



**NO EXPORTABLE SURPLUS**

Ceylon was reluctantly compelled to turn down an offer to participate in this year's 'Partners for Progress' Trade Fair due to begin in West Berlin in mid-September.

Reason — the Ministry of Foreign and Internal Trade is of the view that no good could come off Ceylon's participation in overseas trade fairs at present as "Ceylon has no exportable surplus to guarantee prompt supplies for orders received".

Although Ceylon participated in last year's 'Partners For Progress' Fair, no immediate export orders were secured, despite the tremendous potential evinced for almost the entire range of local products on display.

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**RICE IMPORTS INCREASE**

— By A Staff Reporter —

**CEYLON'S RICE IMPORTS FOR THE FIRST FIVE MONTHS (JANUARY-MAY) THIS YEAR AMOUNTED TO 201,827 TONS COMPARED WITH 116,331 TONS FOR THE CORRESPONDING PERIOD LAST YEAR, THUS REFLECTING AN INCREASE OF 85,496 TONS, ACCORDING TO THE LATEST STATISTICS RELEASED BY THE MINISTRY OF PLANNING.**

According to recent claims made by the Ministry of Agriculture domestic rice production had been stepped up considerably and paddy production targets had been exceeded in most districts. But the irony of the situation is that while domestic production keeps increasing rice imports too keep rising.

**SCPTICISM**

The increase in production has so far had no impact on the price of rice in the open market. Hence, there is much scepticism as to the accuracy of the official statistics.

In this connection the Minister of Agriculture and Land,

Mr. Hector Kobbekaduwa, has decided to review the agriculture production statistics of the previous Government as he is of the view that the figures are inaccurate.

**POOR PERFORMANCE**

The country's performance

in paddy production has not been very significant. Paddy production in 1969 is estimated at 65.9 million bushels compared to 64.6 million bushels in 1968, an increase of 2.0 per cent, according to the Central Bank Report for 1969. When the fertilizer inputs are taken into consideration the results achieved so far leave much to be desired.

The total area under cultivation has shown a gradual increase since 1966, while in 1969 the acreage declined. See details in Table below.

	PADDY — AREA UNDER CULTIVATION					
	1964	1965	1966	1967	1968	1969
Gross Acreage						
Harvested (1000 acres)	1,534.7	1,242.6	1,512.3	1,566.9	1,634.2	1,612.9
Maha	979.8	795.7	1,007.1	1,006.4	1,007.9	1,152.0
Yala	554.9	446.9	505.2	560.5	556.3	460.9

Source: Central Bank Report 1969.

**Geneva meeting — Bid to avert a "trade war"**

The United States will meet with its major world trading partners in Geneva late this month for an emergency discussion of the alarming spiral of protectionism and retaliation which is rapidly assuming the proportions of a "trade war", the 'Los Angeles Times' reported last week.

**DEEP CONCERN**

The meeting is the result of pressure from the European Common Market Commission in Brussels and the General Agreement on Trade and Tariffs (GATT), in Geneva, whose Secretary-General has made no secret of his deep concern about trends developing in trade policy everywhere, and in the U.S. in particular.

The meeting is expected to be exploratory and general, rather than any specific negotiating session. But the American delegates are probably going to hear some tough talk and strong warnings about the risk of retaliations in Europe and elsewhere in the face of growing American restrictions or protectionist trade measures.

Ever since the breakdown of American negotiations with

Japan for voluntary limitations on Japanese textile exports to the United States, almost every day has brought fresh news from Washington of yet another retreat from the liberal trade policies of the past 35 years.

**U.S. IMPORT QUOTAS**

The worst fears in Europe are pretty much confirmed by the new trade bill which will establish import quotas in the U.S.A. for textiles and shoes, and also establish new legal trade guide lines which could trigger off the imposition of import quotas in a flock of other categories of manufactured goods as well.

A variety of trade concessions on US exports to GATT countries were obtained only on condition that the protectionist legislation, which dates back to the early 1920s, would be repealed.

**LAST EFFORT**

Today the mood without question is more sour and protectionist than it has been 30 years ago.

The Geneva Meeting may be a last effort by GATT and the ECM to try to get the Nixon Administration to pull back from the brink before it could cause retaliation and thus undo in a few months what it has taken years of patient negotiation to achieve.

**Tea exports to London decline**

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

A total of 52,048,596 pounds of tea was shipped to London in the January-June period this year, compared with 55,329,656 pounds in the corresponding period last year.

The quantity of tea exported to the London Auctions in June this year, however, increased from 11,002,631 pounds in June 1969 to 12,284,230 pounds this June. (See table below for details).

	Jan/June 1970	Jan/June 1969
High Grown	31,868,607	30,859,381
Mid Grown	18,752,187	20,686,438
Low Grown	1,427,802	3,783,817
Total	52,048,596	55,329,636

**Exploiting cheap timber**

Scientists at the Ceylon Institute of Scientific and Industrial Research (CISIR) have successfully carried out experiments on various grades of inferior timber to ascertain their uses.

These experiments have revealed that timber, now used only for firewood, could be effectively used for house building and also in the furniture industry.

**Cardamom exports Standstill**

Exports of Ceylon cardamom to the Middle East has come to a virtual standstill, according to a leading brokering firm in Colombo.

This has occurred mainly due to Guatemala cardamoms being offered at very much lower prices and also due to good offerings from India.

Furthermore, Jordan and Aden, two of our largest buyers of F.A.Q. types of cardamom have pulled out completely from the market due to the flare up in the Middle East and import restrictions imposed in the respective countries.

**Food still tops the import bill**

Ceylon's import bill for the first five months of the year had reached Rs. 710,377 million. Of this the largest slice was on food imports which exceeded half the total import bill. The Food Commissioner's imports amounted to Rs. 345,861 million.

Imports of other food stuffs on the other hand amounted to Rs. 109,894 million.

The next biggest allocation of exchange for imports was for State Corporations (Rs. 129,790 million), fertilisers (Rs. 61,917 million), and Government Departments (Rs. 19,805 million).

Raw materials for private sector industries in the first five months of the year had reached Rs. 18,332 million, while imports of drugs amounted to Rs. 11,274 million.

**New Director of Foreign Aid**

Mr. N. M. Kappagoda, Economic Adviser to the Ministry of Planning is likely to be appointed Director of Foreign Aid, the post that was earlier held by Mr. David Loos.

Mr. Kappagoda is presently functioning in the External Resources Division of the Ministry.

The "Economic Times" reliably understands that the Divisions under the Ministry of Planning are to be amalgamated and reduced to three Divisions viz., Division of Planning, Division of Plan Implementation and the Division of Foreign Aid.

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# MARKET PRICES

**COLOMBO**

CLOSING PRICES 14.7.70

TEA (Rs.) Cts. Per lb.)	BOPS		B. O. P. Fs	
	low	high	low	high
Uva Teas	1-85	3-45	1-90	3-50
	1 at 3-60	1 at 4-20	1 at 3-55	1 at 3-60
	1 at 4-30	1 at 4-40	1 at 3-65	2 at 4-00
	1 at 4-45	1 at 4-70		
High Growns	1-70	3-20	1-90	2-90
2 at 3-30	2 at 3-35		1 at 3-00	1 at 3-30
2 at 3 60				
Medium Grown	1-50	2 10	1-50	2-15
Small leaf Low Grown	1-30	1-60	1-35	1-62
Tea for Price	1-05	1-30	1-05	1-35
Leafy B. O. P.	1-20	1-45		
	F. B. O. Ps.		F. B. O. P. Fs	
Tippy Teas	1-28	1-45	1-37	8-90
	1 at 1-49		1 at 9-45	1 at 10-45

PRICES FOR THE WEEK ENDED 15.7.70

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

Colombo	High	Low
RSS No. 1	87	86 1/4
RSS No. 2	82 3/4	82 1/2
RSS No. 3	82	81 1/4

**COPRA** (Rs. per Candy)

	High	Low
Estate Copra No. 1	238.50	233.00

**COCONUT OIL** (Rs. per ton)

	High	Low
July	1425	1400
August	1450	1400

**POONAC** (Rs. per ton)

	High	Low
	325	325

**DESICCATED COCONUT** (per lb.)  
July and August .63 cts.

Prices for the week ending 12th July 1970

Commodity	Buyers Per lb.	Quotations	Export Duty
Cardamoms	29/00	32/00	40% on true f.o.b. value
C'Mom Seeds	32/00		
Cloves	17/50	18/00	
Clove Stems	4/00	4/25	
Mace	5/80		
Nutmeg (Shelled)	4/00	4/25	
Nutmeg (Unshelled)	2/00		
Pepper (Black)	3/50	3/60	
Pepper (White)	5/50		
Papain (White)	14/50	15/00	
Papain (Brown)	9/00	9/50	
Cinnamon H/I	3/85		

Cinnamon H/2	3/75	-do-
Cinnamon Quillings No.1	3/25	-do-
Cinnamon Quillings No.2	3/00	-do-

**Cocoa**

Per Cwt.	Export Duty
Unquoted	40% on true f.o.b. value

Coffee	300/00	325/00
Kapok (Clean)	125/00	
Kapok (Unclean)	33/00	
Croton Seeds	125/00	130/00
Essential Oils	Per Oz. / lb.	
Cinnamon Leaf Oil	Unquoted	Export Duty
Cinnamon Bark Oil	24/50 per oz.	
Citronella Oil Estate Quality	6/10 per lb.	10% on true f.o.b. value

**SUBSIDIARY CROPS — WEEKLY PRICE LIST POYA ENDING 11/7/70**

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

**Cereals**

	(Per Bag 154 to 158 Lbs)
Paddy-	Per bushel
Samba	14/00
Other Varieties	13/00
Rice-	
Par Boiled	72/00
Country Rice No. 1	82/00
Country Rice No. 2	78/00
Samba Rice	102/00

**TEA REPORT**

Sale No. 27 of 13th/14th July, 1970.

Western quality was irregular but Uvas were brighter and mainly improved.

Nuwara Eliya Teas. The majority of offerings were improved quality teas and these met strong demand at dearer rates. Others, of which there were only a few, were irregular and slightly easier. B.O.Ps ranged between Rs. 1/80 and Rs. 2/80 and B.O.P.Fgs. between Rs. 1/90 and Rs. 2/50 per pound.

High Grown Teas. Select best Western B.O.Ps were irregular with quality and prices on average lower. Below best however and other Western High Growns met strong demand and advanced by 10/15 cents per pound. Uva/Udapussellawas met strong demand and were dearer with prices following quality and best invoices advanced fairly substantially. Brighter liquoring leaf grades particularly Pekoes were dearer. Plain Orange Pekoes were however lower.

Medium Grown Teas. A few best Westerns were irregular with quality but all others met strong demand and advanced by 5/15 cents per pound. Plainest sorts also came to a dearer market. Pekoes were however an easier market.

Low Grown Teas. Leafy Middle East type F.B.O.Ps and BOP 1's met less demand and were a lower market. B.O.Ps particularly the poorer descriptions fell by a full 10 cents per pound on average. Small leaf B.O.Ps were fully firm to dealer with bright liquoring well made descriptions

# Commodity Commentary

advancing by 8/10 cents per pound. Orange Pekoes dropped by 2/5 cents per pound except for stylish well made descriptions which advanced slightly. Pekoes were lower except for bright liquoring sorts.

B.O.P. Fannings. Best Western High Growns were lower but others met strong demand and advanced by 15/20 cents per pound. Uva/Udapussellawas were dearer with prices closely following quality and best invoices advanced fairly substantially. Mediums were a strong feature and advanced by 15/20 cents per pound. Low Growns came to a dearer market with well made bright liquoring sorts 5/8 cents per pound dearer. Best showy parcels advanced by about 25 cents per pound but small leaf types were 5/10 cents per pound lower.

Off Grades met strong demand and were dearer with improved Uva/Udapussellawas advancing fairly substantially.

Dust met strong demand and were fully firm to dealer except for the poorest types which were lower.

General:- The Uva season is well underway and top prices realised this week were Rs. 4/70 on a line of B.O.P. and Rs. 4/00 on a line of BOPFgs. as compared to the previous week's top prices of Rs. 3/45 on a B.O.P. and Rs. 3/25 on a BOPFgs.

**RUBBER REPORT**  
We give below the Rubber Market Report issued by the

Colombo Brokers' Association for the Poya Week ending 10th July, 1970.

World Rubber markets opened easier last week with a general lack of initiative and poor Overseas advices. The Singapore market opened half cent lower and fluctuated thereafter due to short covering demand. Later in the week however the market steadied on news of a proposed Dock Strike in U.K. which is scheduled for Tuesday July 14th.

The London market remained quiet with values unchanged till mid-week. The New York market remained unchanged with demand for physicals described as being very quiet. On balance London and Singapore declined by 3/8 pence and half dollar cent respectively.

**SHEET**

RSS 1 opened the week at -/86 cts. per lb. showing decrease of 2 1/2 cts. on previous week's closing figure. The market improved by 1 cent the next day entirely due to the decrease in export duty, thereafter declined by 3/4 and 1/4 cent on the respective two days. The market showed an improvement on the 5th day of trading and gained by a further 1/4 cent on the next day to close the week at 87 1/4 cents per lb. Approximately 62 tons of Sheet rubber was sold by Members of the Association of which 83% comprised of No. 1 sheet.

# Produce Report

We give below the Sundry Produce Market report for the Poya Week ending 10th July, 1970.

Cardamoms: There were 14,479 lbs. com-

prising of 214 lots offered at the two sales held during the week as against the previous week's figure of 5,319 lbs. (82 lots) indicating an increase of 9169 lbs. At the first sale

Kora Rice	105/00	110/00
Maize-	Per Cwt. 28/00	
Pulses		
Red Gram (Toor Dhal)	40/00	45/00
Black Gram (Undu)	61/00	
Bengal Gram	46/00	
Green Gram	53/50	
Bombay Cowpea	40/00	
	Per Bushel	
Millets		
Finger Millet (Kurakkan)	9/50	10/00
Sorghum	700/00	per ton
Soya Beans	440/00	Per Ton
Spices / Condiments	Per Lb	
Mustard	3/65	
	Per Cwt.	
Chillies		
Dried Long	300/00	
Dried Round	125/00	
Dried Off Grade	75/00	80/00
Goraka	115/00	
Vanilla	15/00	Per lb.
Tamarind	100/00	Per Cwt
Nuts Cashew		Per lb.
Groundnuts	52/00	Per 80 lbs.

prices declined both for the No. 1 quality as well as for the Off Grades which showed losses of about Rs. 3/- per pound. No. 1 quality was transacted between 29/- to Rs. 32/- per pound at which price quotation was made. While Off Grades sold between Rs. 15/- and Rs. 22/- per lb. This drop has been attributed to increase in crops and offerings from India. The highest price paid for the day for one lot of superior quality No.1 was Rs. 37/55 per pound and the lowest price for very inferior cardamoms was Rs. 8/- per pound. Seeds were easier by Rs. 1/- per pound and these sold at Rs. 32/- per pound.

At the subsequent sale, as anticipated the market eased even further showing a considerable drop for all grades on offer. The volume of No.1 quality on offer was very small and hence no quotation for No. 1 was made. Nevertheless, two lots of No. 1 Cardamoms sold at Rs. 22/45 and Rs. 25/- per pound respectively. Off Grades were transacted between Rs. 12/50 and Rs. 14/- per lb. showing a drop of almost Rs. 3/- to Rs. 6/- per lb. In the absence of any superior quality on offer the

# Declining trend in c'nut exports

By Our Commodity Correspondent

Despite evidence of a continuously rising trend in the volume of fresh coconuts being used for edible purposes in the major consuming countries, the volume of coconuts exported as a percentage of Ceylon's total production has been declining sharply over the years, reaching a mere 0.3 per cent last year.

Even the production of coconut showed a sharp fall from 449,528 million nuts in 1968 to 321,039 million nuts in 1969.

The market for coconuts opened at Rs. 280/- per 1000 nuts, last year, which was a fairly high level, but world prices for coconut products steadily declined, and by August the market price was around Rs. 160/- per 1000 nuts. Subsequently prices increased again and in December reports of a temporary shortage in the Philippines triggered off speculative activity, which increased prices to a level at which fresh coconuts could not be exported.

The decline in prices until August was a natural reaction to the high prices in 1968 and the panic buying during that year which had led to a surfeit of stocks in most consuming countries.

### Highest F.O.B. Value

The decline in prices considerably stimulated overseas demand for fresh coconuts during 1969. The export volume and value increased by 36 per cent and 27 per cent respectively, over that of 1968.

Though there was a decline in prices in 1969 as compared with the previous year, it is worth recording that the f.o.b. value per nut last year was still the highest on record since 1962 except for 1968. (See details in Table I).

### Market Pattern

There was little change in the market pattern and the bulk of the purchases were from the traditional consuming countries — Federal Republic

of Germany, Italy, Netherlands, U.K. and Kuwait. But there was a significant increase in exports to Spain, while the Democratic Republic of Germany was a notable new buyer.

Export duty continued to be levied on the sliding scale, and varied between a minimum of Rs. 73.80 per 1,000 nuts (in the week commencing 16.6.69), and a maximum of Rs. 126/15 per 1,000 nuts (in the week commencing 29.12.69).

TABLE I:

1969	AVERAGE MONTHLY QUOTATIONS		
	Large	Medium	Small
	Rs. cts.	Rs. cts.	Rs. cts.
January .. .. .	320.75	287.50	252.25
February .. .. .	324.30	280.63	243.12
March .. .. .	324.50	259.50	228.00
April .. .. .	272.50	240.00	184.30
May .. .. .	256.50	220.00	186.00
June .. .. .	248.75	205.50	185.00
July .. .. .	234.38	191.25	173.12
August .. .. .	207.00	178.75	161.00
September .. .. .	209.38	189.38	170.63
October .. .. .	214.69	192.50	176.25
November .. .. .	241.70	222.00	202.00
December .. .. .	296.87	272.50	246.87
	3,156.90	2,740.01	2,407.61
Yearly Average .. .. .	263.07	228.33	200.63

TABLE II:

Year	Customs Exports Nuts	Customs Valuation Rs.	Customs Auc. Value per Nut Cts.
	1963 .. .. .	8,705,653	2,755,608
1964 .. .. .	7,796,897	2,271,689	29
1965 .. .. .	8,642,700	2,955,340	34
1966 .. .. .	11,346,313	3,551,817	31
1967 .. .. .	10,227,408	3,059,732	30
1968 .. .. .	3,758,126	3,307,162	44
1969 .. .. .	10,332,030	4,221,841	41

Source: Ceylon Customs Returns.

## Rubber - Review for 2nd quarter

The financial difficulties experienced by a number of shippers eased considerably and fortunately for all concerned the adverse weather conditions had not severely affected loading operations in the Port of Colombo.

RSS NO:1 opened 1/4 cents per lb easier at -97 1/2 cents per lb and drifted gradually lower thereafter in line with overseas advices to -88 1/4 cents per lb on the 28th April but rose fairly sharply to touch -96 cents per lb on the 6th May, before declining once again under fluctuating conditions to close at -88 1/4 cents per lb.

Approximately 5,812 tons of LATEX CREPES were offered at the Public Auctions held during the period under review, a substantial decrease of 2,268 tons compared to the previous Quarter. Latex Crepe No. 1 opened 1/2 cent dearer at Rs. 1/03-05 per lb and thereafter good covering demand pushed values higher in minor fluctuating conditions to close at Rs. 1/031/2-111/2 per lb.

Approximately 1,883 tons of SCRAP CREPES were offered, a decrease of 586 tons compared to the previous Quarter. 1X Browns opened

1/2 to 1 cent dearer at -93 1/2-94 1/2 cents per lb., continued to improve fairly steadily to touch -97 1/2 cents per lb on the 26th April, but declined gradually thereafter under fluctuating conditions to -88/90 cents per lb on the 21st June, before recovering somewhat to close at -89/92 cents per lb.

### Forward Sales

In May FORWARD SALES of Thick Latex Crepe 1X were negotiated at Rs. 1/09 per lb for June/November, 1970 delivery, but thereafter fairly large quantities of Thick Latex Crepe No. 1 changed hands at Rs. 1/08 per lb for June/December, 1970 delivery. A substantial part of Latex Crepe production continued to be sold under direct delivery arrangements with prices based on a premium of -/01 or -/02 cents premium over the average No. 1 auction quotation on or following the day of delivery.

Approximately 72 tons of SOLE CREPE were auctioned, a decrease of 76 tons compared to the previous Quarter. Sole Crepe offerings consisted mainly of "contract rejects" and continued to meet with poor demand at between Rs. 1/15 20 per lb in April, but values rose sharply during May to

Rs. 1/30-48 per lb on good covering demand, declined temporarily in early June to Rs. 1/25-34 per lb., before recovering strongly during the latter half of that month to close at between Rs. 1/40-70 per lb.

Initially FORWARD SALES of Sole Crepe No. 1 took place at Rs. 1/50 per lb for May/August 1970 delivery, but values improved gradually thereafter in June for large quantities to change hands at Rs. 1/55 per lb for July/November 1970 delivery and for smaller quantities to be negotiated at Rs. 1/70 and Rs. 1/68 per lb for August/October and September/November 1970 delivery respectively.

The Export Duty during the period under review was as follows:—

	cts per lb
1st April/12th April 1970	16
13th April/19th April 1970	14
20th April/3rd May 1970	13
4th May/10th May 1970	12
11th May/31st May 1970	13
1st June/7th June 1970	12
8th June/28th June 1970	13
29th June/30th June 1970	12

Cesses remained unchanged at 1.980 cents per lb.

Rubber production in Ceylon during January/May, 1970 totalled 61,047 tons, an increase

## SHARE MARKET REPORT

There was slightly more activity in the Share Market during the week as a result of sellers reducing their limits. Conditions were generally easier, according to the Report of the Colombo Brokers Association.

	Previous Price	July 9 + or -	
	Rs. c.	Rs. c.	Rs. c.
<b>Teas</b>			
Ceylon Provincials .. .. .	8.25	6.50	-1.75
Ratwatts .. .. .	17.50	13.50	-4.00
Strawheds .. .. .	9.00	8.00	-1.00
Up'ards .. .. .	5.25	5.50	+ .25
<b>Tea cum Rubbers</b>			
Keluganga Valleys .. .. .	4.00	4.00	
Rayigams .. .. .	5.50	5.00	-.50
Talgaswellas .. .. .	7.50	4.75	-2.75
Vogans .. .. .	1.25	1.10	-.15
<b>Rubbers</b>			
Udapollas .. .. .	9.00	8.50	-.50
<b>Commercials</b>			
Asian Cottons .. .. .	11.25	9.00	-2.25
Wellawatte Mills .. .. .	7.50	6.50	-1.00
Associated Motorways .. .. .	12.50	12.50	
Lankems .. .. .	13.00	14.25	+1.25
Colombo Apothecaries .. .. .	11.50	11.00	-.50
Mlilers .. .. .	6.25	5.50	-.75
Halyeys .. .. .	21.00	21.00	

There was no business in Preference Shares and Government Loans.

The following were quoted ex dividends:—

Reckitt & Colman of Ceylon Ltd. 7 1/2 % Interim on 7.7.70.  
Richard Pieris & Co. Ltd. 10% Interim on 1.7.70. Indo-Malay Estates Ltd. 20 3/4 % Final on 4.7.70.

## Produce Report...

(Contd from Page 2)

highest price paid for one lot of No. 1 cardamoms was Rs. 25/- whilst the lowest transaction was done at Rs. 10/- per pound. There were no seeds on offer.

### Cocoa:

551 cwts. comprising of 80 lots were on offer this week against the previous week's total of 345 cwts. (51 lots) indicating an increase of 206 cwts. Demand was poor at the opening sale and in the absence of suitable bids almost all No. 1 grades were withdrawn and no quotation made. Poorer quality cocoa fetched Rs. 130/- to Rs. 170/- per cwt, while Black Cocoa sola at Rs. 80/- to Rs. 100/- per cwt. At the subsequent sale there was no demand at all for the No. 1 grades as buyers were giving ridiculous bids of Rs. 125/- per cwt. for No. 1 Cocoa, and hence these lots were withdrawn and No. 1 remained unquoted. Off Grades and Black Cocoa were further discounted and were easier by about

Rs. 20/- to Rs. 30/- per cwt.

### Coffee:

There were two lots totalling cwt 2-3-25 lbs. of average quality Coffee on offer at the first sale which fetched Rs. 232/- per cwt. at which price quotation was made. At the next sale there were 4 lots of Coffee on offer totalling 29 cwts. 3 qrs. 26 1/2 lbs. There was much better demand and No. 1 Arabica Coffee fetched Rs. 385/- per cwt. while a line of Robusta fetched Rs. 276/- per cwt.

### Nutmegs:

3 lots totalling 436 pounds of both shelled and unshelled Nutmeg were on offer at the first sale he'd during the week. The shelled quality fetched Rs. 4/- per lb. and the unshelled at Rs. 2/- per lb. Quotation for unshelled variety was made at Rs. 2/- per lb. At the subsequent sale there were two lots totalling 271 pounds of unshelled Nutmegs on offer and sold at Rs. 1/90 lb. a, which price quotation was made.

### Mace:

1 lot of 27 pounds was on offer at the first sale which fetched Rs. 5.80 per lb. While at the next sale one lot of 9 1/2 lbs. of this commodity fetched Rs. 6/- per lb.

### Pepper:

There was one lot of Pepper on offer at the 2nd sale totalling 733 lbs. which fetched Rs. 3/75 at which price quotation was made.

### Export Duty:

Ad Va orem or 40% Ad Va F.O.B. price on Cocoa and Cardamoms 20% on Cinnamon Quills and 10% on Cinnamon Chips.

of 3,647 tons compared to the corresponding period in the previous year.

Consumption of Natural Rubber in Ceylon during January/May, 1970 totalled 1,298 tons, a slight decrease of 19 tons compared to the corresponding period in the previous year.

Actual Exports of Rubber during January/May, 1970 was 68,042 tons, an increase of 4,705 tons compared to the corresponding period in the previous year.

## Hovercraft - New form of transport

The hovercraft is maturing fast—and 1970 should see this new form of transport providing a serious threat to the ship and the aeroplane on at least one international route.

The 178 ton SRN Four the first hoovership to emerge from the know how gained with smaller 18 and 38 seat SRN craft, has now had one full season in passenger service over the choppy 27 miles of sea between England and France. And during this one season the craft's reliability has been improved by nearly 30 percent to 90 percent.

Reliability—or lack of it—has been one of the main criticisms of hovercraft. Yet comparison with the smaller SRN Six gives a clear indication of the way the hovercraft is developing.

When the SRN Six went into service four and a half years ago it had a reliability of some 75 percent. It took three years to get to its present rate of more than 99 percent.

Now these craft are running with what is described by their delighted operator as "monotonous regularity" on a ten mile route between the south coast of England and the Isle of Wight.

### Five times greater

The "big brother" SRN Four has achieved 90 per cent reliability in just one season. Yet the makers, British Hovercraft Corporation (BHC), say the problems of this craft are five times greater, because of its higher 70 miles-an-hour speed and its operation in open seas instead of the sheltered water running of the SRN-Six.

With 90 percent reliability now assured for the big craft, the aim is to push this up to as near 100percent as possible this year. With a new

five-week session of intensive development trials just completed, BHC says it is "cautiously optimistic" that a 99 percent SRN-Four reliability is within sight.

Aim of the trials was to examine in detail the performance of the giant rubber skirt that surrounds the hull of the craft and contains the cushion of air upon which it rides.

It is the skirt and the sophisticated aircraft-type hydraulic control systems that have presented the main bar-

riers to reliability. Originally the skirt was a simple wrap-around affair. But this was prone to tearing and complete replacement was often needed.

Later skirts had a series of rubber "fingers" attached to the bottom edge of the skirt. These could be replaced individually when they became detached and were lost. BHC believes the answer is the use of a new synthetic rubber material, made tougher to withstand the rigours of pounding seas.

### New use for Coir Dust

A new use has been found for coir dust which now goes waste in most of Ceylon's coconut fibre mills.

Recent experiments have shown that dry coir dust can be used in the commercial manufacture of activated carbon using sulphuric acid and steaming process.

According to experiments carried out in the Philippines a particular ratio of dry coir dust and sulfuric acid will give a yield of about 30 per cent dry activated carbon.

### BETTER WELDING

A new welding test process has been developed by Darmstadt Technical College's Metallurgy Department. A quantified alternating current as passed through a weld and then measured by an electronic counter and classifier, made by Rhode und Schwarz of Munich.

This unit reveals not only the position but the size of weaknesses in the weld. The new process is claimed to be efficient and entirely practical for normal production uses.

### BABY SHORTAGE!

The birth rate in the Soviet Union has decreased by 30 per cent in the past decade.

The fall in the rate of birth is causing growing tension and concern in Russia. The Russians are now considering ways of encouraging a higher birth rate.

### AID FOR C.I.S.I.R.

The C.I.S.I.R. is to obtain Soviet assistance for its re-organisation and the improvement of its facilities.

Recently a contract was signed under which the U.S.S.R. has agreed to send experts to examine the existing organisation and facilities for carrying out industrial and scientific research in Ceylon.

Following this survey the soviet experts will make recommendations, paying particular attention to the technology and development of new processes and also factors which will help promote the dissemination of research facilities to industry.

## SCIENCE AND TECHNOLOGY

### Totting up the twins in Britain

Britain's first register of twins is being compiled by a team of London psychologists who are carrying out a three-year research project on their behaviour and personality. It is hoped ultimately to have several thousand twins on the register.

By means of questionnaires and interviews with twins the team hopes to compare identical and non-identical twin patterns. Later the register will be available to other research teams.

Says one of the team from the Institute of Psychiatry, Miss Judith Faust: "Most twins, even if non-identical, are brought up together and

so have the same environment, but only identical twins have the same genetic inheritance.

### DIFFERENCES

"By studying the differences between them we hope to find out just what is caused by heredity and what by environment.

"It is always difficult for parents to compare their children exactly as to at what age they did certain things and how aggressive they were, for instance—but with twins this is possible."

The team hopes to relate its findings to the general population and provide valuable information of psychiatrists dealing with behaviour problems.

### FURNITURE FROM RUBBER WOOD

A new use has been found for rubber wood hitherto used only as firewood.

The Small Industries Corporation has evolved a scheme to make household furniture from rubber wood instead of the costly varieties such as satin and nedun.

The new project has now been approved by the Minister of Industries, and arrange-

ments for the setting up of the first factory to manufacture furniture from rubber wood on a commercial scale is being finalised. The factory is to be located in Horana.

A Small Industries Corporation official told the 'Economic Times' that experiments have shown that exquisite furniture could be turned out from waste rubber trees.

## FROM THE CHAMBERS

### Need for a comprehensive banking and financial system

Mr. N. U. Jayawardane, Chairman, Ceylon Association of Manufacturers, stated in the course of his address at the last Annual General Meeting held recently that the victory of United Front is clear proof that the country at large has endorsed in an unmistakable manner the establishment of a Socialist Democracy. Excerpts of his address are given below:

"A Socialist Democracy implies a re-structuring of the economic and the social relations obtaining in society, of which two significant aspects, in particular, are the property and the worker-emp-

loyer relations, since the basic objectives of a Socialist Democracy are, in the words of the United Front Manifesto, to "eliminate economic and social privilege, disparity and exploitation, and ensure equality of opportunity to all citizens."

The industrial establishments of our members are owned and operated on the basis of private enterprise. One may legitimately ask whether businesses organised on this basis have a function to perform in a Socialist Democracy. I submit for your earnest consideration that the private

sector has, indeed, a significant role to assume in a Society of the kind contemplated in the United Front Manifesto, provided—and the proviso is most important—the private Sector, as it has functioned hitherto, recognises the limitations imposed by, and conforms to the norms of, a Socialist Democracy.

I urge that what is compatible with the aims of a Socialist Democracy is, in essence, a Socially Responsive Private Sector—as opposed to a Purely Profit Oriented Private Sector—and operating, be it noted, within the scope allowed for it in a Socialist Democracy. And the more socially responsive the private sector is, the larger its scope and the greater the benefits it can confer on society through its operations.

We have yet to await the announcement by the Govern-

ment of the policy measures it proposes for implementing the Manifesto in order to assess the impact on the private sector of the new developments on the political plane. While assuring the Government, on your behalf of our readiness to co-operate fully in re-structuring economic and social relations in the field of industry and business in general, I would also plead that before its plans are introduced it would be in the interest of all concerned that the Government should avail itself of the earliest opportunity to consult with organised bodies, such as, your Association, representing enterprises engaged in the private sector, so that there could be full and frank discussions on the implications of the measures contemplated and on how best they could be framed to achieve effectively, and with minimum

dislocation, the social objectives sought.

There has recently been a tendency to look upon private enterprise with disfavour because of its profit motivation. Although circumstances can exist where the search for profit may provoke occasionally anti-social behaviour in business, it is wrong to condemn the private sector wholesale for the reason. Responsible business concerns, as represented by the membership of your Association, do, indeed, conduct their operations in a responsible manner and conform to respectable business ethics.

It is also necessary to stress that the private sector in industry has assumed substantial risks in new investment, staked "considerable funds on capital outlays, incurred heavy expenditures on training of

(Contd on Page 11)

# W. German market for citronella oil & lemon grass oil

Consumption of citronella oil and lemon grass oil has been rapidly increasing in the Federal Republic of Germany. Imports from Ceylon, however, have shown a decline according to a report from our Trade Desk in Bonn.

German imports of citronella oil in the last three years (1966-'68) averaged 369,500 Kgs per year. Imports of lemon grass oil are not classified separately in German Foreign Trade. Statistics. Consumption of both oils are estimated at 200 jato per year. Both oils are used mainly in the perfume industry.

The Report further states that the local product was not competitive price-wise and quality-wise to find acceptance amongst buyers in West Germany.

Imports of citronella oil (not free of turpentine) into the Federal Republic of Germany increased from 287,000 Kgs valued at DM 1.36 million in 1967 to 610,900 kgs. Valued at DM 2.78. million.

Almost the entire supply

came from the People's Republic of China which accounted for 544,100 kgs. valued at DM 2.52 million. The other suppliers were U.S.A., Indonesia and Taiwan.

Imports from Ceylon fell from 67,000 Kgs valued at DM 34,000 to in 1967 to 4,200 kgs. valued at DM 24,000.

The principal suppliers of lemon grass oil are the People's Republic of China, India and Guatemala who are frequently quoted in the Hamburg Market.

### Current prices

The current market prices, c.i.f. Hamburg for citronella oil are as follows:-

China D.M. 5.45 per kg;  
Formosa DM 6.60 per kg;  
Indonesia DM 6.60 per kb.

The Ceylon product, however, is the least competitive at DM 9 per kg.

The current import duties and turnover taxes applicable to citronella oil and lemon grass oil in the Federal Republic are as follows:-

	Import Duty	Turn-over Tax
Citronella and lemon grass—oil not free of turpentine	free	110%
Citronella and lemon grass—oil free of turpentine	6.4%	11%

## India to export more marine products

An Indian Institute of Foreign Trade Survey has estimated that India's exports of marine products would rise from Rs. 33.1 crores in 1969 to Rs. 60.9 crores by 1973-'79 and Rs. 118 crores by 1978-'79.

The share of shrimps in the total exports was expected to decline from 90 per cent in 1973-'74 to 72 per cent in 1978-'79, as a result of increased contributions of other fishery products like Deep-sea Lobsters, Frozen Fish, Bombay Duck and Legs.

This assumes that an investment of Rs. 110.7 crores would be made by 1975 by the Central and State Governments and commercial institutions on 338 large fishing vessels (17.5 m. to 22.7m) and 3,160 mechanised fishing boats (11.3 m. to 13.7 m.)

The Survey has also recommended the setting up of a Shrimp Export Development Authority with statutory powers, and a joint venture programme for accelerating deep-sea fishing, improved methods of processing, and technical know-how on a production sharing basis.

## Export Opportunities

The above firms are interested in importing the following products from local exporters:—  
**Artistic Ceramicware:**

**Droste Boutique,**  
P.O. Box 11094  
Johannesburg  
South Africa.  
**Deity Phillips,**  
Deauty by Deity,  
9680, Chapman Avenue,  
Garden Grove,  
California.

**Roger. E. Goetz**  
P.O. Box 6587,  
Washington, D.C. 20020  
U.S.A.

**Five Continents,**  
P.O. Box 5771,  
Tucson, Arizona 85703,  
U.S.A.

**Antiques:**  
**Torontrade Company,**  
122, Kendal Avenue,  
Toronto-4,  
Canada.

**Indian Stores,**  
Prince Khalid Street,  
P.O. Box 117  
Alkobar,  
South Arabia.

The imports of both oils are liberalised and without restrictions.

The possibilities of increasing exports of citronella oil from Ceylon will mainly lie in making the local product competitive both in price and quality vis-a-vis the oils from other sources of supply. As it is, the Ceylon oil is the highest priced and the least attractive quality-wise.

Since the main use in W. Germany for citronella oil is in the perfume industry where the oil is used to extract geraniol and citronellol, the high content of both these constituents in the Ceylon oil, as at present produced, does not find much favour among German buyers, apart from its high price.

The Report adds that the other use to which Ceylon citronella oil could be put viz., as an adour, does not appear to be well known in the Federal Republic of Germany. Therefore, it has been strongly urged that if further details of its use are furnished by local exporters the necessary propaganda could be carried out.

**Ligi Solomon International Import-Export Ltd.,**  
19, Jaffa Street,  
Haifa,  
Israel.

**Star Mail Order,**  
22, Auster Bank Road,  
Tadcaster,  
Yorkshire,  
U.K.

**Novo Agencies,**  
G.P.O. Box 410,  
Bangkok  
Thailand

**China Artward Co.**  
122, Kendal Avenue,  
Toronto, 4,  
Canada.

**Shelly Broverman,**  
Athens, New York,  
U.S.A.

**Tower of London Galleries.**  
511, Lake Street,  
Maywood,  
Illinois,  
U.S.A.

**Carbone Incorporated,**  
225, 5th Avenue,  
New York, N. Y. 10010  
U.S.A.

### Kadju Nuts:

**J. Arther Co.,**  
19, Melinda Street,  
Toronto, Ontario  
Canada.

**Donald H. Bain Ltd.,**  
Suite 6,  
1396, Richards Street,  
Vancouver, B.C.  
Canada.

## Export Intelligence

### Export of fruits: Need to increase supply

Despite the tremendous potential for local fruits—both fresh and canned, our inability to meet overseas orders in commercially acceptable quantities has resulted in the loss of several million rupees in valuable foreign exchange.

#### Main Problem

Ceylon's main problem is that of supply. Local exporters are totally incapable of meeting the demand of European importers—particularly from West Germany.

Ceylon's Commercial Secretary in Bonn, Mr. P. Nagarathnam, drawing attention to this problem in a recent report, referred to a Hamburg firm that wished to import at least 5,000 cartons (containing 4 pineapples each) on a regular basis, either monthly or quarterly. The firm asked for a trial order of a minimum of 2,000 cartons. But neither the Marketing Department nor the private firms in the fruit canning business were able to supply even a fraction of this order.

Several other overseas orders for local fruits also fell through mainly due to insufficient supply, and in certain instances, due to our product being uncompetitively priced.

#### Ruling prices

The present ruling prices in most of the large towns in Germany are as follows:

#### Taiwan (Formosa)

##### Pineapple slices—

15 oz. tins—\$3.23 c.i.f. Hamburg, per case of (24 tins).  
20 oz. tins—\$3.67 c.i.f. Hamburg per case (24 tins).  
30 oz. tins—\$5.15 c.i.f. Hamburg per case (24 tins).

#### Peoples China

##### Pineapple pieces—

20oz. tins c.i.f. Hamburg DM 11.00 per case (24 tins).

According to a report received from International Trade Centre Geneva, fresh pineapples are imported into Europe from November to April, mainly from the Ivory Coast and Ghana, at prices c.i.f. Marseilles (France) ranging from US \$0.31 to US \$0.47 per kg net. Outside this period, pineapples are imported from Kenya and, due to higher freight rates,

their price is US \$0.20 per kg. net.

The weight of imported pineapple varies from 0.9 kg. to 1.3 kg. The retail margins vary from 20 to 30 per cent of the wholesale prices.

#### Avocado Pears

Another fruit with plenty of potential is the avocado pear. According to a leading exporter of fruits who recently spent some time at the Covent Gardens Market in London, the fruit most in demand there is the avocado pear.

It is, however, most unfortunate that, quite apart from the inability of local exporters to meet overseas demand for avocado the Ceylon fruit has been found to be damaged when it arrives at its destination in London due to the fact that so little attention is given to systematic packaging.

It has been ascertained by experience that every avocado pear should be wrapped in tissue paper before it is arranged in a single layer box 18x18x4 ins. If this elementary requirement is strictly complied with, one can be certain that the fruit arrives as the consumer wants it, states a leading importer.

## MARKET FOR TAMARIND

The Government Purchasing Board of the Republic of Iraq have made enquiries for a suitable source of supply for TAMARIND in large quantities. Tender forms can be obtained from the Ceylon Chamber of Commerce.

## New variety of maize developed

A new variety of Maize rich in nutrition, has been developed by the Indian Agricultural Research Institute, New Delhi. It is likely to be released for cultivation towards the end of 1970.

The new variety has properties of Protein very much similar to those of Milk. 9 new high-yielding varieties of Rice are also being released soon through the National Seeds Corporation.

**Try-Cadbury Ltd.,**  
2025, Masson Street,  
Montreal, P.Q.  
Canada.

# Peterson Report II — U. S. Foreign Assistance Programme

Rapid economic progress usually has taken place within a favourable environment for private initiative, such as that which existed in the Republics of Korea and China, Mexico and the Ivory Coast in the 1960's. Checking the pace of inflation and introducing more realistic exchange rates helped achieve an economic turnaround in Brazil and Argentina, and an increased reliance on market incentives was essential to the success of the "Green Revolution" in India and Pakistan and to the diversification of Colombia's exports. Even Communist countries have, in their own way, been moving in the direction of allowing market forces more scope in allocating resources.

## PRIVATE INCENTIVES AND MARKET FORCES

Both in the United States and abroad, there is misunderstanding about the contributions of the private sector, the role of profits, and the benefits of the price mechanism. In some developing countries, private foreign investment has been under attack, partly because of an anachronistic view of how foreign companies operate ahead.

There are now encouraging signs of a change in attitudes, as exemplified by a recent report prepared for the United Nations Conference on Trade and Development (UNCTAD) on the role of private enterprise in development.

*Each nation must fashion its own policies and institutions*

*to meet its own needs. If the goal is economic development, the issue is one of efficiency, not ideology.*

### Trade

In the most successful countries, the value of encouraging private initiative has been amply demonstrated. It has made possible more employment opportunities, an upgrading of labour and management skills, a rise in living standards, and wider participation in the benefits of development. Furthermore, a dynamic private sector has resulted in greater internal savings, more effective use of domestic and foreign investment resources, and rapid economic growth, in which export industries have played an important role.

Expansion of trade enhances the scope of the private sector and stimulates private initiative and investment. Developing countries cannot be expected to reach the point of financing their own development unless they are given the opportunity to earn the means for doing so through an increase in their exports.

However, if a policy of promoting exports is prescribed for developing economies, accepting imports is one

of the real incomes of all participating countries and help to contain inflationary pressures. Of course, they also might result in adjustment problems. But, difficult as such adjustment problems sometimes are, they are temporary. They occur continually in our dynamic society as an essential element of a competitive economy. They highlight the need for effective adjustment assistance measures as a foundation for constructive U.S. trade policies. The adjustment assistance pro-

international agreement extending temporary tariff preferences to developing countries on a nondiscriminatory basis, with no quantitative limits and a minimum of exceptions. If the United States cannot reach agreement with other industrial countries on this nondiscriminatory approach, it should unilaterally extend such tariff preferences to all developing countries except those that choose to remain in existing preferential trade arrangements with industrial countries.

more opportunities for economies of scale, and promote a more efficient allocation of domestic resources among developing economies.

At present, most developing countries rely too heavily for too long on protective import restrictions and subsidies for their industries. The result is high-cost production, which is a burden on the rest of the economy and retards development. Trade liberalization among developing countries through regional arrangements

## PRICE INCENTIVES AND MARKET FORCES

of the responsibilities of industrial countries. Providing better access for the products of developing countries offers both advantages and difficulties for industrial countries.

Unlike grants and loans, opening the markets of industrial economies to the products of developing countries does not lead to debt-servicing problems for developing nations or financial burdens for industrial countries. On the contrary, cheaper imports and a larger volume of trade would add to

visions of the trade bill now before the Congress would help to meet this need.

Enlightened trade policies toward developing countries are an essential element in achieving international development. The Task Force urges continued U.S. leadership in working for the reduction of tariffs and other obstacles to trade and in avoiding the imposition of new restrictions.

In addition:

—The Task Force strongly supports the proposal for an

—The Task Force favours larger quotas for products important to developing countries and imported under mandatory or voluntary restrictive arrangements. Sugar, textiles, and meat are notable examples. These quantitative restrictions should be removed as soon as it is feasible.

—The Task Force favours continued U.S. support for the formation of regional markets among developing countries. Regional arrangements will increase competition, provide

can be a desirable first step toward a general liberalization of import policies, which, over time, will be to the benefit of all countries.

### Assistance to the Private Sector

Apart from trade, development of the private sector in developing countries can be encouraged by appropriate domestic policies, by foreign investment, and by an adequate infrastructure and public services. U.S. programs in the past have tended to concentrate too much either on public

The Food and Agriculture Organisation of the United Nations put out in August 1969 a most interesting document entitled "Provisional Indicative World Plan for Agricultural Development — A synthesis and analysis of factors relevant to world, regional and national agricultural development".

This World Indicative Plan is intended to show how the agricultural sectors of the developing nations can make their optimum contribution to overall national development between now and 1985, and how to lay the foundations for a healthy rural economy beyond this period.

Discussing diversification and the choice of export products, this document states — "The product composition of agricultural trade is constantly changing, both globally and nationally. The question of product selection for improving the commodity composition of exports is one of the most complex issues facing developing countries. . . . It is recognised as one of the means of achieving greater stability in export earnings, that developing countries dependent on a narrow range of export products give high priority to widening the range". Similarly, the UNCTAD Committee on Commodities agreed that diversification should be both horizontal with other products and vertical into the semi-processed forms for export and domestic consumption. . . . and that " . . . diversification programmes should be one of the means of correcting the deficiencies of the existing economic structure. . . ."

The need for diversification of the main plantation crops has been discussed at considerable length in various quarters, but very little tangible progress in establishing the feasibility of the various suggested alternatives has been

made, mainly for the reason that very little is known about the crops suggested as alternatives to our main export crops. However, very little is known about the marketing and other aspects that are essential to the economic production of any crop which may form a useful substitute or subsidiary to any one of the three major agricultural plantation industries of Ceylon.

### MARKETING

If a policy of agricultural diversification is to be a success, it is essential that adequate information on overseas markets for the crops which are to be grown is made available to the producer. At present, there are two governmental Agencies concerned with the study of overseas markets. The first is the Department of Commerce, with its network of Trade Commissioners and Commercial Attaches overseas. The second is the newly established Marketing and Export Promotion Centre of the Industrial Development Board. Both these Agencies will have a vital role to play in the future.

With regard to the Department of Commerce, a valuable

proposal was made by the Chairman of the Ceylon Chamber of Commerce. He said — "I would urge that the Ministry reorganised its Trade Missions abroad so that there are trained market research analysts, both at home and abroad, who would work in close association with Ceylonese exporters.

The home based Analysts would necessarily get to know all the problems involved in production, product availability, standardisation, grading, quality control, design, packing and freight. They would also obtain an overall view of the global supply and demand trend for this country's products. The foreign based Analysts, on the other hand, would acquire a detailed knowledge of the distribution channels of this country's products in the country or region where they are stationed, and the factors affecting in that area.

It is axiomatic that dynamic marketing can only be carried out on the basis of a close knowledge of markets and this close knowledge cannot be gained from afar".

### Internal Market

Although we are primarily concerned with export markets it would not be out of place for me to make a few preliminary remarks pertaining to the local marketing of the crops in question before I discuss the question of export marketing.

At present, cinnamon, cloves, nutmeg, mace and pepper are largely grown by smallholders. In the case of cardamoms, about 70 per cent of the production is from estates. Most of the current problems of marketing have arisen from the organisation of production on mainly a smallholding or back garden basis. The gross in-

terest. The present system of marketing has failed to give the producer his fair share of the price of these commodities.

The Ludekens Committee which reported in 1968 did not consider that there was a need to make any radical modifications in the process of marketing, except at the point

eliminated. The availability of much larger financial resources would enable these larger units to exploit the economies of scale and produce much more efficiently than the smallholder. Further, seeing that the estate had long years of experience in organised agriculture, they could ensure that grading and sorting would be more sophisti-

## Diversification of crops on uneconomic Tea and Rubber lands

By  
F. D. C. WIJESINGHE  
Economist, Central Economic Research Unit

adequacy of financial resources is the reason why smallholders are at the mercy of the middleman who makes advances of money to the growers and collects the crop in repayment. One crop failure can throw the small grower into the hands of the local trader or boutique-keeper who advances him money in return for his crop. The local trader sells it to a dealer in one of the provincial towns and it next passes on to the shipper in Colombo. The dealer in the bigger towns performs the useful function of sorting and grading which is so essential for any export commodity, but it is difficult to see what economic function is performed by the other middlemen nearer the source of production.

In many cases, their role boils down to that of pure and simple money-lending at an outrageously high rate of in-

of collection from the producer. This Committee pointed out that spices, citronella oil, papain, etc., being produced mainly by smallholders, suffered from:—

- the lack of systematic production.
- the lack of systematic application of fertiliser, and
- poor quality standards.

### High Costs

The lack of correct agricultural techniques resulted in high cost cultivation. Except for cardamoms, for which there was an established market price, the producer was quite ignorant of the market prices of the other commodities.

The Committee considered that if estate lands were converted to spice-growing, many of these problems could be

cated, so that the product would command a much higher price than it did now.

The Ludekens Committee considered that if estates entered into what had been hitherto a smallholders' operation, this would have a revolutionary impact on the entire collection and marketing process. This, of course, would result only if there was a really substantial increase in the production of these commodities. In the case of all these commodities (with the exception of cinnamon) Ceylon's share in total world exports was so small that a doubling or even trebling of local production would not be likely to affect the world price level.

The Ludekens Committee makes the following observation in paragraph 4 of their recommendation:

"The collection and marketing of these commodities can only be effected if there is increased production. FEECs have provided the necessary inducement for the conversion of uneconomic tea and rubber lands into lands cultivated with pepper, cardamoms, nutmeg and cloves, in the mid country. In the case of papain

**Programme**

more opportunities for economies of scale, and promote a more efficient allocation of domestic resources among developing economies.

At present, most developing countries rely too heavily and for too long on protective import restrictions and subsidies for their industries. The result is high-cost production, which is a burden on the rest of the economy and retards development. Trade liberalization among developing countries through regional arrangements

**FORCES**

can be a desirable first step toward a general liberalization of import policies, which, over time, will be to the benefit of all countries.

**Assistance to the Private Sector**

Apart from trade, development of the private sector in developing countries can be encouraged by appropriate domestic policies, by foreign investment, and by an adequate infrastructure and public services. U.S. programs in the past have tended to concentrate too much either on public

and citronella, steps must be taken first to revive papain plantations in the N.W.P. and citronella holdings in the Southern Province. Better production methods, pest control and increased use of fertiliser are necessary.

**economic**

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Budgeting is essentially the art of living within an economic constraint. Every organization has its economic limits imposed on what it wants to do. As commonly understood, a Budget is a forecast by a Government of its revenue and expenditure for a specific period—usually one year. This is known as the "Financial Year"

When a Government changes, the new Government has to act within the constraints of the Budget passed by the previous Government. Difficulties arise when the new Government has to take new measures which are basically different from what the earlier Government had been following.

**INTERIM MEASURE**

It is not possible for a Government to frame a com-

prehensive Budget embodying its policies in a very short period of time. This is the predicament in which the Government now finds itself. The Minister of Finance has therefore decided to present the Budget proper in November.

investment, but its contribution must necessarily be secondary to that of local investment. Some basic data provide useful perspective. Four-fifths of total production in developing countries comes from the private sector. Total self-financed private investment in these countries amounts to perhaps \$30 billion a year. Net private foreign direct investment from all sources has recently averaged about \$2.5 billion a year.

Internal policies that stimulate initiative and domestic investment should be a primary objective of international development efforts. They will also provide a favourable climate for the contribution of foreign investment. The Task Force recommends that more be done to marshal local and private resources for productive use.

**THE EXPORT MARKET Spices**

I now come to the export market. The world market in spices is ground Rs. 800 million per year and Ceylon's share is about Rs. 50 million or 6 per cent. The only spice in which Ceylon dominates the world market is cinnamon, where she accounts for over half the world's exports.

As Table I shows, the only other spice of importance is cardamom, but it was pointed out to me by a leading exporter that there was large-scale smuggling of this item to India and Singapore. In the case of the other spices, Ceylon's share of the market is under 1 per cent of the total. In this situation, it is clear that local production can be stepped up considerably without disturbing the supply and price conditions in the international market. If estates grow these crops the consequences will be as follows:—

(Contd. on page 8)

prehensive Budget embodying its policies in a very short period of time. This is the predicament in which the Government now finds itself. The Minister of Finance has therefore decided to present the Budget proper in November.

In Ceylon the Financial Year commences in October every year. The limited time available besides the long process the Budget has to go through in the House of Representatives as well as the Senate before it is "passed", makes it imperative for the Finance Minister to present what is known as an "On Account Budget" to fill the gap in the intervening period. It is thus an interim measure.

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The Task Force recommends that more be done to marshal local and private resources for productive use.

—The United States should invest more capital in local development banks. This is a tested way of getting a multiplier effect in the private sector from the use of public funds. These banks provide equity and loan capital for private firms and underwrite their security issues.

—The United States should encourage other governments and more private firms to support regional private investment companies, such as ADELA for Latin America and the Private Investment Corporation for Asia (PICA). Comparable organizations could be useful in the Middle East and Africa. These multinational financed companies help to underwrite local investment in developing countries, taking up part of the equity with the expectation of future resale to local investors.

—The United States should contribute more actively to the evolution of capital and credit markets in developing countries. It is ironic that some countries that are sorely in need

In England when Parliament has little time before the end of the Financial Year on March 31 to consider the estimates of expenditure for the coming year, the House is asked, in the case of Civil

or Revenue Departments and the Ministry of Defence, to vote an aggregate sum "on account", and in the case of

the Service Departments, to pass for cash service certain selected votes which will provide funds sufficient to cover expenditure for four or five months until the full pro-

of investment resources have a capital outflow. Stabilization policies are essential to retain capital at home, but better financial markets are also needed.

—U.S. professional organizations and businesses should do more to exchange experience with their counterparts in developing countries. One form of co-operation is exemplified by the program of the International Executive Service Corps, under which highly qualified U.S. business experts work with individual foreign firms to solve specific problems.

**International Organizations and Private Investment**

The international organizations can help bridge the gap between attitudes in developing countries and those of private foreign investors, and between divergent views on the proper roles of the private and public sectors. Too much misunderstanding—and at times hostility—exists in this area.

—The Task Force recommends that the United States propose that the paid-in capital of the International Finance Corporation (IFC) be increased from \$100 million to perhaps \$400 million. The U.S. share of such an increase would be \$100 million—paid in over several years. The increase in capital would enable the IFC to encourage joint ventures in developing countries by taking up equity for later sale to local investors.

In general, the IFC can play a leading role in developing the private sector. It brings together local and foreign firms in joint ventures and can serve as a referee of the terms of specific private foreign investment in these countries.

—The Task Force believe that establishing an international investment insurance program against the risks of expropriation would improve the climate for private foreign investment. The World Bank has proposed a program that might encourage more multinational investments and could reduce the degree of bilateral confrontation in disputes over

**A Staff writer Comments**

programme of Grants or Appropriation can be completed.

Votes "on account" may not be used for new services i.e., services which have not been previously sanctioned by Parliament. Statutory autho-

ity is given by a consolidated Fund Act which has to be passed by the end of March in England, and by the end of

September, in the case of Ceylon.

This is the first time that an "On Account Budget" is to be presented in Ceylon. As an economic weapon it does

investments. The Task Force recommends that the United States seek early completion of the negotiation of this proposal and obtain authority from the Congress for U.S. participation so that the agreement can go into effect as soon as the minimum required number of countries join.

**U.S. Private Foreign Investment Policy**

The policies of American firms operating abroad are an important determinant of the investment climate. In the past the need to give more managerial responsibility to nationals of the host country and to establish good working conditions has been emphasized. Equally important to international development and good relations with the host country are active efforts by subsidiaries of U.S. companies and other foreign firms to export goods from developing countries, to build up local enterprise that can feed into their production, and to encourage widespread local participation in ownership. (However, we question the usefulness of rigid formulas for sharing ownership.) This approach will improve relations between U.S. firms and host countries. In the end it should make little difference to broadly based companies whether shareholders live in Mexico or Minnesota.

The new Overseas Private Investment Corporation (OPIC), recently authorized by the Congress, will be an effective instrument in encouraging U.S. private investment activities in developing countries—both through its guaranty programs and through advising American firms on how to make their investment more acceptable to the host country. The Task Force strongly supports establishment of this corporation.

In addition: —The Task Force recommends elimination of the current restraints on U.S. direct private investment in develop-

not contain anything new. Such a Budget only covers the expenditure and revenue of the Government during the period when the old Budget lapses and the new one is presented. The Government will carry out its day to day activities by operating on the "on Account Budget", pending the drawing up of the comprehensive Budget which will embody Government policy.

P.S. It is very likely that with the next Budget the Financial Year in Ceylon will be changed to cover the period January to December, instead of the period October to the following September as at present.

ing countries. Although lifting this restriction would have a small short-run adverse effect on our balance of payments, it could remove an element of uncertainty that now discourages such investment.

—The Task Force recommends that OPIC make greater use of U.S. guaranty programs in combination with those of other countries, to encourage international joint ventures. These multinational projects, open to investors in the host countries, help to reduce nationalist sensitivities to foreign investment.

The worldwide housing guaranty program, now administered by AID, should be added to the other investment guaranty programs administered by OPIC.

—The Hickenlooper Amendment to the Foreign Assistance Act was introduced to deter foreign governments from expropriating U.S. property without prompt and adequate compensation. If private investment is to contribute to international development, a more effective means of discouraging such expropriations must be found. The United States, other leading countries, and the international institutions should take such acts into consideration in determining whether their development assistance would be used effectively. The Hickenlooper Amendment, however, has outlived its usefulness. It provides no room for flexibility in dealing with this difficult and politically sensitive problem. A more fruitful approach would be to seek positive ways of making foreign investment mutually attractive, such as we have outlined above, and to rely on an international forum when disputes arise.

—The Task Force urges that recommendations for facilitating an increase in the flow of private investment to the developing countries be considered in the examination of business taxation currently underway within the U.S. Government.

# MANAGEMENT

## DIRECTION

Assuming the operation has been adequately staffed and the employees have been trained to the point where they are quite capable of doing a good job, the manager's work as a director of people is really just beginning. The fact that his subordinates can do the work well doesn't mean that they necessarily will. Both the quality and the quantity of their work may fall short of what they potentially could produce. Only if they are motivated to do their best will they turn in the best performance possible for them.

People may, of course, be motivated by fear—fear of losing their jobs or of not getting a merit increase, or simply fear of a bawling out or a nasty look from their boss. But fear is not a very good motivator since it is impossible for the boss to police every action, and the person who is motivated by fear alone will often find many ways of skimping on his work that will not be apparent to the boss.

This is true even in depression times, when fear of job loss is acute, and much truer in times of prosperity when other jobs are available.

Thus a manager can achieve better results if he can be a leader rather than a driver of his people. He may have to use the fear motive in some cases, but he's likely to be a better manager to the extent that he can avoid doing so.

To determine how the manager can and should lead, let's first look at the various fac-

thought he had the answer: divorce planning and doing to ensure that each job is performed in the best way possible; use motion and time study to determine what the standards should be; and then pay people more for meeting and/or beating the standard. In other words, use money as the motivator. Piecework plans, which also used money

This is the fourth instalment in the series "Techniques of modern Management."

In the last instalment the author dealt with the question of Staffing and getting the best man for each job. Here he deals with the Manager's role in staff direction.

## Techniques of modern Management

tors that have been identified as motivators of people in general and then examine the nature of leadership itself.

### THE MONEY MOTIVE

Back in the early 1900s, Frederick W. Taylor, originator of scientific management,

as an incentive, had been in existence long before Taylor's time, but Taylor added a new twist. If a man met or surpassed the standard, he was paid the higher rate for all the pieces he produced, not just for those he turned out over and above the standard number.

Taylor's view of motivation was simple: 'Now the workman wants just what we want,' he once told students at the Harvard Business School, 'high wages and the chance for advancement. . . . Welfare work and all such secondary aids to workmen. . . . should all come along in their proper time, but I wish to emphasize that they should not be allowed to interfere with doing those things which are necessary in order to give workmen what they want most, namely high wages.'

Taylor's associate, Henry Laurence Gantt, improved his plan by introducing the daily wage, plus the incentive payments for meeting or surpassing the standard. This did away with one of the bad features of the Taylor incentive system under which rates for those who did not meet the standard were greatly reduced in order to make up for the higher rates paid to the faster workmen.

Taylor confidently expected that his system would produce a 'mental revolution' on the part of both management and labour. Management would make so much more because of the higher production that it would not want to cut the rates. Labour would have a chance to earn so much more that it would find no reason

to strike for higher wages. In fact, he felt, there could be no possibility of argument over the wage rates at all since they would be 'scientifically' determined.

In experimental situations some remarkable increases in productivity did take place, but the mental revolution in industry was conspicuous by its absence. Labour unions opposed the plan and succeeded in getting the use of the stopwatch for time study banned from government operations. In one case a superintendent who was a prominent supporter of the scientific management movement introduced the plan and the result was a strike that nearly wrecked his company.

Some thirty years later, Taylor himself admitted that his plan had in no case produced the mental revolution that he had hoped for. Quite naturally, he attributed this to management's failure to use the plan as he had designed it—many managements cut rates as soon as production rose.

But many managements today have made strict rules against the cutting of rates, yet they have not sparked a mental revolution to any great degree. Many incentive plans successful in raising productivity, but even their most ardent supporters don't claim that they tap the full potential of the great mass of workers or that they have produced any particular mental revolution on labour's part. Not only do they fail to prevent strikes over wage rates; they are, in themselves, a frequent source of grievances.

Money is not the only motivator, the only thing the worker wants from his job. What else does he want, then?

## CROP DIVERSIFICATION...

(Contd from page 7)

(i) A larger financially strong production unit will ensure that there is greater efficiency, higher yields and better quality.

(ii) Middlemen will not be able to appropriate a good

part of the profit as they do now. At current cost and price levels this should ensure that the producer gets a healthy profit and there will thus be a real incentive for maintaining and improving production.

(iii) An auction system on regular basis will grow up for all spices.

As for finding markets, all the big exporters of these products were quite certain that there would not be any difficulty here, provided certain essentials were not overlooked. For instance, the Chairman of Consolexpo summed up these essentials as follows :

- (a) high quality
- (b) substantial quantities, and
- (c) regularity of supply.

As regards prices, Table I shows that the Foreign Exchange Entitlement Certificate Scheme has given a boost to cinnamon, cardamoms, pepper, nutmeg, cloves, cocoa and citronella oil. With regard to cinnamon, prices have been stable and Ceylon scores due to the superior quality of her cinnamon. In the case of cardamoms, market prospects are excellent and there is great scope for expanding local production. In the case of cocoa, overseas demand has been supplemented with an increased demand by the local chocolate industry and this has given a big boost to prices in 1968. Citronella oil, too, is enjoying a good market in spite of some price fluctuations in the recent past.

The Commercial Secretary of the Embassy of Ceylon in the U.S.A. writing in the "Ceylon Trade Journal" of June 1969 on the market for spices in the U.S.A., states as follows — "A couple of years ago it was estimated that 60 per cent of the spices consumed was for 'at-home' use.

The same article points out that the market for cloves, cardamoms, nutmeg and mace was relatively small but expanding. Ceylon's exports of all these products had good potential for expansion. The intrinsic quality of Ceylon spices was said to be superior to most spices from competitive sources. However, we had to standardise exports if we were thinking in terms of a long term foothold in the American market. Quality and consistency were extremely important.

TABLE I:

Year (Quills)	Average Auction Prices (Rs. per lb.)		Average F.O.B. Prices (Rs. per lb.)				
	Cinnamon	Cardamom	Pepper	Nutmeg	Cloves	Cocoa	Citronella Oil
1962	3.16		1.82	1.29	3.26	1.46	4.19
1963	3.94		1.72	1.54	1.92	1.44	5.57
1964	4.73		1.30	1.78	.93	1.48	6.16
1965	5.24	14.10	1.77	2.16	1.46	1.40	3.40
1966	5.51	16.60	1.77	2.01	1.21	1.24	2.55
1967	4.88	10.50	1.93	1.66	.93	1.59	2.44
1968	5.04	19.60	1.31	1.53	1.16	1.88	3.99

Sources: F.O.B. Prices from Customs Returns. Auction Prices from Ceylon Chamber of Commerce Annual Report — 1968.

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# IMF Predicts Inflation in Industrial Countries



Washington

Price increases will probably be larger in 1970 than last year in almost every industrial country according to the recent annual report of the International Monetary Fund.

But the report added the overall situation could "begin to change significantly by late 1970 or early 1971 if official expectations of an easing of price pressures in the United States are realised.

The report said, inflation control was currently a primary objective in the US, Britain, Canada and France. A sound evolution of the world economy over the next few years would depend crucially on the success of their efforts.

In the report the Fund's executive directors said they were studying possible moves towards greater exchange rate flexibility. But they believed any changes should preserve the essential characteristics of the present system.

Stability of exchange rates at realistic levels was a key contribution to the balanced expansion of international trade the report said.

## ★ ★ ★ PHILIPPINES CURB DOLLAR OUTFLOW

Manila

The Philippines has become the second biggest investor in Indonesia next only to United States mainly through use of dollars illegally slashed away in foreign countries the Bureau of Internal Revenue (BIR) reported.

The Philippines has been restricting the outflow of dollars to check the drain on its foreign exchange reserves. But the BIR said dollar investments by Filipinos in Indonesia continues.

Investments by Filipinos amounting to 289.3 million US dollars flow into Indonesia from funds alleged by the Bureau to have been salted away in Hong Kong Singapore, Japan and the United States since 1967.

## MONETARY DISCIPLINE LOST, SAYS ERHARD

Toronto

Former West German Chancellor Ludwig Erhard has said he did not think the present world stock market decline will lead to a general economic collapse.

US financial officials were reported to have suggested earlier this month that the world monetary system should be altered to permit small, frequent changes up or down in exchange rates.

But the 76-year-old former Economics professor said it was "worrying that the international monetary system seems not as solid as it was."

Monetary discipline," he said, seems to have been lost and there is "no consensus of uniform sense by governments" in economic matters.

Erhard spoke at a Press conference sponsored by the Toronto Stock Exchange.

"It will take all our efforts to get things under control again" Erhard said.

But he added that the current stock market slump was not yet a cause for "speak concerns."

Erhard said countries should be less concerned with growth than with stability.

## MORE POWER FOR INDIA

New Delhi

In Mysore three more generators of the Shrivathi Hydro Project were commissioned recently. This will increase the State's Power resources by nearly 300 M. W. The final stage of the project envisages the commissioning of 3 more units by 1973-74.

The project is estimated to cost Rs. 1 billion.

## CHINA TRYING TO SELL WHEAT TO JAPAN

Hong Kong

China, the biggest wheat buyer in the world, is trying to sell wheat to Japan for the first time in her history, a conservative English newspaper reported.

The "South China Morning Post" reported Japanese sources in Hong Kong said that China's wheat-selling move was made in an invitation to the Japanese Noodle-Makers' Association (JNMA)

"The JNMA has been invited through the Japan-China Memorandum on Trade Association in Tokyo, to visit Canton to negotiate a wheat deal with a Chinese food-marketing corporation," the paper said.

"The Japanese sources say China has suddenly found

The Fund's annual report, while essentially conservative on the question of change warned that undue rigidity of exchange rates could have serious consequences.—(Reuter).

herself with a wheat surplus because of bumper harvests from autumn-winter crops," the paper said.

## JAPAN'S ALL TIME RECORD IN EXPORTS

Exports certified by the Ministry of International Trade and Industry in March amounted to S 1,974,464,000 to hit an all-time monthly high. This was revealed by MITI recently.

Certified exports in March also registered an increase of 21.9 per cent over the previous month and 25.6 per cent over a year ago. The previous monthly high was S 1,663 million in December, 1969.

Brisk exports certified in March owed to sales of large ships as well as the favourable tone of other key export groups. As far as certified exports in March were concerned, the impact of the recent standstill of export letters of credit received was entirely absent.

MITI also reported that certified exports in fiscal 1969 (April, 1969—March, 1970) totalled S 17,613 million, increasing by 23 per cent over that in fiscal 1968.

MITI feels it certain that exports on a customs clearance basis in fiscal 1969 reached around S 17,000 million, exceeding the original Government target of S 16,700 million.

(Japan Economic Journal)

## ROYAL AGRICULTURAL SHOW YIELDS BIG EXPORT ORDERS

London,

Export orders running into millions of pounds are expected to result from last week's Royal Agricultural Show, according to a spokesman for the organisers.

It will be some time before the final total of overseas sales of machinery and livestock can be assessed but among the show's best customers were visitors from New Zealand, France, Japan, Igen, South Africa and Canada.

British-bred Charolais cattle (worth some £100,000) and Angus (worth £15,500), were sold to overseas buyers.

New Zealand buyers took £10,000 worth of South Devon; another best-selling breed was the Friesian. Orders for other livestock included £12,000 worth of Landrace pigs.

At least one machinery firm anticipates orders worth £400,000 for its livestock handling equipment, while another has sold rotary milkers worth £10,000.

The show, attended by more overseas visitors than ever before 2,750 from 90 countries—was held at Britain's National Agricultural Centre at Kenilworth, in the English Midlands. This, says show director Mr. A. A. C. Macarthur, is rapidly becoming an agricultural centre for the world too. "We endeavour to provide the widest facilities for overseas visitors and they are welcome at any time of the year," he said.

## STATISTICAL INSTITUTE SET UP IN TOKYO

Bangkok

The Asian Statistical Institute, aimed at training statisticians for developing Asian countries, was officially inaugurated in Tokyo in June. The Government is expected shortly to complete procedures for opening the school, including the signing of a plan of operation in Bangkok and notification of Diet ratification of an agreement calling for financial aid to the institute from the United Nations Development Programme (UNDP).

The documents for the establishment of the institute in Tokyo were signed on the occasion of the General Meeting of the General Meeting of the United Nations Economic Commission for Asia and the Far East (ECAFE) held in Japan in 1967.

## LIC TO REMAIN MONOLITHIC

New Delhi

The union Government is understood to have taken a final view that the present monolithic structure of the Life Insurance Corporation (LIC), should not be disturbed.

Parliament's Public Undertakings Committee had advocated a break-up of LIC into five or more autonomous units for greater efficiency. Mr. Morarji Desai appeared at one time to be veering round to the idea when he held the Finance portfolio.

However, the Administrative Reforms Commission (ARC) and the Morarka committee on LIC expenses did not favour a restructuring of LIC.

Also, it is clear there will be no reduction in LIC's premium rates for with-profit policies, which account for the bulk of its business, with the expense ratio on the up-trend.

LIC's working expenses are likely to go up further with a revision in wages, the dispute over which is pending before a national tribunal. LIC management failed last week to persuade the majority union to accept a bi-partite settlement involving a rise of Rs. 4.78 crores in the wage bill.

LIC has already effected a reduction in premium rates on some of the without-profit policies, as favoured by the Morarka committee.

ARC had urged Government to bring about a reduction in all premium rates while the Morarka committee was doubtful whether any worthwhile reduction could arise under with-profit policies if the present rates of bonuses were to be maintained.

The Government's view is that since 95 per cent of the surplus disclosed at the biennial valuations is returned to the policy-holders by way of bonus, the question of revision of premia becomes academic. It is pointed out that the benefits of lower mortality rate would pass onto the policy holders by increased bonuses.

A third major aspect of LIC working on which a Cabinet decision is yet to merge is the investment policy which may be reoriented in the light of the recommendations of the Dutt committee on industrial licensing.

This matter is being examined as part of the general policy to be laid down for the public financial institutions. Parliament was informed recently that in the case of future loans by financial institutions option to convert them into equity capital would be provided for.

LIC's investments in shares totalled Rs. 1258 crores as on March 31, 1969 of which Rs. 919.5 crores (73 per cent) was in public sector, Rs. 108 crores in co-operative sector (8.6 per cent) and Rs. 224 crores in the private sector (17.8 per cent).



## 26th Anniversary of the POLISH PEOPLE'S REPUBLIC

### POLISH ARCHITECTURE

The twenty five years of Polish post-war architecture represents a period of rapid transformation primarily caused by the situation in which our country found itself after the war. The necessity of reconstructing the country from enormous destruction was coupled with its intensive development under the new socio-political system.

The enormous amount of work resulting from these tasks lies at the basis of the so-called "Polish school" and its successes at home and abroad. Owing to the objective conditions in which they have to work, Polish architects have become all-round specialists, ready to overcome every obstacle. They have learnt a discipline of thought, and first of all economy in the use of materials, space and human labour. The outstanding architect, Professor Jerzy Hryniewiecki has said that "the measure of the social and aesthetic value of architecture in all times are those works which have risen against all odds".

#### Awards Won

Big international and national competitions have particularly strongly mobilized and developed architects in this country. Ever since 1959 Polish architects have been successful in 36 international architectural and urban-planning competitions. They have won 13 first prizes (or second prizes in cases when the first prizes were

not awarded at all four second and ten third prizes.

All in all, during this period Polish architects have won over 50 international awards and distinctions over a very wide range of subjects in many countries. The Centre of Culture in Leopoldville (1959), the reconstruction of the city centre in Tunis (1960), an evangelical church in Denmark (1961), a monument at the Playa Giron in Cuba (1963), the Opera House in Madrid

(1964), the development of the Tronchetto Island in Venice (1964), the development of the central square in San Francisco (1965), the town-centre at Espoo in Finland (1967), the Television Centre in Tunis (1969), can serve as examples.

The high number of prizes and distinctions awarded at big international architectural competitions means that Polish architects have decidedly come to the fore in this field.

(cont'd. on page 11)

#### PASSAGE IN THE CENTRE OF WARSAW



The passage for pedestrians, parallel to Marszałkowska Street, on its Eastern side is a pleasant place for strolling in the very centre of the town. Interesting architectural solutions, the neighbourhood of shops, nice verdure add to the attractiveness of the passage.

### POLISH NATURAL SILK FROM MILANOWEK

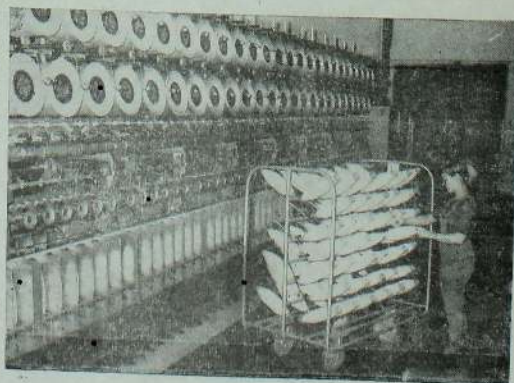
Polish traditions in the production of silk go as far back as 50 years. China is the cradle of silk and in Poland the Natural Silk Factory in Milanówek, founded in 1924, is the only establishment concerned with the production of silk.

Milanówek silk fabrics are renowned for their good quality. The fact that their patterns are reproduced in short series/sold by metres/or even on single lengths of fabrics adds to the attractiveness of the Milanówek products. The patterns are non-reproducible, hand-painted by the most talented women workers under the direction of artists, and they are suited to the current requirements of world fashion. Beautiful colours in all shades catch the eye of the looker.

Milanówek production programme includes various kinds of silk fabrics, from plain weave to the very complicated fancy weaves. Silk fabrics are available in one colour, or printed and hand-painted in various colours and designs. Tafeta is a typical Milanówek product but the factory also supplies chiffon and corded yarn fabrics such as burette and shantung.

Although Polish climate is not typical for silkworm breeding, there are 2500 silkworm breeding stations in Poland. The Natural Silk Laboratory connected with the Milanówek Factory experimental farm carried out its research on the

cultivation and selection of mulberry trees, the selection and breeding of silkworms and on the silk production process. Silkworm breeders also benefit from the work of this Laboratory. Almost all production of the Milanówek Factory is supplied to the domestic market and only a little margin is left for export.



A textile yarn plant in Górz Wielkopolski.

### Medicines with the "POLFA" Trade Mark are known in 70 countries

The Polish Pharmaceutical industry was, during the war, almost completely destroyed. In 1946, we started from nearly nothing. Since that time the Polish Pharmacy has developed so much that at present it is ranked among the first ten world producers.

Today, the medicines with "Polfa" trade-mark are known to the patients in 70 countries. The figures testify on the best to the growth in the domestic production of medicines. In 1968 alone, its value reached the amount of 168.7 million Pounds sterling. As compared with last year, the exports increased by 37%.

The three factors which decide about the good reputation of pharmaceutical production are the scientific hinterland, the modernity of production and the quality of products. The Polish Pharmaceutical industry meets all these three conditions. Nearly full automation of production, broad expansion of variety of new drugs, specialization of the 10

manufacturing works-permit "Polfa" to compete successfully with much older pharmaceutical combines of the world reputation.

More significant here is the rigorous system of control. The Polish control system was fully recognized by the Conference of the European Office of the World Health Organization, and antibiotics were approved by the American control of medicines, and this has opened to us the US market. The specialization of "Polfa" has embraced five principal groups of medicines. They are:— Sulphonamides, Salicylates, Vitamins, hormones and antibiotics.

Polish antibiotics as chlormphenicol tetracycline and prednisolone are very well known in Ceylon.

Poland exports pharmaceutical products to many countries such as West Germany, Switzerland, Finland, United States, Thailand, Iraq, Soviet Union, Czechoslovakia, GDR and many African and Asian countries.



### POLAND: One of the largest sugar exporters in the world

Already in the pre-war years Poland was known as an exporter of sugar. However, the greatest development of exporters of Polish sugar started only after World War II.

Immediately after the termination of hostilities, Poland started to rebuild and expand

her sugar industry. At that time the sugar production soared sharply in order to cover the rapidly rising home consumption.

In pre-war Poland the sugar consumption per one inhabitant amounted to only 11-12 kg but already in the fifties it attained the level of 26 kg and today it is forming itself somewhere around 38 kg. Already in 1953 sugar production in Poland clearly topped the one million tons mark and attained 1,400,000 tons in 1960 and 1,700,000 tons in 1967 (these figures are calculated in terms of raw sugar.)

#### Exports Rise

Parallel with this increase in production, which satisfied the constantly growing consumption, also exports of Polish sugar to world markets rose.

(cont'd. on page 11)

## Chamber News

(Contd. from page 4)

skills and supply of a large infrastructure in industry, and has continued to offer employment, on an increasing scale, to a large body of persons. In the field of industry, the private sector has displayed commendable initiative and enterprise. It could have done more, if only it had the backing of a comprehensively organised banking and financial system, the structure of which it is easy to delineate.

*It is curious that Ceylon should seek to transform its still relatively backward economy by developing industry, new forms of agriculture and new fields of commerce and trade, but without ensuring that the requisite banking and financial facilities are comprehensively available.*

Banking and finance are the very stuff of economic life. Developing countries elsewhere have sought to establish soon after gaining in-

dependence specialised institutions for this very purpose. But we have remained content with essentially a Banking system inherited from the Colonial era, supplementing it by the addition of a few institutions, and without seeking to establish a comprehensive and an integrated Banking and Financial System, capable of meeting the demands of an economy, which needs transformation of its basic structure in order to permit accelerated growth. We have, instead, preferred to conduct a sterile debate on whether marginal changes to the existing Banking Organisation would not equally well serve the purpose, and whether Ceylon requires at all a Development Bank or even several such Banks, each offering development finance in Agriculture, Industry and Trade merely to supplement what facilities the existing institutions offer, while national progress continues to suffer.

I am glad that the United

Front has recognised the defects in our credit and financial arrangements and I welcome, on your behalf, the pronouncement in their Manifesto that "specialised banks will be set up to finance development in industry, agriculture, foreign trade, internal trade and other sectors."

Owing to the smallness of the Ceylon market, the economies of operation which large units can realise, and the relative largeness of the minimum viable size which technology imposes on most industrial units, there is a tendency for a degree of concentration in manufacture. This naturally raises the prospect of monopolistic operations leading to anti-social conduct. The solution in this situation, inevitable as it is in the very technology of manufacture and in the context of the Ceylon market, is not to condemn private enterprise indiscriminately but to introduce reforming measures to check monopoly and to promote fair competition.

It is claimed in certain quarters that domestic manufacturers have been engaged in excessive profit-making. Whatever justification there may be for this charge in particular instances, it is important to dispel some wrong notions which seem to prevail in regard to profits earned in industry.

Until recently, a manufacturer automatically qualified for exemption of profits from income tax. It is, accordingly, irrational to complain that profits are excessive merely because they are exempt from income tax. The appropriate basis for comparison is profits after allowing for national tax, as it is such net profits which can properly bear comparison with profits realised from other sources which are subject to tax. However, it must be admitted that the public have a genuine cause for complaint where profits are unrelated to acceptable quality and no attempt is made to maintain and improve quality.

### POLISH ARCHITECTURE...

(Contd. from page 10)

In Poland, the reconstruction of completely destroyed Warsaw, or, strictly speaking, the construction of a new capital for over a million inhabitants, the reconstruction of Gdansk, Wroclaw, Szczecin and many other cities, the reconstruction and preservation of architectural monuments, the intensive development of mass residential areas and the construction of modern industry — these are the milestones on the road that has been covered by Polish architecture during the last 25 years.

## POLFA: Development Progress

Pharmaceuticals Drugs and Substances bearing the POLFA trade mark are well-known on the markets of 70 countries. POLFA products are brought by countries with highly developed Pharmaceutical industries such as Britain and Switzerland.

First place is held by the production of Antibiotics in various shapes and forms and a considerable role is played by Salicylic Acid derivatives and Sulphonamides with prolonged activity. POLFA produces other important substances such as hormones, Anti-TB drugs, soporifics, Psychotropic drugs and Heart Glycosides. It has also started the production of new Original drugs, for example, "Binazyna" a drug administered in cases of Hypertension, "Ipironal" a Psychotropic drug, and "Edan" a drug used for local Anaesthesia.

It should be stressed that Polish Pharmacy rather limits its Pharmacopoeia. It tends to specify the most suitable assortments of drugs for every branch of Medicine.

### SUGAR EXPORTERS...

(Contd. from page 10)

Already in 1951 this Polish export amounted to 350,000 tons and in the years 1961-62 it attained the very high level of more than 700,000 tons.

However, in the later years, Polish sugar exports became stabilised at an annual level of 500,000 tons. Unfortunately in recent years the trends of prices on the world market was unfavourable to exporters.

That is also why in 1968 Poland acceded to the International Sugar Convention which came into force on

The biggest POLFA plant, in Tarchomin near Warszawa, is the main producer of Antibiotics. It also produces Insulin, liver preparations, Soporifics, and Psychotropic drugs.

The plant at Starograd turns out Salicylic Acid derivatives and Sulphonamides. The annual output of this plant goes into hundreds of thousand tons.

The Plant at Kutno specialises on the production of poppy alkaloids and heart glycosides.

POLFA maintains a wide Scale exchange of experience with numerous large foreign firms, including Ceylon. The sole exporters of Pharmaceuticals and Drugs manufactured by POLFA are CIECH, Import & Export of Chemicals Ltd. Poland.

The Sole Agents for CIECH Pharmaceuticals and Drugs in Ceylon are: FREE LANKA TRADING COMPANY (Pharmaceuticals Division), 160, Reclamation Road, Colombo 11.

January 1, 1969. This agreement limited the export of all exporter countries, members of the convention, to defined quotas, in order to thus balance the sugar offer and demand on the world market.

Poland, as a member of the ISC, has a quota amounting to 350,000 tons in terms of raw sugar. This quota places Poland sixth on the list of sugar exporters to the world market. Higher quotas have only been assigned to such exporters as Cuba, Brazil, Taiwan, Australia and South Africa.

## Greetings

to the

People of Poland

From

### Free Lanka Trading Co., Ltd.

(Pharmaceuticals Division)  
160 & 162, Reclamation Road,  
P. O. Box - 125,  
Colombo - 11.

Telex 147 - A/B Prompt Colombo.

Telephone:- 27027

Cables:- "PROMPT COLOMBO" 26811

Sole Agents in Ceylon for:-

**Ciech**

Import and Export of Chemicals, Ltd.

P. O. Box 271,  
Jasna 12,  
WARSZAWA 1,  
Poland.

Sole Exporters for:-



Manufacturers of Pharmaceuticals and Fine Chemicals.

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COLOMBO 2.

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## THE ECONOMIC TIMES

Editorial Department  
Thursday, July 16th 1970

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

### BACK TO CONTROLS

The previous Government decided to introduce the importation of a certain category of goods under Open General Licence (OGL), with effect from May 68, primarily to strengthen and expand industrial activity. It was felt that the periodical allocation of strict quotas prevented industry from working to full capacity and made it almost impossible for industrialists to plan ahead.

It was also argued that imports by means of quotas and licences disrupted the flow of materials and machinery spares due to the various administrative bottlenecks, thus impeding the production process. The OGL system was therefore expected to bring about a greater degree of flexibility through the liberalisation of imports.

This was in fact an attempt to bring back the free flow of market forces as an alternative to bureaucratic controls. The price mechanism which functions under the laws of supply and demand was expected to regulate the economy and make the consumer king. But it is now well known that the various loopholes in the scheme were exploited by unscrupulous elements. Apart from the systematic drain of foreign exchange by dubious means, the burden of higher prices was passed on to the consumer. The hope that the price factor would control the quantum of foreign exchange to be utilized for development purposes was also never realized.

The United Front Government has now decided to go back to the system of controls by means of quotas.

Imports under the OGL system was suspended in the first instance, and now industrial raw materials have been taken off OGL and brought under quotas. Price control of locally manufactured goods has also been proclaimed as a matter of policy to ensure that the consumer will not continue to be fleeced.

The basic objectives of taking industrial raw materials off OGL might be to ensure that foreign exchange allocations are based on a system of national priorities. Industries that have a foreign exchange saving and/or earning potential would probably come on top of the list. Assembling industries and the like, which have no foreign exchange saving capacity will be discouraged in the process.

The OGL system was ineffective, not through any inherent defects but because it was exploited, particularly by non-nationals and Registered Citizens. The system of bureaucratic controls tried in the past has proved to be a failure. We now find ourselves going back to a system that has failed instead of treading on a new path. It is however, hoped that the old system of controls will be given a new look by revising the criteria on which foreign exchange allocations are made and ensuring that malpractices in the business are totally eliminated. Unless such measures are taken not much success could be achieved.

In order to remedy the present situation and accelerate the development process it would seem imperative that the State should control the country's import and export trade. And this could only be done by the setting up of a State Trading Corporation.

## MORE INDUSTRIES IN THE OFFING

The Government has decided to introduce several far reaching changes in the pattern of industrial development with the twin object of generating more industrial activity in the country and boosting the employment potential.

This step is being taken in keeping with the recommendations contained in a report prepared by a special United Front Committee on Industrial Development. The Minister of Industries and Scientific Research, Mr. T. B. Subasinghe, is expected to issue policy directives on this matter shortly.

### Main Recommendations

Among the more important changes contemplated in the re-orientation plan are:

To shift the emphasis from assembling industries to actual manufacturing industries.

To set up norms for quality control and price control schemes for finished industrial products, and

To break the monopoly held by about 140 industrial firms, which are mostly owned by non-nationals and registered citizens.

It is understood that the committee has recommended a phased elimination of assembling industries in order to streamline the industrial infrastructure. The committee has suggested enforcing strict check

to compel industrialists to set up manufacturing units rather than assembling units.

As regards the monopoly held by non-nationals and registered citizens, the committee has discovered that about 140 firms were controlling the bulk of the industry in Ceylon and about 70 per cent of these firms belonged to non-nationals and registered citizens.

### Rubber exports move up

Latest Customs Computations reveal that Ceylon's rubber exports have shown a marked rise in the first five months of the year.

Nearly 152,414,310 lbs. of rubber was exported in January-May this year compared with 141,871,293 lbs. in the corresponding period in 1969. The quantity exported in May this year was 32,071,391 lbs..

Ceylon's rubber production had also shown a welcome rise increasing from 128,578,623 lbs. to 136,744,704 lbs. in the first five months of this year.

### NEW CADJU PROCESSING PLANT

A new cadjunut processing plant designed to keep operating and capital costs low is to be manufactured and sold throughout the world.

Developed by the Tropical Products Institute of Britain's Ministry of Overseas Development, the plant is going into commercial production as a result of an agreement between a London firm and the British National Research Development Corporation (NRDC).

### Increasing Importance

Announcing this in London recently, an NRDC spokesman said: "Cadjunuts are a crop of increasing importance, with world demand growing every year.

"But in main producing areas such as India, or expanding industry sectors like Ceylon, existing methods of processing are either too slow and inefficient to cope with the increasing demand, or consist of large automatic plants of great complexity."

### Low Costs

The new plant is designed to process between 500 and 1000 tons of raw nuts a year and its operating and capital costs are relatively low.

The plant operates a new deshelling process with the use of an automatic centrifugal sheller, and waste shells are used for fuel, giving a significant saving in cost.

### \$25 M. LOAN FOR TEA INDUSTRY

Ceylon is to obtain a loan of \$2,500,000 from the Asian Development Bank for rehabilitating the tea industry.

A six-member team of experts headed by Dr. B. Mesmer from the Bank has arrived in the country to negotiate the loan.

This is the second borrowing made by Ceylon from the Bank for improving the tea industry.

The earlier loan of \$2,000,000 obtained in 1968 had been used to buy new machinery and rehabilitate the industry.

The present loan will be used for modernising tea factories, electrification of estates, etc.

The team is expected to have talks with the Minister of Finance, Dr. N. M. Perera, Parliamentary Secretary to the Minister of Planning and Employment, Mr. Ratna Deshapriya Senanayake and officials of the Central Bank.

### Unemployment at new peak

The number of persons seeking employment through Labour Exchanges throughout the Island reached a peak of 361,527 by the end of March this year, according to latest Labour Department statistics.

The largest number unemployed was in the unskilled category — 147,903; semi-skilled — 91,743; skilled 33,057; and technical and clerical 88,824.

The number of registrants for employment has risen progressively from 285,288 in March 1969 to 361,527 this March.

### Man-days Lost

The number of man-days lost due to strikes in March this year amounted to 38,705 involving 9,473 workers.

### Indian credit policy to be reviewed

The Indian Government's credit policy for nationalised banks will be reviewed to check the inflationary pressures on the economy, Finance Minister Y. B. Chavan told the Parliamentary Consultative Committee attached to his Ministry, last week.

### Marginal improvement

He told Indian Parliamentarians that the price situation had shown a marginal improvement last month; whole sale prices had risen 3.9 per cent over the level in the same

month last year, against 7 per cent increases in the previous months.

Prospects of a good monsoon, dehoarding of foodgrains and the softening of oilseed prices following substantial imports of soyabean oil had contributed to this improvement.

He, however, added: "there was no room for complacency and a constant watch would have to be kept on the price situation, as it had a direct bearing on development plans.