were obliged to buy goods at a fixed minimum price and to find some other outlets or even take it out of the market by burning the goods.

The few examples may show how difficult it is in our country to find the fair price. Influence come out of social policy also. Governmental activities have to realize the relation of population having their income out of farming to the group that spends part

of their income on buying farm products. Government's policy will be directed to relatively high farm prices if the first group is in the majority but it will have to bear in mind that low income of the other group will not allow extremely high farmer's prices because the production may find no market on a high price level.

Price function

In a free market, that means in a market without influence from bodies outside the market, prices are the most sensitive regulative. Their function is to balance demand and production. In a normal balanced market, i.e. demand and supply meet at a normal level and a medium price level has developed, the over supply of one crate of cauliflower can lead to an extreme reduction of the price of this product.

If a low price is kept for a long period, farmers will react by growing less of this product, although they might have been better off, if they had kept to the same quantity. There are many examples in world food production of short term crops showing how low or high prices can influence the acreage and the production of a certain product.

In these cases the function of the price was to signalize the necessity of reduction or increase of growing. The farmers reacted to the market signal but at larger scale than they should have done. Market information such as price notification and publishing of prices—as is already done in Ceylon—and some advise to the farmers can help to make the market transparent. An absolute free market can only work properly if every part of the market knows enough about its development. If one group is kept out of the market because of the influence of another or according to missing market information the price cannot fulfill its function.

Therefore the market must be made transparent to everybody. Transparency can be reached also if production and demand meet at one point, say at the wholesale market.

Prices and Margins

Prices consist of costs and profit. As far as the farmer is concerned he does not know the price, when he starts production, unless he has concluded a contract with a buyer. Normally he has to spend money on the production for the seed, fertilizer, chemicals etc. The price he gets later may not cover his costs or may give him a high profit, a good income to live on.

The merchant or middleman normally knows the price level, when he goes into business even if he takes the goods on consignment basis. His margin also contains the cost he has to spend on handling the goods and his profit. The profit part plays an important role in business. It initiates trade, it keeps business running. Without profit there would be no business. This should be pointed out very clearly. Another question is the percentage of the profit in relation to the farmer's price.

By
DR. W. GRUMBLAT
Director,
Agricultural Department,
Government of Hamburg,
and
MR. G. HOLSTEN,
Expert F.A.O.

According to the different demands for handling etc. and the different risks involved in the business, margins may vary extremely. The margin of wholesaler has to be calculated in a different way from that of a retailer.

Influences

The price may lose its function to balance production and demand if some great influences affect the market, i.e. if a monopoly controls a high percentage of the market supply, or forms a monopoly of transport. In this case activities of the other market groups should be developed in order to break the influence. Farmers' organizations and governmental influences here again may be helpful.

In order to bring transparency into the market the government may—as done in Ceylon—introduce market news published in the broadcasting media for the farmers and in the newspapers for the consumers. This will help to establish a fair price for the farmer—he knows what his middleman has received—and for the consumer—he knows what the fair price is on a certain day. This system is of great advantage because it gives support to the weakest groups in the market system. But, it can work properly only if prices are notified according to some quality standards.

The Government or some bodies sponsored by the Government may even go into the trade of agricultural products. An important influence out of this, however, can only be expected if a sufficient quantity out of the total is handled.

Nevertheless, the influence may be greater than expected in relation to the quantity.

Price / Sales policy

In the consideration of a price and sales policy, we must first determine what the policy is intended to accomplish. In general, it may be said that

such policies become necessary when there are price imperfections or when certain sectors are felt to need assistance by a change in policy, sometimes requiring regulation.

The rationalization for price and sales policies and their affect on various sectors of the economy is quite different. Political, middlemen, producers' and consumers' interests are not only different, but in fact, are often mutually contradictory.

Regardless of why price and sales policies are undertaken, or what sector they are designed to help, conditions change and policies should be re-evaluated frequently and the necessary adjustments made. For example, if the policy of the Government of Ceylon to support potato prices at 40 cents per pound by offering to buy at that price were to result in more potatoes being grown than could be consumed, some downward revision of the support price would be indicated. This assumes that it is found profitable to grow potatoes at 40 cents per pound otherwise overproduction would perhaps not occur.

Price Regulation

Price regulations that limit margins of various middlemen handlers are not only difficult to enforce, but may be unfair in that operators have different operating expenses due to location and other factors. Therefore margins expressed as the percentage difference between selling and buying prices may have little relationship to net margins. Even if we assume that margins can be regulated, the question then arises as to who should benefit from reduced margins; should it be the producer or the consumer, and if both, in what proportion?

From the standpoint of economics, if a number of buyers and sellers are brought together, the relationship of farm and consumer prices and middlemen margins will come into balance. If farm prices of a commodity fall below the cost of production, the quantity of that product planted will decrease until growing again reaches a profitable level. If consumer prices are too high, limited sales of the product will force a price reduction to the point at which consumers will again purchase the product. If middlemen margins are too high, more middlemen will enter the trade until the average profits drop to levels which do not encourage more middlemen to go into business. If trucking rates become unreasonably high, we would expect more people to enter the trucking business and competition to force freight rates down.

(Contd. on page 15)

MANAGEMENT

Control. Control often suggests the idea of command or direction—and, in fact, this is one of its dictionary meanings. As applied to management, however, it means checking on progress to determine whether plans are fulfilled. If performance is falling short of what is necessary to fulfil the goals, the manager must take steps to correct the difficulties.

Many of the controls available to management are financial in nature. A simple example is the budget, which is also a tool of the planner, for a budget is a plan to spend certain monies to accomplish certain ends. If actual expenditures overrun the budget, it's an indication that performance is deviating from plans—perhaps justifiably, perhaps not.

Similarly, an underrun may indicate that a manager or several managers have been able to turn in especially fine performances and produce results for less money—or it may mean that some of the things that should have been done have not been done—again, justifiably or unjustifiably. If the budget is broken down finely enough, it is relatively easy for a superior, or the manager who is responsible for meeting the budget, to determine what has been happening and whether or not some special action is called for.

Not all controls are financial, however. To mention just a few, controls are needed for quality, for production, for ensuring that deadlines will be met, for sales (like a budget, a sales quota is both a plan and a control). It is even possible to develop controls for such things as training—for example, one might compare the performance of a group that had been given a certain type of training with that of an untrained group doing the same type of work. In that way, one could judge whether the training course is worth while, or whether it needs modification, or should be discarded altogether.

Innovation. A great many books on management confine discussion of the management job to the phases listed above. During the immediate post-war period, for example, there were many who felt that the manager's job was primarily to ensure that things went along smoothly, without intramural fights or disruptions. But the viewpoint has changed in many companies as competition has become keener. In fact there is now a decided swing in favour of the innovator.

Innovation may consist of replacing one way of doing

things with another, or it may simply mean discarding old procedures that are no longer needed. But whatever form it takes, the drive towards innovation must be continuous. For a company cannot stay in the same place; it must move forward or go back. This is also true of a department.

Representation. In addition to all these functions, the manager must represent his company to the outside world. This has always been a part of the management job, although many books on management do not list it as one of the major management functions. There are many managers who still regard it as a peripheral activity, or believe that they can delegate it to a public relations or public affairs department.

Actually, the manager cannot escape the job of representation and today, he must represent his company to more groups than ever before. These groups include the financial community, the general public, the local community, labour unions, industry associations, and innumerable governmental bodies.

Not all managers have contacts with all these groups, but they usually have contacts with some, although on different levels. The top manager may represent his company in conference with government officials or Ministers or give evidence before Parliamentary Committees or Commissions set up by the Government. For a plant manager, government contacts may be confined to meeting with local zoning boards or making speeches before community groups. The

director of industrial relations may negotiate contracts with the union, but the first-line foreman must represent his company in discussions with the union steward or committeeman. And nearly every manager writes letters to outside groups or individuals.

Communication. Plans or innovations cannot be carried out until they are communicated to those who will have a part in implementing them. The organization structure is designed to set up 'channels of communication,' through which information is passed

have been if they had not proceeded by trial and error.

A classical example is Henry Ford, who didn't believe much in organization, or in communication for that matter. 'It is not necessary,' he said, 'for any one department to know what any other department is doing... It is the business of those who plan the entire work to see that all of the departments are working... towards the same end.' But the Ford Motor Company grew beyond the point where it was possible to operate in this way, and

This is the second installment in the series on the Techniques of Modern Management which deals with the functions of management and what the manager can learn in his own job.

breakdown of the management job into the several functions listed above. In itself, of course, this does not tell the manager much about how he can handle his job, but it has the great advantage of making it easier for him to grasp the essentials of his job and to study the subject in a systematic way.

Techniques of Modern Management II

downward and upward. Organization is sometimes described as 'a system of communication.' In staffing, the manager must explain the job, the skills needed, and the benefits provided to candidates; and the training phase of staffing is almost entirely a matter of communication. Direction and representation, too, are exercised largely through communications, and control systems are actually systems of communication.

WHAT THE MANAGER CAN LEARN

There were good managers, of course, long before anyone ever studied management. But not everyone can be a genius and the demand for good managers far exceeds the supply of geniuses. Moreover, many of the genius managers of the past—in business, government, the military, and other fields—were deficient in one or more of the management skills and were probably less successful than they might

have been if they had not proceeded by trial and error. Fortunately, there's much more that the manager can learn in addition to the techniques of his own job and his own industry. The field of management has drawn on sociology, psychology, economics, and other disciplines, and it is in these areas that the manager can learn from study as well as from experience and trial and error. He still needs plenty of intelligence, common sense, and business judgement—and even the inspired hunch may still have a place. But a knowledge of what others have learned about the various aspects of management will help him use his native abilities more effectively. It may even help him determine whether his hunches are inspirations or exercises in wishful thinking.

When Henry Ford started, not a great deal was known about the management field, although some work had been done. But in the past few decades a great deal of research, experimentation, and thought has been devoted to the subject. In addition, the computer has given rise to entirely new possibilities. In short, there are a large number of findings that will help any manager—whatever his native ability—to become more competent.

One of the fruits of the study of management has been the

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FIRST THRONE SPEECH OF THE UNITED FRONT GOVERNMENT

A Special Supplement

Highlights of the Throne Speech

- * The Banking system will be nationalised and specialised banks will be set up to finance development in industry, agriculture, foreign trade, and internal trade.
- * The FEECs scheme will be re-examined as far as imports are concerned and foreign exchange abuses will be eliminated.
- * Industrialisation of the country will be carried forward with vigour. Industries in both the public sector and the private sector will be protected against under-cutting by foreign imports.
- * Agriculture, especially food production, will be made a really gainful occupation for the peasant.
- * Schemes will be undertaken to relieve rural indebtedness, to develop land holdings and to consolidate fragmented holdings.
- * Special leases of large extents of state land to private companies and favoured individuals will be discontinued.
- * The Agency Houses will be controlled.
- * A comprehensive scheme for housing will be brought into operation and rent control will be extended to cover all premises.

An "On Account" Budget

The Minister of Finance, Dr. N. M. Perera is expected to present an "On Account" Budget in July to enable the day to day running of the Government till November.

The budget proper—a really socialist budget of the United Front Government will be presented in November. This budget will embody measures the Government proposes to introduce in accordance with its election manifesto.

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was a
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A
TURNING POINT
in the
**Socio-Economic
Structure**
of the
COUNTRY



Dr. N. M. Perera
Minister of Finance

EVIDENCE OF GOODWILL

The fund of goodwill with which the new Government has been received is demonstrated by the numerous donations that are pouring into the "Save the Country Fund" from all quarters.

The workers as well as private sector organizations have responded magnificently to help the Government tide over its immediate financial difficulties.

A typical example of this goodwill was the gesture made last week by the Managing Director of Messrs Pfizer (Ceylon) Ltd., Mr. Jack, Street, when he donated, on behalf of the Company, the money allocated for their annual cocktail party.

This is an example worthy of emulation. Other Companies and Organisations too could follow suit by cutting down expenditure of a frivolous nature and diverting it to the "save the Country Fund."



Mrs. Srimavo Bandaranayake, Prime Minister and leader of the United Front.

A SPECIAL MESSAGE

I have great pleasure in penning a few words to greet The Economic Times.

As your readers are aware, I assumed duties as Minister of Finance on the last day of the last month. Therefore, during these last few days that I have been shouldering this burden I have been appalled by the lack of fore-sight and prudence shown by the last Government. I have inherited an empty coffer in a very literal sense.

I have done my best to explain to the public the true position. It is most gratifying to find how much the people have understood the situation and how readily they have come to my help, in various ways. All sections of the people of this country have responded to my call and have generously given their support to make the Exchequer solvent.

I would appreciate very much if Journals like the Economic Times help me by placing the true facts before the people, and invite their readers to help us in every way to tide over the difficult period we are faced with.

I earnestly solicit the support of all Journals in carrying out this task of putting the finances into shape and ensuring the steady progress of this country.

(Dr. N. M. Perera)
Minister of Finance

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of*

**The Colombo Co-operative
Provincial Bank Ltd.,**

No. 11, Duke Street,
Colombo-1.

ELECTRICITY AS AN INSTRUMENT OF DEVELOPMENT

Electricity plays such a pervasive role in our day to day life that it can be said that modern life is inconceivable without electricity. It is due to this reason that the standard of living of a people is gauged on the per capita consumption of electrical energy. The per capita consumption of electrical consumption in Ceylon is some 55 units, which, though low by levels of developing countries cannot be considered unsatisfactory when compared with power consumption in the South East Asian regions generally.

Modern Governments use electricity as an instrument of rural development. All developing countries have ac-

frontiers of development into the rural interior. Rural electrification accordingly not only takes power to farming and rural industry, but acts as

—By
D. G. SENADHIPATHY
 B.Sc. (Eng.)
 M.I.E.E. (Lond.)

an Agent of modernisation. It is for this reason that developing countries make

large investments in the electrical generation, supply and distribution industry. The capital investment in the electrical industry in Ceylon since Independence, has been high despite competing demands for investment from other fields.

THE MASTER KEY

It has been said that electricity holds the master key

to development as electricity not only moves the wheels of industry but provides leverage for progress as a whole. A breakdown in the electricity supply and distribution results in the economic life of a country grinding to a halt, and as such it is essential that new generating and distributing stations and other facilities are completed in time to keep up with the demand increase.

The electricity supply industry in Ceylon had its beginnings in 1895, with M/S Boustead Bros. establishing a small power station in the Fort for the supply of electricity for lighting of a few mercantile offices, some government buildings and the main streets in Colombo. Kandy had its supply of electricity in 1905 when the Colombo Gas Company installed a generating station to provide electricity to Kandy town.

In 1912, Government inaugurated the Nuwara Eliya electricity scheme and before long thereafter other towns in the Western Province had electricity supplies, notably Gampaha, Veyangoda, Ja-Ela, Peliyagoda, Kochohikade, Avissawela and Minuwangoda. At the end of 1929, 16 towns had their electricity supply. The supply to these towns were from Thermal Plant.

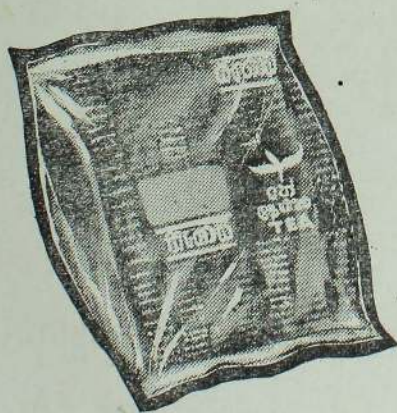
The Department of Electrical Undertakings was established in 1924 to initially take over and run the Colombo Electricity Supply business and then expand the supply to adjacent areas and eventually develop the industry to cover the whole country.

HARD WORK

Today, the Ceylon Electricity Board which took over the functions of the D.G.E.U. owns more than 95% of the total generating capacity in use for public utilities.

Real development in the field of electricity generation and transmission can be considered to have commenced in Ceylon only in 1950 when the Department inaugurated the first large sized power station in Laxapana. Years of patient hard work contributed to the conception and execution of Ceylon's first Hydro Electric Scheme in which a son of the soil, the late Mr. D. J. Wimalasuendra played a pioneering role. It was in recognition of his services to the electrical industry that the Norton Power Station which he envisaged, is today named after him.

(Contd. on page 13)



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AINS

Special Supplement

A basic question which is receiving the attention of many a Banker in Ceylon today is the problem of bank securities for Co-operative Credit. In a developing economy it is im-

operative enterprise which typically runs on limited resources is not in a position to furnish gilt edged security when it wishes to expand its business activities. In the absence of

Bank Securities

perative that loans and advances to co-operative enterprises should be made more flexible, as they play a vital role in the economic upliftment of the community.

There is no denying of the fact that the co-operative movement offers the most effective medium for economic action inspired by the motive of service, economic decentralisation on democratic lines, social justice and social change through peaceful means. Towards this end it is charged with a number of tasks to solve our socio-economic problems.

The character of a co-operative widely differs from that of a private enterprise. The assets are primarily composed of the members shares which is relatively low and accumulated capital resources do not usually warrant the granting of credit for expansion, as sufficient security cannot be obtained to safeguard the interests of the bank. On the other hand the primary duty and obligation of the bank is to safeguard the deposits of its customers. In these circumstances the question is should the bank extend credit facilities to co-operatives in the absence of tangible securities or not.

Problem of Security

No production enterprise can further its economic development unless sufficient money is available to purchase modern and up to date machinery for increase of output. A Co-

such security how is it possible for the co-operative to borrow?

If the co-operatives are to play an increasing role in solving our economic problems they have to be financed, ir-

and Co-operative Credit

respective of their credit worthiness, based on tangible securities. Credit must be made more flexible.

Very often the banks are reluctant to finance the co-

By

RIENZIE FINTOE

General Manager,
Colombo Co-operative
Provincial Bank Ltd.

operatives on a long term basis as adequate security is not available to guarantee the repayment of the loan in due course. Here again one is confronted with the problem of good bank security for credit.

The reasons for the reluctance on the part of Commercial Banks to finance the co-operatives are now quite familiar, the prominent among them being the lack of adequate security.

Short test

If the banker is satisfied from information available and from negotiations conducted with the committee of a co-operative enterprise concerning the safety, liquidity, suitability and profitability of the lending, credit should be made available with-

out undue reference to adequate security.

The ability of the co-operative to use the bank money to advantage and to repay it within an acceptable period has to be assessed. Apart from the financial strength of the co-operative disclosed in its balance sheet the banker should know from personal connection and his local knowledge of the committee, the integrity, drive, initiative and experience of its present management.

The qualities of experience and drive so essential in current conditions demand special assessment even though the past results of the co-operative may indicate its success and pros-

pects. The short test is therefore whether the banker has confidence in those entrusted with the development and management of the co-operative. They require to possess as a team undoubted trade experience technical knowledge, energy, initiative and drive and above all financial acumen. This latter requirement can be met by the appointment of a qualified accountant primarily responsible for the control of the finances of the co-operative, and the banker can rely on this specialist for proper budgetary control. If the banker is thus satisfied that monies borrowed by the co-operative sector is properly utilised to fulfil the objects for which it has been established and the capacity to repay the loan is unquestionable, then the banker should not hesitate to finance them in spite of the lack of adequate security to cover such loans.

The banker should from time to time conduct credit investigations and control the advances made in order to satisfy himself that the monies obtained for development by the co-operatives are properly utilised. Once this is done the obtaining of adequate tangible security from co-operative for bankers advances can be reduced to a minimum.

The banker should be able to exert a greater influence on the economic accounting of the co-operative enterprise. In case of violation of plans the banker should enforce the observance of the plan by means of sanctions. The Banker should carefully analyse all economic processes connected with their banking operations. In advising the co-operatives and bringing influence to bear on them.

The banker should also mobilize the workers of the co-operative for active participation in the solution of the task the banks are faced with, and to assist the staff in effective socialist work management. If this can be achieved then the question of adequate security for banker's advances to co-operatives can be solved without much difficulty.

TRADE MINISTER MEANS BUSINESS

Mr. T. B. Illangaratne, Minister of Foreign and Internal Trade, is eager to ensure the rapid implementation of the United Front's proposals regarding trade and commerce.



Mr. T. B. Illangaratne

The United Front manifesto has laid stress on the Ceylonisation of the retail trade, the expansion of trade through bilateral pacts and reconsideration of the Business Turnover Tax in so far as it affects the small trader.

The major policy measures involve:

* The import trade in all essential commodities will be handled by the State.

* Export trade will be expanded to ensure that bilateral trade agreements are carried out in a manner that will provide new markets for traditional and non-traditional exports.

* Appropriate State enterprises will be set up for the above purpose.

* The central wholesale trade in imported essential commodities will be handled by State and Co-operative organisations.

* The Co-operative movement will play a major role in the economy.

Electricity ...

(Contd. from page 12)

The current picture so to speak of Ceylon's supply of electricity is as follows:

Hydro Station Laxapana	50 Mw
Hydro Station Inginiyagala (Gal-Oya)	10 Mw
Hydro Station Polpitiya (Maskeliya-Oya Stage I)	75 Mw
Thermal Station Kelenitissa at Grandpass	50 Mw
Diesel Units in Colombo, Jaffna	20 Mw
Uda Wellawe Hydro-Project	6 Mw
Total	261 Mw

INSTALLED CAPACITY

The installed capacity of all these plants is some 261 Mw. The Electrical authorities have assessed that in order to meet the power requirements of the country after 1972 another Hydro Project should be commissioned. It has been decided that the Maskeliya Oya Stage II with an installed capacity of 90

Mw should be taken up for construction.

POWER REQUIREMENTS

Our requirements of power for industry and domestic purposes have been increasing at the rapid rate of 10% per year. This has necessitated the conception of additional blocks of power every 3 to 4 years. A resources survey of the Mahaveli Ganga Basin conducted by the U.N.D.P. and local Irrigation and Electrical Engineers has revealed that the combined use of reservoirs in the entire Mahaveli Project will permit the development of some 480 Mw of generating capacity. This should meet the power requirements of this country during the next decade or so.

On the completion of the exploitation of hydal resources in the country, Ceylon will have to fall back on Thermal Plant for additional power, or depending on costs, launch out on a programme for the production of electricity from Nuclear Energy. Nuclear Power engineering is today feeding electrical power to the Grid supplies of most developed countries, and the developing countries, like India. It might be that with the advance of nuclear power engineering in the future the cost of nuclear power production might become comparable with that of thermal or even hydro.

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FERTILIZER IN THE SERVICE OF AGRICULTURE

The Ceylon Fertilizer Corporation was established by Order under the State Industrial Corporations' Act No. 49 of 1957 on 30th January, 1964, mainly in order to supply the fertilizer requirements of the paddy, coconut and tea (small-holders) agricultural sectors, especially under the Government Subsidy Schemes in operation.

The purposes of its establishment as stated in the Incorporation Order are "importation, processing, sale and distribution of fertilizer."

SCOPE

During the first full quarter ended 31.12.64, sales were confined to the paddy sector, but from 1965 supplies were made to the coconut, tea and rubber sectors under the respective Government Subsidy Schemes.

Sales of paddy fertilizer under the Subsidy Scheme are at present made exclusively through the Department of Agrarian Services while the other sales are generally made direct through Co-operatives to customers on permits issued by the respective Government Departments. Sales of unsubsidised fertilizer are mainly to Government Departments and Corporations, but since the latter half of 1966 the Corporation has imported, and supplied ex-wharf to the private trade, their requirements of Rock Phosphate.

The requirements of fertilizer for tea, rubber and coconut are supplied in the mixtures recommended by the appropriate authorities, blended at present by the private mixing plants, while paddy fertilizer is supplied in the "straight" form. The Corporation, however, intends to

supply direct not only the mixtures required for these "cash crops" but also mixtures for paddy and other crops as recommended by the Department of Agriculture when its own mixing plant (which is being installed) eventually commences blending operations.

IMPORT OF UREA

A significant feature in the pattern of imports and distribution is that the Ceylon Fertilizer Corporation has virtually played the role of a pioneer in the importation and distribution of Urea. Urea, which has a nutrient content of 46% nitrogen, has been increasingly recommended by the Department of Agriculture as a more suitable and economic nitrogenous fertilizer than Sulphate of Ammonia, the nutrient content of which is 21% nitrogen.

Imports of Urea prior to 1964 by the private trade were insignificant. The Ceylon Fertilizer Corporation itself imported only 1800 tons during the first four months of its operation and 8,350 tons during the next year. But there has since been a rapidly progressive increase in the imports of Urea during the last 5 years and by 1969 the total imports for the year reached the point of 35,162 tons—an increase of about 320% on the 1965 imports.

Similarly, there has been a significant increase in the use of Urea by the paddy sector—from 5,518 tons in 1965 to 26,093 tons in 1969.

The role played by the Ceylon Fertilizer Corporation in promoting the increased use of Urea has also particular

relevance to the programme of the State Fertilizer Manufacturing Corporation to produce Urea locally within the next few years.

STORAGE

Apart from an inadequacy of storage at the terminal points, the lack of the requisite stores at the district level has been recognised as a limiting factor in the extension of fertilizer use. This question was examined by Government in consultation with the Corporation, the Agriculture Ministry and other governmental agencies con-

By

The Chairman
Ceylon Fertilizer Corporation

cerned, in particular the Department of Agrarian Services and the Government Agents and it was decided that the Corporation should undertake the construction of District Fertilizer Stores with a capacity of 1000 tons and over, according to a phased programme.

Provision was made in the programme for the construction of 31 such stores throughout the Island according to the needs of each area, with a total storage capacity of 43,250 tons, the total cost of which, approximately Rs. 7.0 million, was provided as a grant by Government. This programme which was inaugurated in 1966 has now been virtually completed, only two stores being in the final stages of completion. Some of these District Fertilizer Stores are managed by the Corporation itself while others are being administered by the Department of Agrarian Services.

Issues are made from these stores to Co-operatives which have been encouraged, and given financial assistance by way of loans, to set up small stores at the village level. The question of providing further storage at the district level is also being examined

STOCKHOLDING

One of the chief factors contributing to operating costs has been the necessity to carry stocks of all the varieties of fertilizer at all times far in excess of the immediate requirements at any given time in order to ensure that there would be no shortage of the fertilizer required for different areas for each of the cultivation seasons. Fertilizer is as vital an input, and its handling on an island wide scale too complex an operation, to admit of a ship-to-field situation. In consequence the Corporation has been obliged in the recent past to carry at all times stocks the value of which would on an average be in the region of Rs 25 to—30 million.

Nonetheless, every attempt is being made to phase out the imports to accord with the pattern of usage but it is not always possible to do so with the nicety required to ensure minimum stockholding at relatively safe levels. Purchases have to be made in accor-

dance with the directions of the Ministry of Planning and Economic Affairs in regard to the sources of supply of any given variety for a given period. Though these directions are received generally well in time, the consequential authorisation and documentation procedures involved in imports aid/credit lines as well as the difficulties experienced in arranging for shipment in time are factors that impede the programming of imports to achieve this objective.

EVALUATION

The Ceylon Fertilizer Corporation has not enjoyed any special privileges, being subject to the payment of the same dues as any private commercial undertaking. Furthermore, since it is "not only a trading organisation but also an institution fostering agricultural development in Ceylon" (to quote from the last published report), in the furtherance of this image it has imposed upon itself a conscious policy of supplying fertilizer to the farmer at the lowest possible cost at stable prices notwithstanding periodic import price fluctuations.

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FROM THE CHAMBERS

Need for more Financial Institutions

One of the main obstacles to industrial development in Ceylon is the difficulty of obtaining finance at reasonable rates for long-term, medium term and short-term investments, states the National Chamber of Industries.

The Chamber has pointed out that this must be overcome by having more financial institutions and by mobilising the savings of the people for development.

"In order to meet inflationary pressures, the previous Government had adopted a dear money policy in 1968 and 1969. This policy has affected industries very badly, the chamber adds.

Rates of interest are so high that it has become more

profitable to lend money rather than invest in industries."

The Chamber has now urged the Government to change the present policy and adopt a system of 'selective credit control,' if it is necessary to control credit.

PURCHASE OF TAX RESERVE CERTIFICATES

The Ceylon National Chamber of Commerce has decided to give all assistance to the new Government to tide over its present financial difficulties.

In this connection, the Chamber has already issued a circular to all members advising them to invest as much as possible through the

Chamber in the purchase of tax reserve certificates.

Action has also been taken by the Chamber to assist members in the purchase of these certificate without inconvenience.

APPOINTED

Mr. J. D. L. Abeywickrema, President of the Small Industries Association has been elected to the Development Advisory Council of the Ministry of Planning and Economic Affairs.

Mr. Abeywickrema who is the Managing Director of Wickrams Ltd., is also a member of the National Chamber of Commerce.

L C P A & THE C'NUT INDUSTRY

The Low Country Products Association has, in a letter

addressed to the Minister of Plantations Industry, Dr. Colvin R. de Silva, expressed its eagerness to discuss matters relating to the coconut industry.

The Minister has agreed to meet a deputation from the L.C.P.A. shortly for a formal discussion.

"CEYLON COMMERCE" REVIVIED

The Ceylon National Chamber of Commerce has resumed publication of their Journal, in response to requests from their membership and overseas readers.

The "Ceylon Commerce" Journal will cover vital information relating to the import-export trade, besides other matters of Commercial interests.

changes can only be decided by those operating in the field.

Question: What have the developing countries themselves to do in order to contribute to a much higher extent towards their more rapid development?

Answer: In the 1960's 85 p.c. of total investment was financed from domestic sources. This ratio shows, that the greatest part of the development effort must be made by the LDC's themselves. The Commission emphasises that the performance of the LDC's should be one of the decisive criteria for the allocation of additional aid. Performance has of course many aspects. We have stressed in particular the need to increase savings and exports. Many other factors are to be mentioned, such as the improvement of the educational system and of the governmental machinery, the need for sound monetary policies etc.

HIGHER QUANTITY AND QUALITY OF AID

Question: The future importance of the Report will depend on its practical impact in development policy. However, the task of transforming scientific suggestions into policies is no longer an assignment of the Commissioners but of politicians. Are you optimistic with regard to a more vigorous action by politicians—mainly in the USA—during the Second Development Decade?

Answer: I am basically hopeful that the importance of the problem will be more clearly recognised, otherwise I wouldn't have dedicated so much time during the last twelve months to the work of the Commission. If you look at the statements of the various governments comment-

Price and Sales....

(Contd. from page 9)

Where middlemen are organized into a 'ring'—as in some markets, collusion affects both the price paid to producers and the price at which the product is sold to retailers, resulting in abnormally high middlemen margins. From the farmers' side, they must then attain a degree of organization comparable with that of the middlemen. This is always difficult due to the large number of producers and often to their distrust of co-operatives, government agencies and even their own neighbours. From the retailers side, they might seek other sources of supply. As for example in Colombo, they can buy from the co-operative or Marketing Department wholesale markets as well as from the Edinburgh wholesale market. This, we understand, has already had some reflection in that wholesaler margins, are now somewhat lower than some years ago.

In conclusion, we think it safe to say that in general, prices and margins at all levels of the marketing process will seek reasonable levels under a free interplay of competition. Regulation is sometimes necessary for political, social or economic reasons to change or improve the relationship of individual sectors. These should be carefully evaluated, and if necessary changed, from time to time to ensure that the policy achieves the purpose for which it was devised.

ing on the report I feel a cautious optimism is justified.

As you know Chancellor Brandt in his inauguration speech expressed the government's intention to consider the recommendations of the Pearson Commission. More specifically he announced his government's determination to increase the official development aid volume by 11 p.c. annually in order to fulfil the recommendation of the Pearson Commission to spend at least 0.7 p.c. of the GNP on official aid by 1975. It is true, in the US Congress the general climate for development aid is not good at present. But I have no doubt that the Government will try to step up its contributions to development aid particularly if the balance of payments situation improves in the future. In the trade field the recent US proposals suggest general non-reciprocal tax concessions for manufactured goods from the LDC's.

In general I expect no dramatic increases in the commitments to development aid. But I hope that the Commission's recommendations will provoke a world-wide reconsideration of the whole issue, which will gradually lead to a higher quantity and quality of aid.

STRATEGY FOR THE DEVELOPING WORLD....

(Contd. from page 8)

The LDC's are called upon to identify and remove disincentives to foreign private investment. In addition they should preserve the greatest possible stability in their laws and administrative regulations affecting foreign investment.

The industrialised countries should strengthen their incentive systems (tax and financial incentives). The successful operation of the DEG (Deutsche Entwicklungsgesellschaft) is quoted as an example for other countries.

International agencies like the World Bank group's IFC (International Finance Corporation) should become more active in the field of project identification and investment promotion work.

We have also stressed that application of the partnership principle is particularly important in this field. Multi-national companies carry a great responsibility to spread their technical know-how, to educate local workers and to provide opportunities for local entrepreneurs. It is only then that developing countries will consider foreign direct investment as a clear benefit.

Question: Trade liberalisation and customs preferences are two rather old demands of the developing countries. But neither UNCTAD nor other international bodies have been able to achieve much progress in this respect. Could you comment on the future possibilities regarding these two important problems?

Answer: Pressures on Governments to gradually remove remaining restrictions must continue and the necessary structural changes in the developed countries must be accepted by all concerned. Our recommendations in this field are more or less in line with the UNCTAD proposals. I admit, that as far as further trade liberalisation in the developed countries is concerned the signs are not propitious. The agricultural problem is particularly complex and difficult. But the current state of negotiations between the OECD and UNCTAD gives reason to hope that some progress towards a system of non-reciprocal tariff preferences may be made shortly.

Apart from these moves, of particular importance in my opinion is the expansion of trade among the LDC's themselves. Here we have made some practical proposals, concerning a payments system to facilitate such trade.

REORGANISATION OF AID ADMINISTRATION

Question: Intensification of aid through international organisations is another proposal of the Report. The high number of different international organisations, and the absence of Eastern aid through them prevent a more effective functioning of these bodies. Has the Pearson Commission been asked to give its advice on a reorganisation of international aid administration?

Answer: The Commission has not been asked specifically to give advice on the reorgani-

sation of the international aid administration. However, it was unavoidable that we looked into this question as there are obviously severe shortcomings of the present framework. First, there is in our view, an unnecessary duplication of surveying and advisory activities and therefore a waste of precious manpower, a "Parkinson effect" on a worldwide scale. This question has already been analyzed by a special group under Sir Robert Jackson.

Secondly, there is not yet sufficient coordination between the World Bank, the most highly qualified and best equipped institution in the field and such other bodies as the International Monetary Fund, the GATT and the regional development banks. There is no consensus on performance criteria and on allocation principles with the effect that aid distribution is effected without a common rationale behind it. Countries without traditional political ties to one or the other of the great donor nations suffer disadvantages under this system.

The Commission has made a number of recommendations aimed at an improvement of coordination between the various bilateral and multi-lateral donors. It has also suggested that the President of the World Bank convenes a conference to discuss the question whether the creation of a new coordinating machinery is advisable. We have been reluctant to be more precise in this particular recommendation as we recognise that such

THE ECONOMIC TIMES

Editorial Department
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(1st Floor), 157, Jayantha
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BIRTH OF A NEW ERA

The ceremonial opening of Ceylon's seventh post independence Parliament on June 14th was marked as the "Peoples Victory Day." Jubilant masses thronged Independence Square in an unprecedented manner to herald the Peoples Victory and the dawn of a new era.

The Throne Speech, while Pledging a better deal for all and not merely a privileged few, really took the lid off the myth that the country was never so prosperous and that the people never had it so good as under the previous administration.

As we have repeatedly pointed out the people were toiling under the burden of the rising cost of living which was aggravated by the devaluation of the rupee and the FEECs, premium on imports. The success of the food drive was just a pipe dream. But the agents of the World Bank, both local and foreign, painted such a rosy picture of the economy that the previous Government was taken for a ride—almost up to the point of no return.

Coming back to the Throne Speech proper, one finds that many radical changes are envisaged therein which are aimed primarily at the economic upliftment of the country and providing a better standard of living for the people. The policy measures enunciated are basically sound and if they are implemented effectively many of the economic ills that plague the nation today should disappear in the near future.

The lack of resources, particularly foreign exchange has been the limiting factor upon development. It is well known that valuable foreign exchange has been systematically drained out of the country fraudulently. First and foremost malpractices of this nature that inhibit development must be eliminated so that funds could be made available for the national development effort.

In this context the decision to control Agency houses is indeed a prudent step. It will help to break the ring that is responsible for rigging tea prices and depressing the industry that brings the country over 65 per cent of its export earnings.

The setting up of specialised banks to finance the various sectors of the economy and the taking over of the country's import trade are also steps taken in the right direction.

The development strategy of the United Front Government is based on truly socialist principles. The capitalistic system has been jettisoned. The new system is now on trial and we earnestly hope that it will be successfully steered.

Dollar singled out as element of uncertainty

By our Financial Correspondent

The Bank of International Settlement (BIS) has stated in its 40th Annual Report, released last week that the position of the United States dollar was one of the chief uncertainties in the International monetary structure.

The BIS warned that the newly developed strength of the pound sterling and the French franc did not signify that all was well with the world's monetary situation.

Doubts

Both currencies were still subject to exchange controls, with the United Kingdom still

having to pay off large international debts.

It pointed out that the need for restoration of the balance of payments equilibrium in the U. S. was part of the background to official discussions about greater exchange rate flexibility, but doubted that systematic revaluation by other countries was the best way to balance the U. S. payments position, as sometimes suggested.

Pre-requisite

BIS President said that the worldwide wage and price spiral could lead to recession and countries should follow fiscal monetary, wage and price

policies attuned to each other. International inflation seemed generally to accelerate: "It has become increasingly evident that incomes policy, broadly conceived, may be a prerequisite of orderly economic development".

Main Problem

The acceleration of monetary depreciation was the main problem facing many countries and there was the danger of possible exaggerated pessimism about the future due to delays in making some necessary financial adjustments.

"What is required is the abandoning of lopsided policies, including reliance on monetary measures, and adoption of a better balanced and more comprehensive approach to the problems of inflation", the Report adds.

SUPPLY OF SUGAR FROM INDIA

New planning chief

Dr. H. A. de S. Gunasekera, professor of Economics of the University of Ceylon, Peradeniya, has been appointed Permanent Secretary to the Ministry of Planning and Employment which comes under the aegis of the Prime Minister, Mrs. Sirimavo Bandaranaike.

Dr. Gamani Corea, the former planning Chief, reverts to his substantive post in the Central Bank.

Indo-Ceylon agreement

Indian Citizenship has been granted to 70,879 persons till 31st May, 1970 in terms of the Indo-Ceylon Agreement, 1964. This figure includes 64,301 persons accountable towards the Agreement figure, and 6,578 persons who represent 'Natural Increase.'

Of these persons 13,733 have already left Ceylon till the end of April, 1970. The total number of Indian Nationals who have left Ceylon since 30.10.1964, the date of the Indo-Ceylon Agreement, till the end of April 1970, is 32,595.

The Ceylon Government request for an immediate supply of 10,000 tons of sugar from India is likely to be acceded to by the Government of India, according to a report in the 'Indian Express'.

The Indian External Affairs Ministry is now in consultation with other Ministries regarding meeting the first request from the new Government.

Exchange free imports

Faced with a bankrupt external resources position, the Government is also exploring the possibility of obtaining immediate exchange-free imports from the Socialist Bloc on barter and/or credit basis.

In reply to the Government's request to China to release Ceylon from a commitment (outside the rice-rubber agreement) to sell 20,000 tons of sheet rubber to square off the long outstanding balance of trade, the Chinese Mission in Colombo is understood to have proposed that the rubber be given to China for immediate hard currency payment.

Ceramics—Highest profit on record

The Ceylon Ceramics Corporation made a record profit of Rs. 3 million last year—the highest on record.

The value of sales also showed an appreciable rise and was valued at Rs. 13 million.

A Corporation official told the "Economic Times" that there was a big demand for all items produced, particularly for sanitary ware products.

Ex-Factory Tea Sales Permitted

The Department of Commerce and Trade has decided to permit ex-factory sales of tea with effect from June 30 this year, provided the tea is packed in packets of one pound or less.

A note from the Commerce Department, however, states that the packets should be in foil and tissue paper or in polythene bags. The registered number and the name of the factory or the trade mark should be clearly shown on each packet.

He added that this year the Corporation is to expand its production of sanitaryware by establishing new units at their factory at Piliyandala.

The Corporation also plans to increase its production of wall tiles by 400 tons annually; and porcelain by 300 tons. Plans have also been drawn up for the manufacture of felspar from next year.