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SHARE MARKET SLUMPS

By A Staff Reporter

THE COLOMBO SHARE MARKET WHICH ALMOST CAME TO STANDSTILL IMMEDIATELY AFTER THE GENERAL ELECTION CONTINUES TO REMAIN DULL TODAY—NEARLY ONE MONTH AFTER. HARDLY ANY TRANSACTIONS HAVE BEEN RECORDED DURING THE LAST TWO WEEKS; SHARE MARKET PRICES HAVE CONTINUED TO FALL, WITH COMMERCIALS BEING THE WORST AFFECTED.

City circles attribute the existing slack conditions to the uncertain business climate that prevails pending announcement of Government policy measures.

Speculation

Share brokers expect business to remain relatively inactive till budget time. At present there is much speculation as to what turn Government policy would take.

However, if the Government announces any measures that will result in share prices taking a general tumble, brokers feel that there will be people who would buy at the lower prices.

The Medical Committee's recommendation that the drug manufacturing trade be taken over had an immediate impact on the price of shares of pharmaceutical manufacturing firms. Shares which were Rs. 37 had a seller at Rs. 30, but there

was a buyer only at Rs. 22. Consequently, no transaction took place.

In some cases there were sellers of shares, but no buyers.

Table 1 below shows the Indices of share prices of Rupee Companies with the base year 1952=100.

In 1966, tea which stood at 100.80 declined to 70.84 at the end of 1969 during which period the tea industry ex-

perienced its worst ever crisis. Tea-cum Rubber have also performed poorly, and at the end of 1969 stood at 55.62.

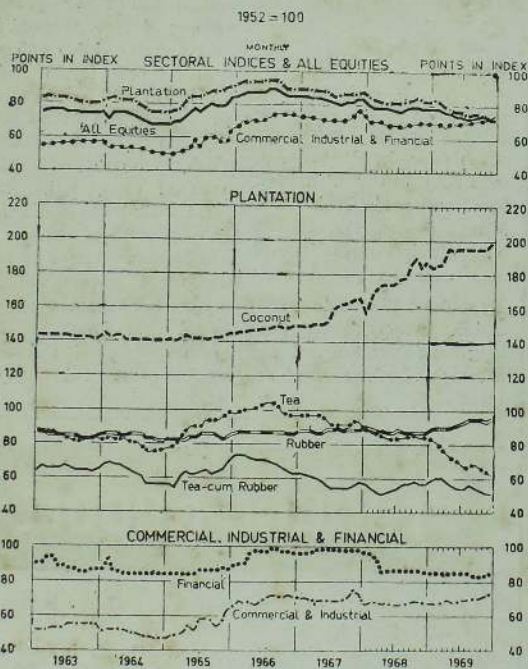
On the other hand coconut has performed remarkably well showing a steady rise since

1960. At the end of 1969 the share price index had reached 193.26. While Rubber too showed a gradual but steady rise since 1965, and at the end of 1969 it stood at 92.46.

TABLE 1

Period	Tea	Tea-Cum Rubber	Rubber	C'nut	Plantations Combined	Com. & Industrial	Investment	Trusts & Financial	All Equities
1960	89.37	77.49	98.45	139.47	89.40	59.77	81.40	82.75	
1961	73.09	71.90	90.19	147.77	76.64	52.38	78.69	71.77	
1962	75.51	64.13	86.96	140.34	77.51	50.60	87.36	70.94	
1963	83.89	64.57	84.39	142.79	81.79	53.65	88.62	74.91	
1964	79.78	62.13	84.56	141.21	78.91	49.86	85.01	71.50	
1965	89.60	62.04	84.40	142.34	84.16	53.89	85.14	76.60	
1966	100.80	69.17	86.89	147.33	92.56	69.25	95.32	86.79	
1967	94.69	58.05	88.75	156.94	87.18	70.37	97.76	83.22	
1968	85.19	54.90	87.87	177.02	82.16	66.96	88.24	78.50	
1969	70.84	55.62	92.46	193.26	76.28	69.03	84.54	74.66	

INDICES OF SHARE PRICES OF RUPEE COMPANIES



Source: Central Bank of Ceylon

CROP DIVERSIFICATION: PILOT SCHEME OK'D

The Government has approved the implementation of a pilot Crop Diversification Scheme on a limited and experimental basis.

This scheme will assist owners of uneconomic tea and rubber lands to establish alternative agricultural and forest products on lands registered with the Tea Control Department and Rubber Control Department.

A comprehensive scheme for the replacement of uneconomic tea and rubber lands will be drawn up shortly for implementation at a subsequent stage. The assistance of UNDP (Special Fund) has been obtained for this purpose.

Foreign investment projects

Foreign investment in local industry has attracted 46 foreign collaborators over the last four years.

The total investment in these 46 projects is approximately Rs. 200 million. Of the Rs. 200 million around 25 per cent would be the contributions from foreign investors.

The largest number of investors are from the U.K. (9) followed by Japan (8), India (8), Hong Kong (6), West Germany (4), U.S.A (3), Italy (2), and 1 each from Holland, Iraq, Singapore and Hungary.

London stock Exchange movements

The market value of securities on the London Stock Exchange at March 31, last was £ 120,040 million, a fall of £ 11,639 million from the previous year, reports the London Financial Times.

Gilt edged securities showed an increase of £ 1,361 million to £ 19,620 million, but this was more than offset by the decline in companies securities from £113,220 million to £100,220 million.

This was a reversal of the previous year's trend.

The nominal value of all securities increased from £ 46,528 million to £ 48,696 million but the number of quoted securities was down by 176 to 9,180 over the same period.

CREDIT SQUEEZE IN INDIA

A minor credit squeeze has been imposed by the Reserve Bank of India last week, following the rapid expansion of bank loans since the banks were nationalised some months ago.

The Reserve Bank has ordered all banks to raise interest rates on all loans by half a per cent point from July 1.

U.S. TRADE SURPLUS

The United States trade surplus widened to a seasonably adjusted \$334.4 million in May from \$202.2 million the previous month, according to a report from the U.S. Commerce Department.

E-X-C-L-U-S-I-V-E

Commencing with this issue, *The Economic Times* brings you the vital sections of the Report of the Task Force of private citizens appointed by the U.S. President, concerning the role of the United States in granting assistance to less developed countries.

Rudolph A. Peterson, President, Bank of America, functioned as Chairman of the Committee.

The recommendations of the Task Force dealing with the U.S. foreign assistance programme in respect of the economic upliftment of the developing countries will be singled out for publication in our Journal.

Make sure of your copy of *The Economic Times* every fortnight.

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MARKET PRICES

COLOMBO

TEA (Rs.) Cts. Per lb.)	CLOSING PRICES 30.6.70.		B. O. P. F.s	
	BOPS			
High Grown	low	high	low	high
	1-60	3-60	1-70	3-10
1 at 3-65	1 at 3-70		3 at 3-20	1 at 3-30
1 at 3 75	1 at 3-80		1 at 3-35	
2 at 3-85				
Medium Grown	1-42	2 10	1-45	2-16
Small leaf Low Grown	1-25	1-46	1-30	1-55
Tea for Price	1-05	1-25	1-05	1-33
Leafy B. O. P.	1-25	1-46		
	F. B. O. Ps.	F. B. O. Ps.		
Tippy Teas	1-28	1-51	1-25	8-90
	1 at 1-59		1 at 9-90	1 at 5-10

PRICES FOR THE WEEK ENDED 1.7.70

RUBBER (Rs. cts.—per lb.)
The Commissioner of Commodity Purchase paid the following prices to shippers.

Colombo	High	Low
RSS No. 1	88 1/4	88
RSS No. 2	85 1/4	84 1/4
RSS No. 3	83 1/4	83

COPRA (Rs. per Candy)

Estate Copra	No. 1.	High	Low
	233.1		228.50

COCONUT OIL (Rs. per ton)

	High	Low
July	1400	1375
August	1375	1375

POONAC (Rs. per tone)

	High	Low
	350	350

DESICCATED COCONUT (per lb.)

July and August .59 cts.

PRICES FOR THE WEEK ENDING 28th JUNE 1970

Commodity	Buyers Quota	Cinnamon Quillings
	tions per lb.	No.2 3.00-
Cardamoms	32.00-34.50	Export duty 20% f.o.b. value
C'Mom Seeds	33.00	Cocoa 200.00-208.00
Cloves	18.00	Coffee 325.00-350.00
Clove Stems	3.50-4.00	Kapok (Clean) 125.00-
Mace	5.15-	Kapok (Unclean) 33.00-
Nutmeg (Shelled)	3.75-4.25	Croton Seeds 125.00-130.00
Nutmeg Unshelled	1.75-2.00	40% on true f.o.b. value.
Pepper (Black)	3.58	
Pepper (White)	5.50	Essential Oils Per Oz/lb.
Papain (White)	14.50-15.00	Cinnamon Leaf Oil Unquoted
Papain (Brown)	9.00-9.50	Cinnamon Bark Oil
Export duty 40% on fob value		24.50 per oz.
Cinnamon H/1	3.90	Citronella Oil Estate quality
Cinnamon H/2	3.80	5.95 per lb.
Cinnamon Quillings		Citronella Oil Ordinary
No. 1	3.25	4.80 per lb.

Natural Rubber Surplus Forecast

A surplus of natural rubber supplies of about 2 per cent of demand for 1970 is forecast by the Rubber Study Group. In the case of synthetic rubber the surplus forecast is 5 per cent.

It is estimated that world supplies of natural rubber, including 45,000 tons delivered from governmental stocks, would amount to 3.03 million metric tons.

On the demand side it is estimated that the world would consume, in turn into manufactured goods, about 2.95 million tons, leaving a surplus of 85,000 tons.

An excess of 295,000 tons of Synthetic rubber supplies arises from the estimates of demands absorbing 4,635 million tons and supplies amounting to 4,930 million tons. These estimates do not include allowances for synthetic rubber produced in the Union of Soviet Socialist Republics, non-member countries in East Eu-

rope or in Mainland China, except for 45,000 tons being additional supplies from Eastern Europe.

Cinnamon exports rise

Exports of cinnamon (whole) to the Federal Republic of Germany showed on appreciable rise both in volume and value during the first six months of last year.

The volume of cinnamon exported increased from 367,000 Kgs. to 764,000 Kgs; and the value from DM 400,000 to DM 568,000 during the period under review.

There was also a small quantity of pepper exported to West Germany in the first half of last year as against none in the previous year.

Tea Report

Auction No. 25 was held on Monday 29th and Tuesday 30th June, 1970. The total quantity offered was 9,340,114 lbs., comprising 5,562,384 lbs. Leaf Grades, 962,383 lbs. Dusts, 284,457 lbs. Reprints, 95,595 lbs. Sundry Lots and 2,719,752 lbs. Ex. Estate. Quality showed a slight improvement from both sides of the Island but it was particularly noticeable on a few invoices from the Uva District. There was a stronger demand.

High grown teas: The few select best Broken and BOP Fannings met strong demand at considerably dearer rates. Below best were also rather dearer except where teas were of poor appearance or light and plain in the cup. The few Leaf Grades available met little demand and were easier.

Medium-grown Teas: All Medium-Grown teas, except for the best BOP Fannings which were barely steady, appreciated 5/15 cents per pound. Uva BOP's were dearer with quality, but BOP Fannings, except where quality was very much improved, sold at around last rates.

Low-Grown Teas: Only the black well made BOPs and BOP Fannings remained firm with poor leaf sorts declining 3/5 cents. Leafy sorts suitable for the Persian Gulf were fully firm with the neat black well made kinds 2 or 3 cents dearer. Pekoes were barely steady but OPs advanced 5/15 cents per pound.

Tippy Teas: Well made FBOPs and showy tippy Flowery Fannings were fully firm to dearer although all others were barely steady.

Commodity Commentary

Off grades: There was good demand for all Off Grades teas at dearer rates with the exception of Low-Grown sort which were slightly easier.

Rubber Report

We give below the Rubber Market Report issued by the Colombo Brokers' Association for the Poya Week ending 25th June, 1970.

World Rubber Markets continued the downward trend due to insufficient off-take and the absence of fresh factors at both terminals. The Singapore Market opened on a somewhat steady note encouraged by the hope of better American interest following strike settlements at the tyre factories, but no sooner was this position fulfilled than values declined in the absence of both Chinese and Russian off take.

The forward market, however, attracted some buying interest and a fair quantity of top grades was covered for July, August and September at slightly lower levels. The London market passed a very quiet week with values drifting lower. Nevertheless nearby rubber is still at a premium owing to the threatened Dock strike in the U.K. Factory off-take remains at a lower level owing to the holiday period, and currently the market is still awaiting a sustained lead from the East. On balance London declined by 3/16 pence and Singapore by 1 1/4 dollar cents.

Sheet: RSS 1 opened the week at -/90 1/4 per lb., showing a decrease of 1 1/2 cts. on the previous week's closing figure, remained unchanged the next day (International weekend) but gained by 1 cent the following day. The market showed losses of 1/2 cent to 2 cents respectively on the next two days of trading and closed the week at -/89 cents per lb. Approximately 68 tons of sheet rubber was sold by Members of our Association of which 66% comprised of No. 1 sheet.

Latex crepe: 423 tons of Latex Crepe were on offer at the two sales held during the week showing an increase of 63 tons on the previous week's figure. At the first sale the market opened slightly easier for good crepes but firmed somewhat towards the latter stages and closed fully firm to dearer when IXs improved by 1/2 cent per lb. No. 1 crepes improved only fractionally while duller sorts were more or less unchanged. Buyers were rather selective in respect of the Off Grades on offer and a few defective types sold at somewhat easier prices. At the subsequent sale the same trend continued and closing quotations for the IXs and No. 1 crepes improved by a further 1/2 cent while duller sorts and Off Grades remained unchanged.

Scrap Crepe: 145 tons of Scrap Crepe were on offer at the two sales held during the week showing an increase of 25 tons on the previous week's closing figure. At the opening sale the Light Brown scrap crepes declined by about 2 to 2 1/2 cents while the darker sorts declined by about 1 cent per lb. However, the very dark types and the defective grades were in much better demand and improved by about 1 to 2 cents per lb. At the subsequent sale there was much better demand for the light brown scrap crepes and these improved by about 1 cent per lb. while darker sorts were more or less unchanged.

Produce Report

5,919 Pounds of Cardamoms were offered at the Sale of the 27 June, 1970, an increase of 198 lbs compared to the previous sale. The market opened somewhat irregular and easier and settled down to be quoted at Rs. 32/- to Rs. 34/50 per lb. Below Best offerings were slightly easier and fetched between Rs. 18/- to Rs. 26/50 per lb. A small quantity of Bold Cardamoms of good quality were transacted at Rs. 37/95 per lb., whilst Cardamom Husks were transacted at Rs. 3/- per lb. The market for Seeds was stronger and closed at Rs. 33/- per lb.

For No. 1 Cocoa being quoted at Rs. 200/- to Rs. 208/- per Cwt. which was much lower than the last price quoted for No. 1 Grades. Slightly below best grades were transacted at between Rs. 180/- to Rs. 195/- per Cwt., whilst there was very little demand for the poorer grades which fetched between Rs. 80/- to Rs. 120/- per Cwt.

These was a firm demand for Good No. 1 quality Pepper and 509 Lbs were offered which fetched Rs. 3/58 per lb.

Approximately 12 Cwts. of Coffee were offered and the No. 1 quality fetched Rs. 270/- per Cwt.

214 Pounds of unshelled Nutmeg which were offered were withdrawn due to lack of suitable bids.

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COPRA FACES NEW THREATS IN WORLD MARKET

(By Our Commodity Correspondent)

The future of copra which today accounts for an annual foreign exchange earning of around Rs. 27 million, does not seem to be 'very bright' since various other oil seeds are now becoming available in the world market at much cheaper prices.

The year 1969 saw a decline in the volume of copra exports which fell from 21,163 tons in 1968 to 19,952 tons.

Gradual decline

An analysis of exports over the last ten years reveals that there has been a gradual decline in the volume exported, and this has been attributed to the fact that our prices are always 5-10 per cent higher than those of our competitors in the world market.

The U.S.S.R. India and Pakistan remained our three main buyers of copra in 1969. India imported the largest quantity—9,979 tons—while Pakistan imported 4,971 tons and the U.S.S.R. 3,912 tons.

A total quantity of 550,095 candies of copra were sold through the central sales Room of the Ceylon Coconut Board last year. This reveals an increase of 23 per cent over the 1968 sales figure.

The quantities sold in 1968 and 1967 were 469,106 can-

dies and 487,099 candies respectively.

More Local demand

Unlike in 1968 the Copra market was steady during the first half of the year. Prices dropped thereafter and showed some improvement only in

December 1969, which was mainly due to local demand.

The average sale price for 1969 was Rs. 237.65 which is approximately 7 per cent lower than in 1968. See details in table II

TABLE I

Year	Customs Exports	Customs Valuation	Customs Average Value per ton.
1963	43,075	39,239.22	910.95
1964	58,081	55,101.71	947.70
1965	40,946	48,525.798	1,185.12
1966	20,869	24,593.113	1,178.45
1967	15,802	18,524.428	1,172.28
1968	21,263	33,703.087	1,585.06
1969	19,052	26,009.134	1,365.16

Source: Ceylon Customs Returns

TABLE II

Average Monthly Prices of Copra	Prices of (per candy)
	Rs. cts.
January	273.07
February	277.38
March	268.26
April	252.20
May	240.80
June	231.29
July	207.78
August	209.24
September	199.86
October	198.12
November	226.05
December	272.65

Source: (Ceylon Coconut Board).

SHARE MARKET REPORT

The share market showed little change from the dull conditions of the previous week. There was business in rubber and coconuts, according to the Report of the Colombo Brokers Association.

	Previous Price Rs. cts.	June 24 Rs. cts.	+or- Rs. Cts.
Teas:			
Kaluganga Valleys	4.00	4.00	—
Uplands	5.50	5.00	—50
Doomoos	8.25	8.50	+25
Tea cum Rubber:			
Kaluganga Valleys	4.75	4.00	—75
Commercials:			
Asian Cottons	12.25	11.25	—1.00
Lankens	12.00	13.00	+1.00
Colombo Pharmacy	6.00	4.00	—2.00
Hayleys	26.00	21.00	—6.00

There was no business in preference shares and Government Loans were dull.

The following were quoted exdividend:

Tea and Rubber Co. Ltd.,—8% First and Final on 17.6.70.
Marigold Tea Estates Ltd.,—5 1/2% First and Final on 17.6.70.
Mercantile Credit Ltd.,—6% Interim on 23.6.70. Good Hope (Selongor) Rubber Co. Ltd.,—10% First and Final on 20.6.70.
Fairlawns Estates Ltd.,—7 1/2% First and Final on 20.6.70. Panadura Tea and Rubber Co. Ltd.,—3% Interim on 28.6.70.

Rubber and Palm Oil Vulnerable to Competition

A double warning about the viability of rubber and palm oil production and their vulnerability to competition was given by the Chairman of the Rubber Growers Association, last week.

He also made what could be interpreted as an 'oblique' attack on the Malaysian Government for increasing the export duty on rubber.

No Synthetic rival

Speaking at the Association's Annual General Meeting, he said Palm oil at present has no synthetic rival.

There was no exact equivalent of natural rubber, but there was already a strong challenge from the synthetic cis-polyisoprenes, and much effort and money was being put into its further development.

Natural Rubber planted today would not begin to pay its way for another 10 years, by which time new developments in synthetic rubbers could be making a commercial impact.

Long term investment

What determined whether oil palm and oil rubber production as worthwhile was the average price obtained over the 25-30 years life of the tree.

Oil palm and rubber were long-term investments involving a commitment of 20-30 years—about "three life-times" in the synthetic manufacturing industries.

Palm oil and rubber production was too labour-intensive. The industry had urgently to find ways of overcoming this problem while mitigating any social problem a solution might bring.

Ceylon Tea to Sudan

Consolidated Exports Ceylon Limited the giant export trade organisation, last week secured Ceylon's first export order for tea to Sudan a hitherto closed market for local tea.

As a result, Consolexpo will ship 5 million pounds of tea valued at Rs. 11.5 million to Sudan.

A spokesman for Consolexpo told the 'Economic Times' that this initial order augurs well for Ceylon tea as Sudan's annual consumption of tea is in the region of Rs. 25 million and could well lead to the securing of more exports of tea in the future.

POLAND - CEYLON RUBBER DEAL

Poland has decided to release Ceylon from the existing obligation of supplying 7,00 tons of sheet rubber.

In March, the Commissioner of Commodity Purchase signed a contract with Poland for the export of 5000 tons of sheet rubber.

The Commissioner also promised that Ceylon would supply an extra 700 tons of sheet rubber to Poland outside the contract.

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Changes in FEECs Scheme

The Minister of Finance, Dr. N. M. Perera, is likely to introduce a change in the Foreign Exchange Entitlement Certificate Scheme on the basis of a "floating rate" depending on the item concerned. Imports of a non-essential nature will carry a higher FEECs rate, while more important items will carry a lesser rate.

It is also proposed to take off the FEECs scheme a wider range of consumer items and industrial raw materials in view of its bearing on the cost of living.

At present Dr. Perera examining the scheme operating in Pakistan where imports are based on a floating rate.

Machinery

The payment of FEECs on the imports of machinery is also likely to be abolished, in view of the representations made by industrialists. It was pointed out that the FEECs premium had proved a disincentive to industrial investment.

It is expected that Finance Ministers proposals will be made known when he presents his "On Account" Budget later this month.

Company Meeting Reports

Profits double at Richard Pieris & Co.

The Annual Report of Messrs Richard Pieris & Co Ltd., for the year ended 31.3.69, was tabled by the Chairman at the last Annual General Meeting. Excerpts of his Report are given below:—

A comparison of the Statement of Accounts for the year that has recently concluded with those of the preceding years will indicate the extent of the success that we have achieved. I do not propose to go too far back into history in drawing comparisons but I will for the purpose of this Report, draw a parallel to our performances over the years 1966/67, 1967/68 and 1968/69.

I tabulate below for easy reading the relevant statistics:—

The Net Profit for the year ended 31 March 1967 before taxation was Rs. 2,024,085.

The Net Profit for the year ended 31 March 1968 before taxation was Rs. 1,543,611.

The Net Profit for the year ended 31 March 1969 before taxation as shown in the Accounts presented to the year for adoption is Rs. 3,284,753.

I shall allow the figures quoted above to speak for themselves and I feel sure that you will be able to make your own assessment and evaluation on our performance over the last three years. However, I feel that I should give you an account of how our profit for the year under review is double that of the previous year.

In the financial year ended 31 March 1968 our total turnover amounted to Rs. 18,513,909 as compared with Rs. 27,078,176 for the year ended 31 March 1969. With an enhanced turnover of about 50% we established a net profit increase of over 100%. We were able to achieve this by exercising strict control over all expenses and deploying diligence and prudence in the application of all our resources.

Now that I have presented you with a general picture of our total operations as one entity, I shall proceed to dissect our activities into the main divisions.

Arpico Factory, Navinna

In my last Report, I dwelt at some length on the expansion and modernisation of existing facilities that we had ambitiously embarked on. Unfortunately, though inevitably, we must wait patiently for another year or two to cast fully the fruits of initiative and enterprise. In spite of delays and frustrations occasioned through no apparent

fault of ours, we have gone from strength to strength. Not only have we substantially increased the volume of production of our already diverse manufactures, but we have also added to our manifold products, which continue to find increasing acceptability in the face of competition and increasing fastidiousness among discerning consumers.

Notwithstanding several obstacles and shortages, our sales of Factory products and processes were Rs. 10,391,223 for the year ended 31 March 1969 as opposed to Rs. 7,614,725 for the previous year, reflecting a 35% increase in turnover. Product wise, substantial increases were reflected in the sales of dry rubber goods, latex foam mattresses and cushions, rigifoam (loaded polystyrene), arphihyd artificial leather cloth and steel furniture. In fact, every single product line reflected an increase, naturally in varying degrees.

Motor Division

The liberalization of the import of motor vehicle spare parts as from May 1968 proved a tremendous boon to all motorists and was acclaimed by one and all with unqualified relief. The removal of the restrictions on the import of this commodity, so vital to the transport industry, permitted there-introduction of a more rational and systematic ordering procedure than had hitherto been possible under the restrictive quota system. The introduction of the Brussels Tariff Nomenclature in August 1968 and the initial difficulties in its application and interpretation slightly negated and retarded the derivation of optimum advantage and benefit.

However, in spite of this retardation the sale of automotive replacement parts increased from Rs. 3,722,614 for the year ended 31 March 1968 to Rs. 5,726,539 for the year under review. Though the import and sale of motor vehicles showed increases over the preceding year these figures, percentage wise, fade into insignificance when compared to the pre import control era. The sale of workshop labour and lubrication service facilities have both recorded slight increases, but these figures have in no way reflected their established potentials.

Tyre Sales Department

This sales outlet has taken optimum advantage of the grant of a new lease of life as from May of 1968. Tyre, tube and accessory sales have gone beyond the realms of rational estimation and show a staggering increase over the preceding year. To translate my avowal into simple and straightforward fact, I would mention that the recorded sales of this Department for the year ended, 31 March 1969

CANADA NATIONAL DAY: 1. 7. 70

The Canadian Economy: 1968-1969

Strong expansion of exports and weak growth in private investment tended to dominate 1968, continuing the pattern experienced in 1967. Exports grew at exceptional rates throughout the year, primarily in goods destined to the United States.

These exports were stimulated by the continued progress of the United States-Canada Auto Trade Agreement, a United States copper industry strike, and a threat of a strike in the American steel industry. In addition to exports, consumer spending remained very strong, while housing provided the exception to the weakness in private capital investment.

Better-balanced growth was experienced in the first half of 1969, as the Canadian economy continues the process of change and adjustment of the last two years. Whereas the impetus for growth in 1968 came largely from merchandise exports and housing, major new thrusts have occurred thus far in 1969 in business capital spending, consumer durables purchasing, and inventory rebuilding. Exports and housing have continued to perform well.

Merchandise Trade

Conditions in the United States economy in large part will determine the outlook for the Canadian trade and current account balance in 1969. In view of the current strong fiscal and monetary policies of restraint, a more moderate rate of growth is anticipated in the United States in the last half of the year. This assumes extension of the surtax for another year and some easing of hostilities in Vietnam in the fall.

Considering this outlook for the United States economy,

was Rs. 7,433,124 as compared with Rs. 4,305,385 for the preceding year.

I must, however, sound a note of caution to the overly enthusiastic as I am convinced that only a confounded optimist can possibly expect this startling achievement to repeat itself in the current year. **Aluminium Agency Department and Aluminium and Industrial Equipment workshop—**

From modest openings and humble surroundings, these activities are beginning to flourish and are worthy of mention in this Report. Total sales for the period under review is a fraction under one million rupees as opposed to a little over rupees 7 1/4 lakhs in the preceding year. I am confident that they will continue to make steady improvement, though of an unspectacular nature, in the years to come.

as well as the considerable uncertainty overhanging Canadian wheat marketing prospects, the most to be hoped for would seem to be an increase in exports in the order of 10 per cent, compared to the 19 per cent advance experienced in 1968. On the other hand, largely because of an expected increase in machinery and equipment spending, imports should rise about 12 per cent, so that the overall merchandise balance may show some slight decline. The current account deficit may rise to about \$700-million, still very low by post-war standards.

Investment Spending

Despite some contraction in corporate liquidity early in 1969, Canadian businessmen are expecting to increase spending on plant, machinery and equipment by 11 per cent this year. In the context of tight money, rapidly rising costs, and accelerated tax payments these intentions will probably be revised downward to no more than 10 per cent as the year progresses. Still, this increase represents a substantial improvement over the lackluster performance of the past two years. Housing investment was very strong during the first half of 1969, with an increase of at least 12 per cent now virtually assured.

Consumer Spending

Based on rising incomes, a generally high and rising level of employment, a rapid rate of new-family formation, and a strong housing sector, consumer spending grew a strong 8.5 per cent in 1968, although a large part of this growth was illusory, because of the continued high rate of consumer price increases.

Aggregate Demand

These various demand components together add up to an overall growth in aggregate demand of about 8.5 per cent for 1968, resulting in a GNP of \$67.4-billion. The price factor was the same as in 1967, to leave a real rate of growth of almost 5 per cent compared with 3 per cent in 1967. For 1969, the basic trends of acceleration in capital investment spending and a slower rate of growth in exports point to continued expansion for the economy as a whole close to capacity, with possibly, an easing of price pressures at the end of the year. In current dollar terms GNP is forecast to rise by almost 10 per cent in 1969—to about \$74-billion—while the increase in prices should come to about 4 per cent or slightly higher.

Local Firm Undertakes Foreign Market Research Project

The Asia Region Research Division of Grant Advertising (International) Inc., is organising the first ever major consumer market research project in Indonesia.

The research will cover user-ship and purchasing patterns for a wide range of commodities and product groups. The survey also hopes to gauge the effectiveness of available advertising media.

The research sample will consist of personal interviews with over 5,000 consumers, representing all socio-economic groups within several urban areas throughout the country. Interviews will be completed and the data analysed by computer for release by November this year.

The resulting information is expected to be of great value to those organisations currently marketing in Indonesia or planning to do so. Increasing political and economic stability is encouraging many major international companies to look to the huge market

potential in Indonesia, with its 110 million population. A serious problem to these companies at present is the lack of media and market information—so, Grant is expecting a lively interest in this venture.

Cost of the resulting information will range from US \$500 for the market profile for a particular product with advertising media exposure patterns to upwards of US \$3,000 for a comprehensive overall market analysis including consumer power, market potential and comprehensive media justification.

The project is being co-ordinated from the regional headquarters of Grant Research in Hong Kong, but involves specialists from several offices within the region.

A prospectus is now available and enquiries should be made to Grant Advertising International Inc., Sutherland House, Hong Kong, or through any of Grants 51 worldwide offices.

Canada - A Promising Market For Ready - Made Garments

Ceylon's ready-made garments could find a permanent place in Canadian Departmental stores, according to a market, survey conducted by Ceylon's Commercial Secretary in Canada.

The Survey has revealed that the time was now opportune for the introduction of local ready-made garments, particularly shirts and children's garments.

Leading importers and departmental stores in Canada expressed their interest in negotiating immediately with Ceylonese suppliers.

Quota restrictions

Canadian manufacturers of ready-made garments are now finding it increasingly difficult to compete with the imported product, and to protect their local industry, the Government of Canada has introduced quotas for the supplying countries.

However, since there is no quota restriction on Ceylon, the time is ripe for the local product to penetrate the Canadian Market, the Survey reveals.

The Department of Commerce has been informed of the names and addresses of prospective importers and Ceylonese exporters could obtain full particulars from the Director of Commerce.

The Overseas Buying Manager of one of the leading chain department stores in Canada visited Ceylon last August and conducted initial negotiations with two leading local manufacturers of garments.

Preliminary Negotiations

Local exporters are also conducting preliminary negotiations with several other large buyers, one of whom has already indicated his desire to place an immediate

trial order for a large quantity of shirts. Another large importer expressed his desire to visit Ceylon in October this year, if current negotiations through correspondence proves successful.

The Market Survey has also revealed that local ready-made garments, unlike most other non-traditional products was of an exceptionally good quality and most Canadian importers expressed satisfaction the quality, and even our prices were found to be in line with products imported from other sources.

In this connection we might mention that local shirts today is the largest single non-traditional export earner. Already over seven million rupees worth of shirts have been shipped to markets abroad.

Our Commercial Secretary is confident that manufactured garments, such as shirts, pyjamas, and children's garments will be imported into Canada in increasing quantities in the near future.

EXPORT OPPORTUNITIES

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

Coral Sea Shells

Shellcraft
Tregotha Landsowne Close,
Alverton Penzance,
Cornwall,
United Kingdom.

A. A. Ferguson,
Trelissick Road,
Hayle,
United Kingdom.

F. Friedlein & Co. Ltd.,
Kadu House,
57/60, Minories London
E. C. 3.
United Kingdom.

S. Figgis & Co. Ltd.,
Dunster House,
Mincing Lane,
London, E.C.3.
United Kingdom.

Cinchona Bark

Joseph Flack & Son Ltd.,
140, Falkland Road,
Harringay, London N.8.
United Kingdom.

L. A. Horner & Sons Ltd,
9, Colworth Grove,
Browning Street,
London S.E. 17.
United Kingdom.

Lake & Gruickshank Ltd;
North Bridge Road,
Berkhamstead, Herts,
United Kingdom.

John Ronaldson & Co. Ltd;
454, Grand Buildings,
Trafalgar Square,
London, W.C. 2
United Kingdom.

Curios

Sarner's World Services,
P.O. Box 1835,
Lunwood, California,
90262
U.S.A.

Transoceanic Import Co.,
P. O. Box 1362, Detroit,
Michigan 48231.

J & S Imports.
1169, Broadway.
New York, N.Y.
U.S.A.

Mercury Enterprises,
946, Cathe Lane,
Warminster, Pa 18974
U.S.A.

Export Intelligence

More non-traditional exports to India

Despite the fact that Ceylon's adverse balance of trade with India has been deteriorating, her purchases of non-traditional products have shown a consistent improvement.

A Commodity-wise performance report for the first half of 1969, submitted last week by Ceylon's Trade Commissioner in Bombay, to the Ministry of Internal and External Trade has revealed that there have been encouraging trends in local non-traditional exports.

IMPETUS

The Trade Commissioner has made specific mention of Ceylon's exports of raw rubber, graphite and buffalo hides and skins to India.

Referring to our rubber exports the report states:

"The Indian rubber crisis gave a much needed impetus to Ceylon's rubber exports to India during the first half of 1969.

After a protracted ban in India on rubber, (when it was learnt late in 1968 that the Indian Government had

decided to issue import licences for this commodity) the opportunity was seized and Indian tyre manufacturers were approached by this office with introductions to Ceylonese exporters.

The encouraging response received from manufacturers is reflected in a steady improvement in Indian rubber imports from Ceylon which moved up from a mere 70 tons in the first half of 1968 to 2,277 tons valued at Rs. 7.7 million in the corresponding period last year."

Ceylon's exports of buffalo hides also showed a sizeable improvement during the period under review.

SIGNIFICANT RISE

The report has pointed out that despite severe competition from Thailand and Malaysia, imports from Ceylon registered a significant rise from 18 tons in the first half of 1968 to 239 tons during the first half of 1969.

Local exports of graphite also showed an improvement increasing from 207 tons to 314 tons.

Processed products from coconut shell charcoal

The market for coconut shell charcoal in Japan is expanding rapidly, but local exporters could turn more profitably to the finished product from it, according to a report by Ceylon's Trade Commissioner in Japan.

The report adds that there is a growing need for coconut shell charcoal in the form

of activated carbon which is used as a purifying agent for both liquid and chemicals.

It is also widely used as a deodorizer for gas as well as in refrigerators in Japan. Japan's demand is placed at 5,000 tons per annum.

Our Trade Commissioner suggests that there is much potential in processing the charcoal locally and that the required machinery for processing could also be obtained from Japan.

Imitation Jewellery

Central Asia Corporation,
8-L, Asia Insurance Building
Singapore-1.

Hiralal Motichand,
P.O.Box 93,
Port Sudan,
Sudan.

Carlos Miracle,
Entenza 64,
Barcelona
Spain.

Thomas Overseas Trading,
1141, Broadway,
New York, N.Y. 10001
U.S.A.

Poni Trading Co;
59-A, Clyde, Terrace,
Singapore-7

Henry Gordon,
G.P.O. Box 1852,
Bangkok,
Thailand.

B & V Enterprises,
4903, Tilden Drive,
San Jose, California 95124
U.S.A.

Jumbo Wholesalers,
P.O. Box 1042,
Youngstown 1, Ohio,
U.S.A.

The Economic Times

The Economic Times goes straight into the hands of influential men—men at the top who possess the authority and the purchasing power to snap up your goods and/or services.

Let The Economic Times carry your advertisements in its stride for quick and effective results.

ADVERTISEMENT TARIFF

Commercial displayed advertisement rates for space to be consumed in 12 months.

Unspecified position	Per column inch per insertion
101 inches to 249 inches	Rs. 9.00
250 inches to 499 inches	Rs. 8.50
500 inches and over	Rs. 8.00
Casual advertisements	per column inch Rs. 10.00
Company prospectus	per column inch Rs. 15.50
Special position	Front page 6" x 2 Column or less 50% extra

Contact :

The Advertising Manager
(1st Floor) 157, Jayantha Weerasekera Mawatha,
Colombo-10.

Peterson Report on International Development: New Approach

The changes in international conditions that call for a new approach to U.S. foreign policy in general call for a new approach to foreign assistance as well.

The circumstances that shape U.S. security assistance programs today and are likely to shape them for the next decade differ markedly from those of the past. Most allies of the United States in Western Europe have been able for a long time to do without military assistance from the United States, although this country continues to share with them the costs of mutual defence. A growing number of developing countries now show a determination to assume greater responsibility for their own defence and to mobilize more resources for this purpose.

Threats to the peace will continue to exist. However, the security measures that once were needed in a sharply divided world or direct confrontation are not necessarily those that would be most effective in today's pluralistic world. All countries face the need to re-examine their national priorities in light of this new situation.

It has become almost a standing postulate that a nation should increase their annual output by three to six per cent each year. From some countries like Japan, even higher figures have been reported occasionally.

Progress of this degree has been made possible mainly by technical improvements: Better materials, improved design, faster manufacturing methods. The change from carbon steel tools to high speed cutting alloys more than doubled output in many workplaces, the automatic lathe had similar effects; by using blanking and forming dies, or by changing from batchwise to continuous processes, sometimes a tenfold increase in output is attained.

At the same time, considerable organisational changes can be observed. The large companies are getting still larger, by growth, mergers, takeovers. They have now to use elaborate systems of information and control. Problems formerly solved by trial and error or arbitrarily, such as inventory control, plant layout, down to materials handling and the design of the individual work place now are studied in great detail; much attention is directed to analyse the numerous interdependencies within

As for international development assistance policies and objectives, a number of significant new characteristics have emerged.

When the United States redesigned its international assistance activities in 1961, it dominated the field. Other industrial countries were doing relatively little, and mostly in areas of special interest to them. The World Bank was just beginning to lend to low-income countries on concessional terms, and regional financial institutions either did not yet exist or had not begun to operate. Many of the developing countries were newly independent, they lacked experts, and they were at a rudimentary stage in organizing national economic programs. There was an urgent need to co-ordinate internal and external investment resources.

ACTIVE ROLE

Against this background, it seemed appropriate for the United States to assume a broad and active role in the development efforts of individual countries. The agency for International Development (AID) formulated country programs to co-ordinate U.S. assistance with investment from other sources.

large enterprises. Their available means, capacities and resources are to be used as efficiently as possible.

The fourfold increase in productivity between the turn of the century and the sixties reported by the U.S.A. is the combined result of better materials, of better design, of more advanced processes and manufacturing methods, and finally of organisational improvements. To assure that technical and organisational progress in an enterprise go together, it has become the task of a branch of Engineering that is less than half a century old, namely Industrial Engineering.

ORIGIN OF INDUSTRIAL ENGINEERING

Leaving aside patent rights and their expiry dates, engineers are not much interested in history. For them, this is of little direct value. To study the past, however, may be, if not important, at least interesting. It should be even of great value in our times which are so short of ideals and outstanding characters.

Industrial Engineering was created by strong willed personalities to recall; among them were Taylor, Gilbreth, Fayol and Gantt.

These comprehensive programs were used to guide the developing countries toward more effective self help and to monitor the use of U.S. funds to avoid waste. At the same time, the United States encouraged other industrial countries to provide more assistance and took the lead in supporting the growth of World Bank development activities and the establishment of regional lending institutions.

This ambitious U.S. role required a prominent U.S. presence in some countries; and friction with some governments resulted from attempts to influence sensitive areas of their national policy related to development.

U.S. policies, moreover, were heavily government oriented and were based on the use of U.S. resources and technology would bring immediate results as it had under the Marshall Plan.

UNREALISTIC

These expectations proved to be unrealistic. Barriers in developing countries abound: Unresponsive social and political systems, severe deficiencies

of technical skills, poorly organized markets impaired in many cases by illogical public policies, and limited local savings in an environment of deep poverty. Modernization is a long-term and much more difficult and complex process than was the reconstruction of war-damaged industrial economies.

Text of Statement by President Nixon Acknowledging Receipt of the Peterson Report on International Development

I have just received the report of my Task Force on International Development, chaired by Rudolph Peterson.

The Task Force has recommended sweeping changes in the foreign assistance programs of the United States: clarification of their fundamental objectives, changes in the overall role of the United States in the international development process, changes in the organization of the U.S. Government to carry out its responsibilities in contributing to that process.

A new U.S. approach to foreign assistance, based on the proposals of the Task Force, will be one of our major foreign policy initiatives in the coming years. I will propose this new approach in responding to the requirement of the Foreign Assistance Act of 1967 that

reappraise our present assistance effort and recommend changes for the future. Taking into account the discussion which will follow my proposals, including close consultation with the Congress, I will submit legislation in January 1971 to carry out the new U.S. approach.

I believe its ideas are fresh and exciting. They can provide new life and a new foundation for the U.S. role in this vitally important area of our relations with the developing countries.



President Richard Nixon

Taking these limitations into account, U.S. assistance programs were remarkably successful in a number of countries, most conspicuously where local policies stimulated private savings, investment, and exports; where new technologies were adapted to local environment and effectively disseminated; and where assistance was sizable. U.S. policies and resources also helped lay the foundation for making international development a worldwide program.

As result in part of the earlier U.S. efforts, a new environment for development has now come into being. Today's environment calls for a significantly different role for the United States. In this connection, five new elements are of special importance:

—New capacities in the developing countries. Many developing countries now have the capacity and the experience needed to establish their own development priorities and a strong and understandable determination to do so. They are mobilizing more investment resources themselves, and they have many more well-trained, competent professionals and technicians. The developing countries themselves, therefore, should be at

GROWTH IN DEPTH, WIDTH AND STRENGTH

About half of the Industrial Engineering Techniques are less than twenty years old; their number is growing, fortunately not at too rapid a pace yet enough to result in a crowded curriculum for the Industrial Engineering student.

What has been growing at a very fast pace is the area of application. After the use in the machine shop and the manufacturing of electric products, there followed applications in many other industries and mills. Textiles, Chemicals, Food, then the service, commercial and finally administrative organisations; Transport, Maintenance and Warehousing.

It has become almost a status symbol for a department store an insurance company or a bank to have an industrial engineer to head their systems and procedure department. Big hotels found dozens of methods how to make a bed, and how to press a shirt.

The number of Industrial Engineering and Work Study Associations has remained con-

stant but the number of members has been increasing at a steady pace with almost no sign of it approaching a point of saturation. In the U.S.A. where 60,000 computers are now operating, about fifty universities offer complete curricula in Industrial Engineering and from these graduate about 2000 Industrial Engineers each

INDUSTRIAL ENGINEERING IN CEYLON

The term "Industrial Engineering" has not widely been known so far in Ceylon—in part because the enterprises processing rubber, coconut and tea were not so much in need of these techniques. However, a number of functions falling

As an encouraging example we may mention the application of network analysis and techniques such as PERT (Project Evaluation and Review Techniques) and CPM (Critical Path Method) to the scheduling and control of a number of major projects. These new techniques have also been presented at talks to specialised

Industrial Engineering and Economic Growth in Ceylon

year. The membership of the American Institute of Industrial Engineers is about 20,000

in that line have been carried out already for years, such as work study, production plan-

By
Dr. MANFRED KNAYER
J. L. O. Export in Industrial Engineering
Assigned to the I D B

while the number of Industrial Engineers working in the United States is approximately 125,000.

Quite a number of universities in the U.K., mainly the younger ones, have built up an Industrial Engineering Faculty. In France and Germany, work study associations were already founded in the twenties and later expanded into the wider field of Industrial Engineering.

ning and control quality control, office organisation, management accounting. With the progress of the industrialisation on the island these functions will become more and more important. The number of applications of these techniques of which local enterprises and the economy of the country may profit is great.

associations and at courses where they have been highly appreciated by participants.

ADAPT, NOT ADOPT

Many enterprises in Ceylon are of the continuous processing type; Cement, Paper Refineries, Textiles. Others are just the contrary, non-steady and influenced by some almost unpredictable factors, Fishing, port operations, we may add another name: Tourism. There are quite a number of companies based on agricultural production: Tea, Coconut, Rubber. Their production planning and control systems are not designed to handle customer's orders turned in by travelling salesmen, they must be designed to follow the arrival and volume of the crops.

For many of the problems being faced by these industries

Approach To U.S. Foreign Assistance

limitations into assistance pro-
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the center of the international
development effort. The poli-
cies they pursue will be the
most important determinant
of their success or failure.
What the United States and
other industrial countries do
will have only a secondary,
though essential, influence on
the outcome.

—Assistance efforts of other
countries. Other industrial
countries have steadily ex-
panded their development as-
sistance in recent years. To-
day their combined official
development assistance is about
as large as that of the United
States. This country works
with them through consortia
or consultative groups to pro-
vide assistance in many devel-
oping countries, under the
auspices of international agen-
cies.

—The role of international
institutions. The international
financial organizations, al-
though they still provide a
relatively small part of the
total flow of resources to devel-
oping countries, now account
for more than half of all devel-
opment loans and are gaining
greater influence in organizing
development activities. The
World Bank is now able to
give development advice on a
worldwide scale and to work
with the developing countries

in establishing guidelines for
their national programs. The
Bank is today a worldwide
source of professional devel-
opment experience.

—The impact of new trade
potentials. Policies in interna-
tional trade, investment, and
finance can no longer be for-
mulated without considering
their consequences for devel-
opment. Action to be taken
in these areas calls for inter-
national co-operation.

In the future, the developing
countries will have to export
more manufactured goods.
Their traditional exports of
primary commodities have only
limited growth possibilities,
but the developing countries
are becoming more competitive
in manufactured goods. Whether
they can capitalize on their
new capabilities will depend
on whether industrial countries
open their markets to this com-
petition; they are likely to do
this only in concert.

The prospect of a stronger
international monetary system
in the 1970's should make it
possible to reduce the restric-
tions that are imposed on the
flow of development resources
for balance-of-payments rea-
sons.

—The debt burden. The debt
burden of many developing
countries is now an urgent
problem. It was foreseen, but

not faced, a decade ago. It
stems from a combination of
causes: excessive export cred-
its on terms that the devel-
oping countries cannot meet;
insufficient attention to ex-
ports; and in some cases, ex-
cessive military purchases or
financial mismanagement.
Whatever the causes, future
export earnings of some coun-
tries are so heavily mortgaged
as to endanger continuing im-
ports, investment, and devel-
opment. All countries will
have to address this problem
together.

PROGRAMS FOR THE 1970s

The United States should
adopt a new approach to
foreign assistance that takes
into account the changes that
have taken place in the inter-
national environment and the
valid criticisms that have been
made of its own current pro-
grams. In the sections that
follow, recommendations are
made for carrying out each
of the three U.S. foreign as-
sistance programs and for co-
ordinating U.S. policies re-
lated to international devel-
opment.

WELFARE AND EMER- GENCY RELIEF

The U.S. Government pro-
vided some \$360 million in
1969, mostly in agricultural
commodities, for programs to
relieve human suffering and
improve nutrition in over one
hundred countries. The lar-
gest part of this assistance was
for maternal and child feeding
and school food programs
aimed at raising nutritional
levels. Most of these programs
are initiated and administered
by U.S. voluntary agencies,
and the widespread local fa-
cilities of these agencies are
used as essential distribution
centers.

Important potentialities exist
in this area. Recent biological
research indicates that pro-
tein deficiencies in the early
years of life have a depressing
effect on future physical and
mental development. Continued
research on food sup-
plements should be actively
supported, and new programs
should be considered where
research results reveal prom-
ising opportunities.

Disaster and emergency re-
lief and refugee assistance com-
prise the second major cate-
gory under this type of as-
sistance. These programs have
helped in emergency situations
resulting from civil war and
natural disasters, such as
drought, floods, and earth-
quakes. They also have helped
in resettling and feeding
refugees. They will be a con-
tinuing part of U.S. foreign
assistance as the United States
participates with other nations
in meeting emergency situa-
tions.

Members of the task force are:

RUDOLPH A. PETERSON (Chairman), President,
Bank of America
EARL L. BUTZ, Vice President, Purdue Research
Foundation
WILLIAM J. CASEY, Senior Partner, Hall Casey,
Dickler & Howley
TERRENCE CARDINAL COOKE, Archbishop of New York
JOHN E. COUNTRYMAN, Chairman Del Monte
Corporation
THOMAS B. CURTIS, Vice President, Encyclopaedia
Britannica
R. BURT GOOKIN, President, H. J. Heinz Company
WILLIAM T. GOSSETT, Retiring President, American
Bar Association
WALTER A. HAAS, Jr. President, Levi Strauss & Co.
GOTTFRIED HABERLER, Galen L. Stone Professor,
International Trade, Harvard University.
WILLIAM A. HEWITT, Chairman, Deere & Co.
SAMUEL P. HUNTINGTON, Professor of Government,
Harvard University
EDWARD S. MASON, Professor Emeritus, Harvard
University
DAVID ROCKEFELLER, Chairman Chase
Manhattan Bank.
ROBERT V. ROOSA, Partner Brown Brothers,
Harriman & Co.
GENERAL ROBERT J. WOOD, USA (Ret.), Research
Analysis Corporation.

INTERNATIONAL DEVE- LOPMENT

U.S. policies relating to in-
ternational development go be-
yond foreign assistance pro-
grams. Factors relating to
trade, investment, the private
sector, international finance,
and population growth inti-
mately affect the prospects
of developing countries. Fur-
thermore, the way in which the
United States organizes and
carries out its programs and
the way these programs relate
to those of other industrial
countries and the international
organizations will profoundly
influence the results. In the
sections below, we deal with
this wider range of policies
and programs influencing in-
ternational development.

THE SPECIAL PROBLEM OF POPULATION

"No other phenomenon,"
the Pearson Commission said,
"casts a darker shadow over
the prospects for international
development than the stag-
gering growth of population."
There is little dispute among
experts as to the need to
deal with this problem on
an international basis. Coun-
tries cannot cope with the con-
sequences for economic devel-
opment, or social welfare,
or political change of a dou-
bling of the population every
15 or 20 years. Population
change at that pace threatens
to dissipate the benefit of
much that can be contributed
from outside a developing
country and indeed to offset
some of the gains from the
country's entire development
effort.

Family planning assistance
is an integral and necessary
part of total development as-
sistance and not a substitute
for other development as-
sistance. More rapid devel-
opment itself can create a favour-
able environment for cons-

tructive action in the area of
population. The developing
countries that have made
the most rapid economic ad-
vance and are approaching
self-sustaining development—
for example, the Republics of
China and Korea—also have
successful family planning pro-
grams.

More nations than is gen-
erally realized have faced up
to the population problem
and are undertaking programs
to encourage responsible pa-
renthood and to provide the
means to ensure successful
family planning.

The initiative and primary
responsibility for action in the
population area clearly lies with
each country. Programs need
to be adapted to the traditions
and mores of each society
and carried on with respect
for the dignity and conscience
of the individual. This is a
sensitive area, and much needs
to be learned about it. Never-
theless, there is a great deal
of accumulated knowledge, and
there are wide opportunities
for providing help, through
both U.S. programs and inter-
national efforts.

The U.S. Government has
allocated \$75 million in 1970
for assistance to population
programs and plans on \$100
million next year. These funds
are mainly to support the work
of private organizations and
international agencies.

The Task Force believes
that support for the devel-
opment and implementation of
acceptable programs address-
ing the population problem
should have a high priority
in the use of development re-
sources. The United States
should be prepared to give
more help abroad for this
purpose when it is needed and
requested, just as it is expand-
ing similar programs at home.

(contd. on page 11)

there will be no ready made
solutions or algorithms in the
text books. This should not
be an obstacle, it rather can
be a challenge and we perhaps
may see a number of new
techniques and solutions com-
ing up.

Another fundamental dif-
ference in application between
industrialised and developing
countries should be outlined
clearly. Right from the begin-
ning, one of the tasks of an
Industrial Engineer was to
try to have every operation
carried out with a minimum
of labour which at the same
time is equal to a maximum of
productivity. He has to sim-
plify the operations and should
eliminate those that can be
avoided. He may be allowed
to invest up to 10,000 dollars
if he can save the work of
one operator.

In countries in development,
the duties of an industrial En-
gineer are different. He will
find a surplus of labour and
a great number of persons will
ling to work if they get a
chance. On one hand, he
will contribute to creating new
jobs, in new or expanding
plants, on the other hand, he
will help to make best use of
other, often scarce resources:
Materials, Machines and Equip-
ment. He will push forward
the development of new pro-
ducts, the improvement of
quality; he will study critical

operations and widen bottle-
necks, to give more work to
the preceding and following
operations.

In several cases it was pos-
sible to improve manual la-
bour incentive methods to com-
pete better with mechanized
equipment, he may be effi-
cient but that is also expensive
and requires foreign exchange
to be purchased.

If an Engineer is willing
and able to be flexible and to
diversify, to use his knowledge
in statistics not only for qual-
ity control and the planning
of experiments but also to
help in sales prediction and in
cost analysis, if he can plan
the running production as well
as new projects such as the
setting up of a new depart-
ment, every company with
more than 300 persons should
be happy to have such an
efficient man working for
them. From 500 employees
on it becomes a need, for or-
ganisations with more than
1,000 persons, it becomes al-
most an omission if they do
not have one. They either
should get some of their staff
trained abroad, or work out a
plan using what is now offered
with an increasing variety in
the island. Also, the Govern-
ment Organisations have be-
come interested in adminis-
trative studies and will need
systems engineers.

The periphery of a mixed economy

Almost every developing country faces problems of diverse origin and character. These problems may be in the nature scarcity of resources both domestic and foreign, inadequate information regarding potential domestic natural resources, lack of technical and managerial skills, inability to secure reasonable prices for the country's exports, etc. But in a country dedicated to the philosophy of a mixed economy, there arise further problems like the need to:

(a) formulate a rational definition of the roles and areas of both the public and private sectors.

(b) ensure that the responsibility for the parallel development of the periphery is clearly defined, and,

(c) promote balanced growth in the economy as a whole.

In this discussion the periphery of a mixed economy refers to those investment and production areas which are not always clearly indicated as truly falling within either the public or private sector. This lack of precise definition may in certain situations result in such areas having a concentration of economic activity—investment and production—and in other situations, they may tend to be neglected, although it has been realized in many countries that the periphery should be deemed to constitute the most dynamic area of economic activity; more so, in view of the fact that a developing country launching a development plan usually inscribes in the plan, as one of its objectives, the promotion of overall balanced growth.

DIVERSE CIRCUMSTANCES

The circumstances in which the periphery in a mixed economy receives inadequate attention may be diverse. One of them may be, as indicated above, the lack of a rational definition of the precise roles and areas of the public and private sectors. Another may be that even where a sort of such definition exists, there may be too much concentration of developmental activity in the public sector while the private sector may lag behind, or within some sub-sectors of the latter the level of investment is low because prospective investors feel that investment in them would be unprofitable.

Be that as it may, the main theme of our discussion will be that in all decisions and actions relating to the assignment of the roles of the two sectors as well as those relat-

ing to investment and production in them, there should be an adequate appreciation of the fact that in the attainment of the overall objective of the Development Plan the periphery in a mixed economy constitutes a crucial area.

At this point of our discussion it is relevant to point out that even where the National Development Plan has as one of its objectives the promotion of balanced growth in the economy, the private sector may not be able to keep pace with the progress made in the public sector; that is, the private sector may not be as dynamic as it ought to be. This situation may be attributed to several factors. The Pearson Commission in their report have referred to this situation and attempted to identify the causes of it. They have observed that:

"There are a great many impediments to the creation of a dynamic private sector. Some are institutional and others reflect ingrained attitudes. Too often the attitude of many of the less developed countries toward their domestic private sector remains negative, though it is improving in many cases. It is still unusual for them to regard private enterprise as a suitable instrument of economic growth, or to create conditions which actively favour the emergence of new firms, particularly the establishment of financial institutions to assure adequate credit for the private sector. This is regrettable since experience shows that a strong and vigorous private sector is an important element in the achievement of rapid growth.

A strong domestic private sector also serves to attract direct investment from abroad which can greatly stimulate the development process."

UNCERTAINTY

Developing countries which have failed to create or promote a dynamic private sector cannot avoid the emergence of peripheral areas which not only fail to attract public investment but are also not considered as integral parts of the private sector. In such a situation there is uncertainty about private investment. This uncertainty is heightened by the often poor historical experience with foreign firms and by nationalistic concerns about the control over important elements of the economy.

These impediments in the way of the development of a dynamic private sector would no doubt seem to generally afflict most developing countries but we should hasten to

add that Government Policy in Ceylon during the past five years has helped to gradually eliminate most of these impediments.

For example, several meaningful measures towards the creation of a good climate for Foreign Private Investment have been taken, especially the announcement in March 1966 of Government Policy on Foreign Private Investment and the lifting of the moratorium on dividend payments. But there are still a number of factors which do seem to adversely affect Ceylon's prospects of attracting foreign private investments in substantially increasing volume.

The Study Group sponsored by the Business and Industrial Advisory Committee (BIAC) of the OECD had after making

there is a certain extent of conflict in Government Policy relating to private sector. In the course of his lecture on "Problems of Planning Organization and Economic Development in Ceylon." Professor A. H. Hanson had expressed the view that the performance of most public enterprises in Ceylon was poor, in some cases shockingly poor. The reason for this was bad planning (lack of adequate feasibility studies).

It was Professor Hanson's view that neither the Managers nor the workers were receiving proper incentives and that these enterprises were not being treated as such but as political shuttlecocks. These are hard words but everyone knows they are true. He was convinced that with private sector (treated as whipping boy) there were much greater

By
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a study of the climate in Ceylon for foreign private investment observed that:

"Much uncertainty revolves round the question of what roles the Government expects the private and public sectors to play in the industrial development of the country and more particularly, in which fields private investment is required. On the one hand, and Government states in the White Paper that it would be prepared to consider opening to private investment certain industries which had hitherto been considered the exclusive domain of the public sector. On the other, the scope of operations of public corporations and fields into which they might be permitted to diversify remain ill-defined.

At the same time, there are no established and binding guidelines for public corporations with respect to their pricing policies, reasonable minimum rates of return to be earned and conditions of financing through budgetary funds. Thus the private investor faces not only uncertainty about the fields in which his participation would be welcome, but also the possibility of competition, on ill-defined and possibly unfair terms, from public sector enterprises. Fears on the latter score are at their greatest in consumer product fields where public corporations already control the production of raw materials."

CONFLICT

These observations of the BIAC Study Group imply that

growth possibilities—always persuaded to permit those with initiative to initiate, irrespective of communal, racial and xenophobic prejudices.

We are inclined to agree with these views of Professor Hanson not because we are professional defenders of the private sector but as old socialists with something in the nature of proprietary interest in the public sector.

This interest apart, the conclusions one can draw from the above observations of an expert are that the performance of the basic public industries which comprise the centre of the entrepreneurial and productive activity in the public sector has been poor while the areas assigned to private sector lack precise definition and as the BIAC Report has pointed out "there is an absence of mutual trust and confidence between the Government and the private sector."

Even if we assume that within the wider area allowed to the private sector there is practically unlimited freedom of action by private investors yet there are certain peripheral areas which constitute, so to say, "no man's land." In most parts of these peripheral areas, it is the Government's responsibility to operate services and activities. It no doubt, already provides these within certain limitations. But the question which ought to be asked is: "Is there adequate and proper co-ordination?" The same question was posed by Professor Hanson. He observed that:

"However much left to private sector, vast task remains to State—infrastructural services, education, research, statistics, central banking, regulation of foreign trade and foreign exchanges, town and country planning, management of industrial and commercial concerns, agricultural settlement and assistance to farmer. Are these things done in a co-ordinated way and in accordance with the priorities laid down in the plan?"

In the absence of adequate and effective co-ordination there tend to emerge several peripheral areas in which the availability of services and their spread are at levels inadequate to foster rational inter-sectoral linkage and overall balanced growth. For example, taking a clue from Professor Hanson's views stated above, we could say that responsibility for applied research does not appear to have been clearly defined although it is generally admitted that the development of science planning must go hand in hand with the progress in economic planning. But in Ceylon this has not been fully appreciated. That is, applied scientific research languishes in the periphery of the mixed economy.

IMPORTANCE OF APPLIED RESEARCH

With the establishment of the new Ministry of Scientific Research and the setting up of the National Science Council, it was hoped that the question of applied research would receive adequate attention and the responsibility for such research would cease to be peripheral. But when one considers the progress made so far in this field one is inclined to the view that this hope has not materialised.

The importance of applied research has been stressed time and again and the responsibility for it must be clearly cast on a particular authority. Dr. T. Kristensen, a former Secretary-General of the O.E.C.D. was of the same view when he observed that:

"As a general rule it can be said that in the early stages a developing country should concentrate on applied research. In the field of basic research it can draw on the work done in the developed countries, but it will be one of the tasks of the science planning agency to follow to the extent possible what is going on in basic research in other countries. At a later stage the developing country can hope to make its own contributions also to fundamental research."

(Courtesy Industrial Ceylon)

Agricultural prospects in Asia brighten

Asian countries could achieve an agricultural breakthrough with the required technological changes and removal of age-old institutional barriers, U-Nyun, Executive Secretary of ECAFE, said at a seminar last week.

Asia now enjoys brighter prospects than even before with the introduction of high-yielding rice and wheat seeds.

The seminar is being attended by 45 senior economists and Government officials from 22 countries, and is the fifth organised by the UN on development planning.

He said delegates "will do well to appraise carefully and make suggestions in regard to the main elements and instruments of technological changes and institutional improvements for optimisation of output, employment and income distribution in this major sector of the national economies of most countries in the region."

"The seminar will no doubt examine the prospects of developing industries producing consumer goods, particularly the masses as a means of reducing independence on imports," he said.

LIBYA HALTS GAS EXPORTS

Tripoli

Esso Standard's plans to start exporting natural gas from Libya were recently halted by a Ministry of Petroleum letter ordering the company not to start exporting until a tax reference price for the gas has been agreed.

The company's first liquid natural gas tanker Esso Brega was named at a ceremony in the Marsael Brega terminal on May 31 and it was expected the first shipment would leave for Italy soon afterwards.

Exports to Italy of 235m. cubic feet and to Spain of 110m. cubic feet of gas per day were contracted in 1965 and company negotiations with the Libyan Government were concluded in 1966 when Esso thought all questions had been settled.

A committee has now been formed by the Ministry of Petroleum and Minerals to settle the question of procedure for fixing profits and determining tax rates.

The Government has also restricted production by Amoseas, the operating company for California Asiatic Oil Company and Texaco Overseas Petroleum. No details of the cut were available today although it is thought to be substantial.

A company spokesman said negotiations were continuing with the Ministry and that the nature of the order made his company view it as a "temporary measure subject to review and adjustment."

A D B LOAN TO HONG KONG

Hong Kong

Mr. T. Watanabe, President of the Asian Development Bank said that the Bank would gladly consider a loan of 90 million HK dollars (US \$15 million) to finance the proposed runway extension at Kai Tak Airport if Hong Kong made an application.

Mr. Watanabe said that since Hong Kong, recently admitted as member of the Bank, had been classified as a developing country, it was eligible to apply for financial assistance.

"But so far there has been no indication of any application from the Hong Kong Government for any kind of loan," he said.

"We will certainly be glad to consider the loan if Hong Kong applies for it, and the possibility of Hong Kong getting the loan from economic merits of the project to the development of the colony," Mr. Watanabe said.

However, the Hong Kong Government spokesman told AFP that the Hong Kong Government has not yet received any official statement from the ADB so no official comment could be available.

The runway extension at Tak Airport has been proposed to accommodate the giant airliners of the future but the question of obtaining a loan for the project has been left uncertain for months.

SIGNIFICANCE OF COAL AS A FUEL UNDERSCORED

Warsaw

Polish Mining Minister Jan Mitrega said here the world's growing energy needs disproved theories that coal's significance as a fuel was declining.

He told the opening session of a United Nations symposium on the future role of coal in national and world economies that between 1967 and 1969 demand for coal rose higher than previously and exporting countries were unable to fully meet importers' demands.

Mr. Mitrega called for greater attention to world demands for fuel in order to avoid adverse for even catastrophic social or economic effects.

A report on world energy prospects by the ECE Coal Committee Secretariat forecast that world energy consumption would double by 1980—(Reuters).

PREFERENTIAL EXPORT FINANCING RATES

Tokyo

The Bank of Japan has raised the preferential export

financing rates for the promotion of exports by a uniform one percent per annum.

Through this step: (1) the discount rate on export advance bills has been upped from 4.25 percent to 5.25 percent, (2) the interest rate on loans secured by export advance bills from 4.5 percent to 5.5 percent and (3) the interest rate on loans against foreign exchange assets from 4 percent to 5 percent.

The central bank also has decided to favourably treat yen usance bills for export as export bills in foreign currency, raising the interest rate from 4.25 percent to five percent and extending the usance period from three months to five months.

These measures are a result of the conclusion that there is no need to continue the preferential steps as: (1) Japan's export financing rates were lower than the international



level and (2) Japan's international balance of payments has continued to be favorable.

Meanwhile, the Bank of Japan enforced on June 1 the granting of yen credit to foreign exchange banks as its preferential measure for import financing.

Under the measures; (1) the interest rate on yen loans secured by national bonds and bonds designated by the central bank necessary for import financing will be 6.25 percent per annum and that interest rate on loans secured by other bills will be 6.75 percent; (2) import bills in foreign currency will be

recognized as security for loans and those that the Bank of Japan recognizes as security, including national and government bonds, will be used as be outside the Bank of Japan's security and (3) year loan will discontinue on loans made by city banks.

This is in return for the abolition of preferential measures for export financing enforced on May 15 and is in line with the policy of switching a part of import financing in foreign currency under the foreign currency usance method to yen financing and of effectively using Japan's foreign exchange reserves.

The 'crawling peg' comes into sharper focus

The latest Annual Report of President Nixon's Council of Economic Advisers explores some of the issues that need to be clarified before final judgements can be passed on various proposals to introduce a somewhat greater degree of flexibility into the international exchange rate system.

Some economists have been urging greater flexibility as a means to make exchange rate adjustment processes smoother and head off measures that would throttle trade and investment.

It had already become evident at the time of the International Monetary Fund's annual meeting in the fall of 1969 that the more extreme proposals for changes in the international monetary system—such as freely floating exchange rates—had already been ruled out, both by U.S. officials and by others.

Dr. Hendrik S. Houthakker, one of the three members of the Council of Economic Advisers, remarked in December 1969 that the remaining proposals being given serious consideration "are not so much changes in the Bretton Woods system as changes in the way it is operated." The 25-year-old Bretton Woods agreement established the International Monetary Fund and the present Bretton Woods agreement established the International Monetary Fund and the present international monetary arrangements.

New departures

In fact, Dr. Houthakker said, the new departures now being considered are not as radical as the creation of Special Drawing Rights, al

ready agreed upon and put into effect by IMF members to ease world liquidity problems.

The approach given the most attention in the February 1970 Annual Report is commonly referred to as the "crawling peg." Basically, the idea is that currency par values should be allowed to move up or down in small stages, instead of in one large leap, when the existing rate is no longer suitable. Some experts argue that a gradual, sliding adjustment would be less disruptive.

BY EUGENE BRAKE

If the "sliding parity" or "crawling peg" approach should be accepted as desirable, the Council of Economic Advisers points out, the next major issue would be the degree of discretion that should be left to individual countries.

Pertinent questions

Countries are already required to consult with the International Monetary Fund before they change the value of their currencies in relation to other countries. But present rules do not require governments to consult with the Fund before they decide to keep their currency at its existing par value. Should this decision be left entirely to the discretion of individual governments? Should nations pledge themselves to follow some automatic formula that would indicate when par values should be changed? Or should some compromise be found between these two extremes?

The Council listed some other major questions that have been raised about the sliding parity approach, and attempted to give some tentative answers.

Would capital movements induced by a sliding parity require countries to keep their interest rates abnormally high or abnormally low, regardless of the needs of the domestic economy?

This could be a problem, the Council concedes, if the currency is far from its desirable parity at the time the sliding adjustment starts. Correcting a large, existing disequilibrium "is a purpose for which sliding parities are not particularly well suited," it comments.

The Council cites other circumstances in which capital flows could cause complications. However, it suggested that these flows would not be any larger than the shifts in liquid funds stimulated by expectations of a single, major change in a currency's exchange rate.

Would countries be tempted to allow the par values of their currencies to crawl downward so as to avoid dealing effectively with domestic inflation? The Council was not sure that this problem would be any more serious than the problems that have arisen in the past because of the reluctance of governments to devalue. The validity of the argument is "difficult to assess in general terms," it said.

Would a system of sliding parities make it more expensive to do business internationally, because of the cost of insuring each transaction against future changes in exchange rates? If the system of sliding parities were successful in achieving a better adjustment among exchange rates, the reduction in the risks and uncertainties might offset any increased costs.

MANAGEMENT

NEW DEVELOPMENTS IN HUMAN RELATIONS AND LEADERSHIP

The human aspect of the manager's job begins with staffing—selecting people for the various jobs to be done. Of course, he will try to get the person best fitted for each job, but often the fit cannot be exact. And for this reason, proper training and direction can do much to improve its exactness.

SELECTION

What techniques are available to improve the hiring process? Well, there is the interview, the examination of the past work record, the reference check, and psychological tests—a great variety of them, with more being produced every day. Occasionally, in some jobs, it is possible

to give the candidate an actual tryout.

In many cases these methods are used in combination and they can contribute to better selection if used wisely.

It is important that managers understand, and perhaps better than many of them do at present, just what psychological tests can do to help them to better selection and just what they can't do. Too many managers take the easy way out by relying too heavily on tests. In fact, one large company abolished psychological testing entirely because subordinate managers often hired people solely on the basis of the test results. That was, of course, simply a way of ducking a decision that every manager should be willing to make.

How does one judge the value of a test? There are two measures (a) validity and (b) reliability.

If a test is *valid*, it measures what it is supposed to measure; and if it is *reliable*, the same person will make the same score each time he takes it, even after an interval of se-

even seem singularly lacking in common sense and judgement. There are aptitude tests—such as tests for mechanical aptitude or finger dexterity—which give an indication of the skills a person may find easy to acquire—and there are trade tests that indicate the extent to which a candidate is experienced in a skilled trade.

Techniques of Modern Management III

veral years. No test is perfectly valid and reliable, but some do improve the batting average in selection considerably.

Various kinds of tests

Now tests are of various kinds. There are intelligence tests, which measure with fair accuracy the extent to which a person is capable of understanding and learning, although they don't tell to what extent he will apply his intelligence to the job. In some cases people who make high scores

In the case of management candidates, there are tests like the 'in-basket' test, in which participants are given a series of letters and memos, such as a manager might find in his in-basket, and are asked to indicate what action they would take in each case. This, is, in effect, a test of judgement.

Finally, there are personality tests, which are more controversial since they are much harder to devise than the other types. This is not surprising,

because the personality an individual exhibits on the job is likely to be determined in part by the situation in which he finds himself. Although a person can't fake the answers to the other tests, it is quite possible to guess the 'right' answers to many of the personality tests and to adjust his responses accordingly.

Moreover, the way a person uses his intelligence and aptitudes depends in part on his personality as it develops in the job situation. Thus test^s can't be depended upon to do the manager's selection job for him.

ART OF INTERVIEWING

The interview is really the crucial part of the selection process, and it is here that the manager can make the greatest contribution to better staffing. Some companies provide interview blanks, which list the questions the interviewer should ask candidates. If this is not the case, it might be well for the manager to jot down in advance the facts he considers important.

Some managers find that they have never asked the things they wanted to because they have allowed the candidate to interview them rather than vice versa, or perhaps they have talked too much themselves and never let the poor applicant get in a word.

BEST WAY

Probably the best way for the manager to improve his score in staffing—whatever methods he uses—is to determine what the job requires in a realistic way. It would be nice if all jobs could be filled with perfect people, but the real question is not how a candidate stacks up as a human being or whether one would want him for a bosom friend, but 'Does he have what it takes?' And, of course, what it takes differs for different jobs. For some jobs the proverbial strong back and weak mind are sufficient. For other positions there are other *sine qua nons*, and often the man who possesses them is quite deficient in many of the qualities one admires. Many of the most successful salesmen, for example, are money-hungry to an extraordinary extent, and their ability to sell is really the result of a neurotic drive.

(TO BE CONTINUED)



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Shipping & Aviation

GERMANY'S SHIPPING RIVALS MERGE

Over a century of maritime rivalry, nurtured by both local pride and tradition, will come to an end in September as Germany's two largest shipping lines merge in the face of increasing stiff international competition.

Final approval of the decision by the Norddeutsche Lloyd and the Hamburg-Amerikanische Paketfahrt AG (Hapag) to join forces will come at a general stockholders' meeting in July. Credit for bringing about the merger goes largely to the current president of the Deutsche Bundesbank, who worked out and prepared the merger in his capacity as a director of the largest German commercial bank, the Deutsche Bank, which owns a majority of the Hapag shares.

The new company is to be called Hapag-Lloyd. It will boast a fleet of 114 sea-going vessels with a total carrying capacity amounting to 1.02 million tons. Last year the two shipping lines together had a turnover of about DM 850 million (roughly \$220,000.)

The merger move climaxes attempts going back to 1923, 1930 and 1935 to pool the resources of the two major shipping lines.

TENTH IN THE WORLD

According to Lloyd's Register, Yugoslavia's shipbuilding industry is tenth in the world by the number of orders for

1969 and fifth by the quantity of shipping contracted for export.

The 'Jadranbrod' Integrated Enterprise last year received orders for the construction of over one million seven hundred thousand g.r.t. of shipping space. The construction of 79 ships of various types and sizes has been contracted by foreign shipowners. The deliveries are scheduled for 1970, 1971 and 1972.

The entire capacities of the Yugoslav shipyards are engaged until 1971.

Yugoslavia exports ships to various countries including those with a long maritime tradition and a well-developed shipbuilding industry such as, for example, Norway, Great Britain, the Soviet Union and Finland and in addition to these—to the countries on the American continent, India and Turkey. The principal importer at the moment is the Soviet Union which has contracted long-term and large-scale business deals. But other countries, too, like India, for example, have made substantial orders.

B O A C OPENS POLAR ROUTE

BOAC's Boeing 707 was the first British airliner to cross the once forbidden depths of Siberia. The airliner flew into Tokyo after a 14 hour 15 minutes journey from London. The jet aircraft deviated slightly

from the track prescribed by Soviet authorities during the 6,224-mile inaugural run, recently.

HEATHROW GEARED FOR JUMBO JETS

A Jumbo Jet passenger terminal which opened at London Heathrow Airport, on arrival of BOAC's first Boeing 747 will be specially geared to handle a peak flow of 900 passengers every 15 minutes by 1972.

In order to facilitate the efficient handling of the giant 747s the British Airport Authorities, have undertaken a £13 million expansion scheme. A new arrivals terminal has already been opened to handle Boeing 747s and other large aircraft and the building previously used by BOAC and other long-haul aircrafts for both arriving and departing, has become a departures only terminal.

It is estimated that eventually the two buildings will be able to handle more than 2,700 passengers an hour in both directions and a peak flow of 900 in 15 minutes.

The expansion also includes a pier specially designed for 747s with 10 aircraft stands, 30 acres of concrete aprons and taxiways and a 900 feet long connector between the terminal and the new pier.

This year 4000,000 passengers are expected to use the new terminal and within five years the total could well be 7,500,000 of whom at least 60 percent will be from the Jumbo Jets.

BOEING 747 B JETS

QANTAS Airways is due to introduce the first Boeing 747 B Jumbo jet by August Next year. But with more

than 13 months to go, senior pilots from the Airline have already been trained and have flown these jumbo jets.

Designed to assist the preparations now underway for the introduction of these jets these training flights have provided QANTAS pilots with much valuable experience.

TOURISM

AN 'OPEN SKY' POLICY NECESSARY

Ceylon should pursue an 'open sky' commercial aviation policy if she is to develop tourism as a thriving industry.

This is the view point of both the Ceylon Association for the Promotion of Tourism and leading personalities in the travel business.

The present Civil Aviation Policy permits only a few 'selected' airlines rights to fly through Ceylon. The chief among them being BOAC and QANTAS, who have a pool agreement with Air Ceylon.

Liberal Policy

The Association for the Promotion of Tourism argues that Ceylon should liberalise her Civil Aviation policy and permit all foreign airlines to operate freely. Passenger traffic rights should be granted to all airlines without any restrictions provided they are prepared to comply with the normal practices that are followed by airlines using airports.

In addition to the potential tourist income which will accrue from additional passengers brought in by these airlines, Ceylon would benefit by:-

- * receipt of foreign exchange by the use of airports by airlines.

- * receipt of foreign exchange from these airlines by catering, refuelling services and other such facilities.

- * the commissions, service charges, etc. earned from these airlines by local travel agents by placing bookings etc.

- * the tremendous travel publicity given by airlines using Ceylon airports.

- * the frequency of service inducing more travel agents to include Ceylon in the itineraries they prepare for their clients.

Restrictive Regulations

A prominent figure in the travel trade said that the present Civil Aviation policy was 'ridiculous.'

He explained that even some of the airlines now flying through Ceylon are restricted from picking up passengers here. They are permitted in most cases to only bring passengers into Ceylon but not pick up passengers.

The existing regulations are so severe that these airlines are not permitted to pick up 'stop over' tourists other than tourists brought in by them.

It has, however, been argued that an 'opensky' policy may act detrimentally to the growth and development of Air Ceylon. But if Air Ceylon is to develop, it cannot depend on the Ceylonese traveller alone, and in the international arena, it cannot demand protection.

SCIENCE AND TECHNOLOGY

Ultrasonic spectacles for the blind

A British professor, Leslie Kay, who led the team which developed the ultrasonic torch for the blind in 1965, has introduced ultrasonic spectacles that give blind people a sound picture of their environment.

The spectacles were demonstrated by 21-year old physiotherapy student Ivan Pivac, from New Zealand, who walked confidently to and fro along a busy London street. "It's rather like sonar on a ship, you pick up sound from obstacles in your path," he said.

MAIN FEATURES

Research into the project is being backed by Britain's National Research Development Corporation (NRDC) and the glasses have been developed by a team under Professor Kay's direction at the University of Canterbury, New Zealand.

They look like ordinary glasses except for three discs mounted in the frame above the bridge. These are transducers which radiate and receive ultrasonic energy and provide the means for sensing the environment within a cone of 60 degrees ahead of the user.

The ultrasonic echoes are converted into audible signals which are heard as patterns of complex tones by miniature earphones at the side of the glasses. Obstacles vary in pitch and loudness as the blind person approaches them.

In the demonstration even distinguished in iron fence from a wall, and a lamp post from a postbox.

VENDING MACHINES FOR EVERY PURPOSE

You can buy everything—from hot sake to life insurance—in automatic vending machines which are becoming increasingly popular today. You can even buy oxygen from machines set up in air-polluted Japanese cities to enjoy a few minutes of relief. The time may well come, when you won't have to worry about your partner for the night. Machines may provide the ideal companion for you.

FUTURE HOPE

The automatic vending machine industry has been growing by leaps and bounds in the past ten years in Japan. Such machines numbered only 500,000 units four years ago but they are now almost one million and the industry hopes they will increase all the more during the World Exposition in Osaka.

Judging that the automatic vending machine is mankind's

future hope, major Japanese electric machine makers are keenly competing with each other to introduce newer and more efficient models. Machine manufacturers are now concentrating their energies on improving railway tickets automatic selling machines and automatic cash paying machines to be installed in banks on 24-hour service.

There is one problem, however. You can cheat machines or be cheated by machines. Current mechanical structures of the automatic machine as well as its technology are not so accurate or advanced as to withstand all troubles.

You can cheat machines by putting in slugs or false coins. On the other hand, you cannot be fully assured you will get the things you want every time you insert coins. Like humans they sometimes fall down on the job.

PETERSON REPORT...

Contd from page 8.

There are no objective standards against which to measure the developing world's total requirements for assistance in the population field. This is an area in international development that could benefit greatly from strong international leadership. A worldwide study, prepared on a priority basis, could give the United States as well as other countries—industrial and developing nations alike—a professional and politically acceptable base for examining the resources needed and the ways in which each country could best contribute to this pressing world problem. The Task Force recommends that the United States propose that the U.N. Fund for Population Activities, in conjunction with the World Bank and other interested international agencies, prepare a careful and detailed study of world needs and potentialities in this area and of ways in which all elements of the international community can help.

THE ECONOMIC TIMES

Editorial Department
Thursday, July 2nd 1970

(1st Floor), 157, Jayantha
Weerasekera Mawatha,
COLOMBO-10

THE OLD ORDER CHANGETH...

The Government decision to give local technologists "their rightful place in the Administrative set-up as a matter of deliberate policy" will indeed be very welcome. In this way the country will derive the optimum benefits from technical skills available in the country. Our technicians were hitherto relegated to the background and merely played second fiddle to the lay Administrators.

In pursuance of this policy an eminent engineer has been appointed to the Cabinet. Also, technical personnel have been appointed as permanent secretaries, and other keyposts in State Corporations and Government departments have been filled by technically qualified men.

The shift in emphasis from the "bureaucracy" to the "technocracy" will surely be hailed in all quarters. In fact this change of attitude, or rather policy, was long overdue. The country has had many a bitter experience of bureaucratic bungling in fields where technical expertise mattered most. The Gal-Oya project is a case in point. At last the important role that technical personnel could play in the economic development of the country has been realized with the decision of the Government to remodel the archaic administrative set-up inherited from the colonial past. And the country will be more prosperous for it.

The "generalists" who manned various technical posts with inadequate knowledge of the technicalities of the business will soon give way to the technocrats who could be expected to accelerate the process of development which hitherto lagged behind for very obvious reasons.

Our administrative set-up is based on the British system. And Britain itself has had to take a closer look at its own system in view of the various deficiencies that existed. The Lord Fulton Committee Report (1968) stated thus:

".....Many lack the fully developed professionalism that their work now demands.Often they are required to give advice on subjects they do not sufficiently understand, or to take decisions whose significance they do not fully grasp. This has serious consequences. It can lead to bad policy making; it often leads to inefficient methods for implementing these policies—methods which are sometimes baffling to those outside the service who are affected by them, and it obstructs the establishment of fruitful contact with sources of expert advice both inside and outside the service"

The new Government has made a decision that will reactivate local technical skills and spur them to double their productive efforts. But let this not dampen the enthusiasm of the lay administrator whose prowess lies elsewhere. Both the lay administrator and the technocrat must pull their weight together and work as a team in the national development effort. This is what the country expects.

M'FACTURERS ARE SEVENTH IN THE INCOME LADDER

The number of manufacturers registered with the Department of Inland Revenue for tax purposes totalled 3,370, according to latest official statistics. Of a total income of Rs. 1,719 million derived by all tax payers the share of all manufactures amounted to only Rs. 78 million.

Manufacturers' incomes as a whole are placed seventh after total incomes of Government employees, private sector employees, Miscellaneous Trades, Distribution Trades, Agriculture and other public employees.

A classification of income by actual source shows that 48,644 Government employees had an income of Rs. 378 million, while other public employees had incomes totalling Rs. 91 million. The next highest was the income of employees in the private sector which totalled Rs. 299 million. Total incomes of those in the miscellaneous trades was Rs. 258 million, while those in the distribution trade amounted to Rs. 189 million.

The next highest was the agricultural sector where incomes totalled Rs. 96 million, followed by the manufacturing sector where incomes totalled Rs. 78 million.

Others were incomes from property Rs. 58 million, Finance Rs. 48 million, professions Rs. 47 million and Ceylon interest and dividends Rs. 36 million.

The records show that in 1968 there were 370 manufacturers with the incomes totalling Rs. 78,248,637/-; in 1965 there were 1,038 manufacturers with incomes totalling Rs. 34,514,407/- and in 1961 there were 1,347 with incomes amounting to Rs. 68,736,355.

HIGHEST INCOME

There was only one individual resident in Ceylon whose income exceeded Rs. one million in 1968-'69, according to the latest report of the Commissioner of Inland Revenue.

There were five individuals whose annual incomes exceeded

Rs. 5 lakhs—all five deriving their incomes from trade. Three of these individuals earned over Rs. 750,000 and their incomes totalled Rs. 2,391,243 while the individual drawing the highest had an income of Rs. 2,500,000.

The highest income for an individual in Agriculture was Rs. 305,245 and in Professions Rs. 500,000 while from employment the highest was Rs. 409,907.

Total incomes from the four principal sources — Employment, Trade, Agriculture, and Professions amounted to Rs. 1,279 million.

U. S. Aid to India

The United States has always been the largest provider of economic assistance for India, well ahead of even the international institutions, according to a top Indian Finance Ministry official.

Dr. I. G. Patel, Secretary, Department of Economic Affairs, Ministry of Finance, who signed on behalf of India a 160 million dollar U.S. loan agreement, expressed satisfaction at the co-operation in Indian development between the two countries.

Signing for the United States, Charge d' Affaires Galen L. Stone, said that both countries have reason for considerable satisfaction in the development effort represented through the loan.

The loan, which will finance a wide range of requirements for India's industry and agriculture, is one in a series which began in 1952.

Britain may buy Asian vegetables

Asian vegetable foods sampled at the annual meeting of the Vegetarian Nutritional Research Centre, near London, may eventually be sold throughout Britain at health food shops.

Dr. Frank Wokes, director of the Centre, said that the foods, specially flown in from India, had been very well received by nutrition experts and health food store marketing executives at the meeting.

"There were various dishes made from dried fruits—all indigenous materials—and they were very highly commended," Dr. Wokes said. "I am quite sure people in this country will be buying them once it can be arranged to import supplies."

FEECs scheme to be modified

It is likely that the Government will continue with FEECs in respect of all imports under licence, according to official sources.

Only imports which have a direct bearing on the cost of living, including essential commodities and industrial raw materials which were placed under open General Licence (OGL), by the previous Government, will be subject to change.

MODIFICATION

It is learnt that a top level Committee comprising officials of the Ministry of Finance, Central Bank, Ministry of Industries and Scientific Affairs and the Ministry of Planning and Employment, have submitted a Report to the Dr. N. M. Perera, Minister of Finance, on the working of the FEEC scheme. Proposals for the review of

OGL items and the necessary modifications to the scheme have been incorporated in this Report.

The proposed changes are likely to be announced by the Finance Minister when he presents his "On Account Budget" next month.

The Minister of Foreign and Internal Trade has requested the CWE to take over the import and distribution of all items of essential food-stuffs.

The import of barley, sago and other foods will now become a monopoly of the CWE. At present these items are imported by the private trader.

This is the first step in a series of measures the Minister proposes to take in order to bring down the cost of living.

FOREIGN TRAVEL AT A STANDSTILL

Foreign travel by Ceylonese is now at a complete standstill. The restrictions will be in force at least for a year, according to official sources.

Although there is no official ban imposed by the Government on foreign travel, the restrictions have been made so effective that only very few persons have been permitted to leave the country since the U.F. Government came into power.

The restrictions have been necessitated in view of the need to conserve foreign exchange.

Meanwhile, there is speculation in financial circles that the Minister of Finance might shortly clamp down a heavy tax on pre-paid tickets sent to Ceylonese.

CONSUMER PRICE INDEX UP

The Colombo Consumers Price Index for the month of May this year stood at 138.6 as against 138.3 for the month of April 1970, an increase of 0.3 points.

The Consumers Price Index in the month of May last year stood at 129.7 while in April 1969 it was 129.5 points.