

THE ECONOMIC TIMES

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Price 50 cts

Ceramics Corp. shows Rs. 4 million profit

The Ceylon Ceramics Corporation made a profit of Rs. 4 million last year—an increase of Rs. 1 million over 1969.

Average production last year was 105 tons a day as against 65 tons the previous year.

The Corporation attributes the increased production largely to better attendance by the workers.

Trade with U.S.S.R. and Eastern Europe in 1970

OVERALL REDUCED

DEFICIT

CEYLON'S TRADE DEFICIT IN 1970 WITH THE USSR AND EASTERN EUROPE SHOWED A MARKED IMPROVEMENT FROM THAT OF THE PREVIOUS YEAR. THE BALANCE OF TRADE AT THE END OF 1969 SHOWED A DEFICIT OF RS. 86 MILLION WHICH WAS REDUCED TO RS. 11 MILLION LAST YEAR. THIS REPRESENTS AN IMPROVEMENT OF RS. 75 MILLION FROM THE POSITION AS AT THE END OF 1969.

The turnover of Ceylon's trade in 1970 with the USSR and Eastern Europe contracted

by Rs. 57 million or 13 per cent compared with 1969. This contraction is attributed mainly

to reduced imports from this region, according to Central Bank Statistics. Exports at Rs. 174 million showed an expansion of Rs. 9 million or 5.5 per cent over 1969.

Ceylon's trade turnover of Rs. 359 million or 8.2 per cent in 1970 was 3.8 per cent lower than the 1969 figure of Rs. 416 million.

The USSR continued to be Ceylon's principal trading partner in this region in 1970 accounting for Rs. 82.3 million or 47 per cent of the total value of exports.

Exports to the USSR in 1970 contracted by Rs. 7.2 million when compared with that of the preceeding year, mainly due to reduced exports of rubber and coconut products. The value of tea exports, however, increased by Rs. 3.8 million over the last year.

Imports from the USSR in

1970 contracted by Rs. 10.9 million to Rs. 39.8 million. This contraction was due to a decrease in the value of imports of tea chests by Rs. 5.0 million, Cement by Rs. 2.6 million, and petroleum products by Rs. 3.3 million.

The balance of trade with the USSR showed a surplus of Rs. 42.5 million in 1970 as compared with a surplus of Rs. 38.8 million in 1969.

Details of trade with the countries in this region are shown below.

THE VALUE OF TRADE (COMMODITY WISE) WITH U.S.S.R. & EASTERN EUROPE (Rs. Million)

	Bulgaria		Czechoslovakia		G.D.R.		Hungary		Poland		Rumania		Yugoslavia		U.S.S.R.		Total	
	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970	1969	1970
(i) Total Exports	1.99	2.09	3.60	3.49	13.61	19.63	1.37	2.03	27.21	40.65	19.70	19.04	7.37	4.41	89.49	82.33	164.34	173.67
of which																		
Tea	—	0.93	—	0.23	0.14	0.09	0.21	0.19	6.83	7.25	—	—	0.08	0.17	14.42	18.20	21.68	27.06
Rubber	1.34	1.11	1.16	0.36	—	—	—	0.50	18.35	29.91	15.90	16.89	1.34	0.49	35.32	28.48	73.41	77.74
Three major Coconut products	—	—	1.09	2.38	12.25	18.52	1.16	1.33	0.99	2.85	1.99	2.15	4.20	1.75	36.19	27.36	85.00	56.21
(ii) Total Imports	1.06	0.54	13.34	30.41	84.62	10.01	11.38	7.59	23.42	48.35	15.05	18.11	51.00	30.47	50.70	39.79	250.57	185.27
of which																		
Sugar	—	—	3.68	20.84	12.89	—	1.16	—	7.68	36.37	5.52	6.75	45.53	26.95	18.57	18.17	95.03	109.08
Machinery & Parts thereof	0.05	0.01	3.44	2.37	40.89	8.63	0.13	0.23	0.52	0.19	1.72	2.36	2.84	0.89	0.73	3.20	50.32	87.88
Textiles	0.47	0.49	3.61	5.82	0.09	—	0.86	5.52	10.92	6.81	0.53	1.66	—	—	3.44	3.94	19.92	24.24
Tea Chests & Iron Steel	—	—	—	—	—	—	—	—	—	—	—	—	—	—	11.62	6.59	11.62	6.59
Petroleum Products	—	—	0.43	0.19	0.75	0.14	—	—	1.30	1.27	—	2.83	0.43	1.22	0.81	1.32	3.72	6.97
Cement	—	—	—	—	—	—	—	—	—	—	3.14	—	—	—	3.25	—	6.39	—
	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5.47	2.91	5.47	2.91
Balance of Trade (i)-(ii)	+0.93	+1.55	-9.74	-26.92	-71.01	+9.62	-10.01	-5.56	+3.79	-7.70	+4.65	+0.93	-43.63	-26.06	+38.79	+42.54	-86.23	-11.60

Source: Ceylon Customs Returns.

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JUMBO SUPERMARKET

London's Heathrow Airport, busiest international air terminal in the world, is to have the biggest duty free supermarket ever built at an airport.

Work on the supermarket in Terminal 3—the one that handles jumbo jets—will begin later this year under a £350,000 project to develop self-service duty free shops at all three of the airports major passenger terminals.

The extra revenue from the shops will help meet the high cost of providing many new airport facilities.

World expenditure on arms

Last year's world total expenditure on arms, inflated by new price increases, reached an estimated 204,000 million dollars—the equivalent in dollars of a year's income for the 1,800 million people in the poorer half of the world's population.

But the increase in world military spending in 1970, in terms of actual expenditure, was the smallest in recent years and in terms of "constant dollars"—that is, if prices had been unchanged—there was a slight decline.

These facts highlight the annual report of the U.S.

Arms Control and Disarmament Agency (ACDA) on world military expenditures.

More public funds continued to flow into military programs than into public education or public health programs for the world's population of 3,600 million.

In developing countries, for example, the increase in military spending in the period since 1964 represented the equivalent of three year's expenditures on public education for the one thousand million children in those countries.

RS. 3M. AID FROM UNICEF

The United Nations Children's Fund (UNICEF) will make available to Ceylon assistance amounting to about Rs. 3,100,000 for promoting the development of rural water supply systems and for supporting the Government's programme of educational development with special emphasis on science mathematics and pre-vocational training.

Of a five-year commitment of about 60 lakhs, UNICEF will make available Rs. 14.8 lakhs during 1971-72 to provide equipment for planning.

MARKET PRICES

COLOMBO

CLOSING PRICES 6.5.70

TEA (Rs. Cts. Per lb.)

Approximate range of prices (including teas sold Ex-Estate) B.O.Ps. B.O.P.Fs.-

High Grown	1.70	3.10	1.85	3.05
	1 at 3.15	1 at 3.20	2 at 3.20	1 at 3.30
Medium Grown	1.68	2.10	1.68	2.10
Small leaf Low Grown	1.68	1.77	1.67	1.70
Tea for Price	1.58	1.65	1.55	1.62
Leafy B.O.P.	1.71	1.89		

	F. B. O. Ps.		F. B. O. P. Fs.
Tippy Teas	1.75	2.10	1.80
	1 at 2.05	1 at 2.09	1 at 5.75
			1 at 6.00

RUBBER

PRICES FOR THE WEEK ENDED 23.4.71

	Rs. cts.—per lb.)		
	Closing Quotations	Avg. to date 1971	Avg. Same Period 1970
RSS No. 1	91	82 1/4	97 3/4
RSS No. 3	80 3/4	76 1/4	93 1/4
RSS No. 3	79 3/4	75 1/4	91 1/2

(Rs. per candy)

COPRA	Opening Price	Clos. Price
Estate copra No. 1	215.25	213.25
COCONUT OIL (Rs. per ton)	Open, Price	Clos., Price
May	1,425.00	1,425.00
June	1,425.00	1,425.00

DESSICATED COCONUT

May and June .54 cts. Closing Price

PRICES OF THE WEEK ENDING 9.5.71

Commodity	Buyers Quotations	Export
	(Per lb.)	Duty
Cardamoms	16.75—	40% on
Cardamom Seeds	18.95—	true
Cloves	26.00—	F.O.B
Clove Stems	3.75—4.00	value
Mace	8.50—	
Nutmeg (Shelled)	3.25—3.50	
Nutmeg (Unshelled)	2.00—2.25	
Pepper (Black)	10.65—	
Papain (White)	18.00—	
Papain (Brown)	11.50—12.50	
Cinnamon H/1	Unquoted	20% on
Cinnamon H/2		true f.o.b.
Cinnamon Quilings No. 1		value
Cinnamon Quilings No. 2		

	per Cwt.	Exp.
Cocoa	270.00	40% on
Coffee	225.00—	true f.o.b
Kapok (Clean)	125.00	value
Kapok (Unclean)	27.00	
Croton Seeds	100.00—125.00	
Essential Oils	Per 25 oz. lb. Exported.	
Cinnamon Leaf Oil	22.00	
Cinnamon Bark Oil	Per oz 24.00	
Citronella Oil Estate Quality	6.80	10% on
Citronella Oil Ordinary	6.60	true f.o.b

SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA
ENDING 9.5.71

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 154/158 Lbs)
Paddy	(Per bushel)
Satmba	14.00—15.00
Other varieties	12.00—13.00
Rice Par Boiled	70.00—

TEA REPORT

Auction No 16 held on 4th and 5th May 1971.

The total quantity offered was 8,176,338 pounds comprising 3,898,774 pounds Leaf Grades, 1,007,516 pounds Dusts, 30,484 pounds Reprints, 92,230 pounds Sundry Lts and 3,177,818 pounds Ex Estate Teas from the Western district were very similar rather plain. There was a good demand particularly in the lower priced range.

High-Grown Teas: The best quality Dimbuls met a good demand at similar rates to last week but lower kinds particularly where quality was not quite so good often declined 20/40 cents. Plainest were firm to slightly dearer. All BOP Fannings advanced in price.

Medium-Grown Teas: Thick coloury Mediums were 5/10 cents lower but plainer kinds and Uvas were in particularly strong demand and appreciated 2/5 cents. Leaf Grades were rather dearer.

Low-Grown Teas: There was a strong and active demand for all Low-Grown sorts with Small Leaf BOPs advancing 2/5 cents per pound and Leafy sorts suitable for the Persian Gulf

advancing by 5/10 cents. BOP Fannings were also a few cents dearer.

Tippy Teas: The best Flower B.O.P.'s and Small Leaf Flower Fannings were a full 20 cents dearer with other advancing by 5/10 cents. The attractive leafy types on offer were again easier.

Off-Grades Liquoring Fannings were barely steady while all other were slightly dearer.

Dusts: There was a good demand and grainy Low-Grown Mediums 10/20 cents and Powder sorts remained firm.

RUBBER REPORT
Week ending 9.5.71

RSS NO: 1 opened 1/4 cent easier at 87 1/4 cents per lb. but recovered sharply in line with overseas advices to touch 91 1/4 cents per lb. during mid week before closing slightly easier at 91 cents per lb.

Approximately 710 Tons of **LATEX CREPES** were offered at the Two Sales held during the period under review, a substantial increase of 562 tons compared to the previous week's total. At the First Sale, best

latex and F.A.Q. Offerings improved further by 3 cents per lb. whilst the inferior types were 1 cent per lb. better. At the following Sale, very keen competition was encountered for all offerings especially for the duller sorts in view of the current uncertainty in the International Monetary situation. In consequence best Latex and F.A.Q. Offerings were marked up by 2 to 3 cents per lb. Duller sorts showed some substantial improvements of 7 to 13 cents per lb. whilst the off grades held fully firm.

Approximately 234 Tons of **SCRAP CREPES** were offered, a substantial increase of 184 tons compared to the previous week's total. At the First Sale, all Scrap Crepe grades encountered better general demand and were quoted 2 to 3 cents per lb. higher. At the following Sale, light and dark brown Scrap Crepes improved further by 1 to 3 cents per lb. but the darker offerings were 1 cent per lb. easier. Flat Bark, however, was quoted 1 cent per lb. higher.

Produce Report

Poya Week ending 16/5/71.

Cardamoms: There were 82 lots totalling 5,664 lbs. on offer at the sale held this week, showing an increase of 542 lbs. on the previous week's figure. The demand for No. 1 quality continued to drop rather sharply and consequently this grade was quoted at Rs. 14/- to Rs. 14/50 per lb, which was Rs. 2/75 below the previous

week's quotation. Grades next to best were also proportionately easier and traded between Rs. 12/25 and Rs. 13/75 per lb., while off-grades fetched between Rs. 10/- and Rs. 12/- per lb. Seeds sold within the range of Rs. 18/- to Rs. 20/- per lb. The highest price paid for superior quality cardamoms was Rs. 22/60 per lb. while the lowest price for the day was Rs. 10/-

Country Rice No. 1	84.00	
—Country Rice No. 2	75.00	
—Samba Rice	95.00	
—Kora Rice	115.00—	120.00
		Per Cwt.
—Maize		30.00
—Red Gram (Toor Dhal)		40.00
—Black Gram (Undu)		61.00
—Bengal Gram		46.00
—Green Gram		53.50
—Bombay Cowpea		40.00
		Per Bushel
—Finger Millet (Kurakkan)		10.50
—Sorgum		440.00
—Soya Beans		850.00
Spices Condiment		Per Lb.
—Mustard		5.50
Chillies		Per Cwt.
—Dried Long		Unquoted
—Dried Round		
—Off Grade		
—Goraka		165.00
—Vanilla		
—Tamarind		
—Nut Cashew		Per Cwt. 125.00 —
—Ground Nut		Per lb. 5.50 —
		Per 80 Lb. 70.00 —

per lb. Buyers attribute this slackening in prices to poor overseas demand following the large stocks held there. The London futures price, however, continue to remain unchanged at 92 1/2 d. per lb.

Cocoa: There were 311 lots totalling 198 cwt. on offer, showing an increase of 180 cwt. on the previous week's figure. All grades moved up considerably following good demand when at the close of sale No 1 quality cocoa was quoted at Rs. 280/- nom. per cwt. Grades next to best were transacted at between Rs. 265/- and Rs. 275/- per cwt., while the darker and poorer grades fetched between Rs. 220/- and Rs. 245/- per cwt. There were no grabblings nor shell cocoa on offer. The London futures price was quoted at £216 per ton and Ghana at £220 per 1,000 kilos.

Coffee: 16 lots totalling 44 cwt. 1 qr. 12 lbs. of all grades of coffee were on offer, when one lot of good Arabica realised Rs. 388/- per cwt. for cwt. for quotation to be made at this price.

Pepper: 4 lots totalling 1896 lbs. were on offer. The demand for this commodity appeared to be somewhat easier this week, when trading was done at Rs. 10/75 to Rs. 10/90 per lb. for quotation to be made at these prices.

TEA SHIPMENTS & DESTINATIONS

Tea shipment distribution figures compiled from the Ceylon Customs Returns show an increase of approximately 15 million pounds compared to 1969. The United Kingdom continues to hold the first position as regards imports of Ceylon Tea and has in fact shown an increase of 25 million pounds compared to the previous year. A part of this increase may be due to the delayed shipment from Ceylon during the latter part of 1969 which were completed only during the early months of 1970.

The other major importing countries have again held their positions with the exception of the United Arab Republic which this year has received more tea than Libya. A notable feature was the entry of Sudan which purchased 5.1 million pounds. This market did not operate in 1969 although a small quantity was purchased in 1968. Japan's purchases from Ceylon increased too by about 50% over last year's 4.9 million pounds. Details of shipment and destinations are given in Table A.

TABLE A	1967	% of 1967		1968	% of 1968		1969	% of 1969		1970	% of 1970	
		Total			Total			Total			Total	
United Kingdom	183.2	38.4	162.5	35.3	131.0	29.5	156.1	34.0				
U.S.A.	46.4	9.7	38.1	8.3	45.4	10.2	39.7	8.6				
Australia	41.1	8.6	36.0	7.8	34.0	7.7	28.8	6.3				
Iraq	28.7	6.0	42.0	9.1	33.2	7.5	28.3	6.2				
South Africa	30.0	6.3	31.0	6.8	27.3	6.2	25.9	5.6				
U. A. R.	13.9	2.9	12.5	2.7	15.4	3.5	18.1	3.9				
Libya	8.4	1.8	13.8	3.0	16.8	3.8	15.0	3.3				
Canada	16.8	3.5	15.2	3.3	15.0	3.4	15.0	3.3				
New Zealand	15.4	3.3	14.9	3.3	14.8	3.3	14.2	3.1				
Arabia	11.5	2.4	9.3	2.0	13.4	3.0	12.6	2.8				
Kuwait	6.2	1.3	6.3	1.4	11.5	2.6	10.9	2.4				
Lebanon	3.3	.7	3.9	.9	4.9	1.1	9.0	2.0				
Iran	6.7	1.4	9.1	2.0	8.6	1.9	8.7	1.9				
Netherlands	10.1	2.1	8.6	1.9	7.4	1.7	7.6	1.9				
Japan	4.6	1.0	5.2	1.1	4.9	1.1	7.0	1.5				
Aden	6.7	1.4	6.6	1.4	7.3	1.6	6.9	1.5				
Republic of Ireland	6.3	1.3	4.3	.9	4.6	1.0	6.0	1.3				
U.S.S.R.	4.4	.9	4.5	1.0	4.4	1.0	5.5	1.2				
Syria	7.6	1.6	4.3	.9	8.2	1.8	5.2	1.1				
Germany (Federal Republic)	3.8	.8	4.9	1.1	5.4	1.2	5.2	1.1				
Sudan	nil	—	nil	—	nil	—	5.1	1.1				
All other countries	22.3	4.7	26.9	5.8	30.7	6.9	28.6	6.2				
Total all destinations	477.4	100	460.0	100	444.0	100	459.4	100				

Export Opportunities

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

M/s R.N. Rattansi & Sons.
P O Box 269, Dar-es Salam,
Tanzania.
Wearing apparels, blankets
articles of jewellery, batteries
and cigarettes.

L. M. Benard,
31, Baddeley Avenue,
Kolimarima, Auckland.

Coir rugs and pineapple

Director,
Thomas Perry & Sons,
Box 508, Christchurch,
New Zealand

Coir mats—mainly plain designs.

M/s B. Das & Sons Ltd,
Box 139, Pukekohe,
Auckland.

Canned Mangoes.

Turchi Mohamed Alkhotenly
P. O. Box 707, Jeddah,
Saudi Arabia.

Rubber beach sandals,

canvas shoes,
rubber, shoes, P.V.C.
Vinyl shoes, sandals and
slippers, leather sandals etc.

Trane Co. Canada Ltd.,
1297, De-la Jonquiere,
Quebec 8, Quebec,
Canada.

Footwear with supported Vinyl
upper and fabric uppers.

Rubber Review : January - March 1971

Store congestion continued to hinder the free movement of rubber during January. The situation was largely brought about by the slow movement of purchases of Sheet Rubber to China. Due to the resultant tight money situation almost all dealers and shippers abstained from purchasing sheet rubber, while a number of shippers discontinued dealing in this commodity.

At the time of writing this report, however, the situation has improved considerably.

Producers were faced with the problem of obtaining their requirements of Acids and other Chemicals for the manufacture of Rubber.

MAIN TRENDS

Rubber Production in Ceylon
Rubber Production in Ceylon during January, 1971 totalled 15,916 tons, a substantial increase of 1,733 tons compared to the corresponding period in the previous year. Consumption of natural Rubber during January 1971 was 388 tons, a substantial increase of 219 tons compared to the corresponding period in the previous year.

Actual exports of Rubber
during January, 1971 was 12,021 tons, a decrease of 2,177 tons compared to the corresponding period in the previous year.

FOREIGN MARKETS

An excess of supply over demand continued to exist, with only periodic short covering to cushion the decline, which however did not represent a revival of consumer interest. Some concern was

also felt by the apparent paucity of fresh Soviet Union demand whilst China was also less in evidence. In addition to the above factors, the London Market was further affected by the discouraging economic situation with buying largely on a hand to mouth basis.

During the latter half of March, the entry of the Malaysian Government into the market, after a considerable absence resulted in nervous short covering and selling reserve but foreign consumer, including Russia and the Chinese People's Republic remained aloof, to await more settled conditions. However, values continued to gain further ground as trade buying and short covering in nearby in nearby and forwards furnished support but thereafter the strength evaporated and the market turned lower on profit taking and long liquidation in the April position in the face of faltering confidence, as it was also felt that much of the markets steadiness could be attributed to artificial elements and did not truly reflect the natural process of supply and demand.

EXPORT INTELLIGENCE

More foreign exchange from spices

Cardamon, pepper, gutmeg, and mace realised higher f.o.b. prices in 1970 while cinnamon quills showed a decrease in price last year.

The fob price of cardamon rose from Rs. 2,300 per cwt, in 1969 to Rs. 2,839 per cwt. in 1970 and the total export earnings in respect of this commodity rose from Rs. 7.27 million to Rs. 11.3 million.

Pepper showed an impressive price increase in 1970. The average fob price per cwt. rose from Rs. 172 to Rs. 279.

SUDAN MARKET FOR LOCAL PRODUCTS

The Sudan market provides an opportunity for local exporters of man ufactured products much as bicycle parts including tyres and tubes and also motor spares, the manufacture of which has begun recently in Ceylon. What is needed is adequate publicity for then is products through various promotional methods.

The total imports of bicycle parts to Sudan amounted to £67,300 during the first half of 1970 the major suppliers bring China, U.K. and Japan. Imports of motor spares during the period amounted to £2.8 million.

Though the quantity of pepper exported in 1970 fell from 18,462 cwt. to 16,984 cwt in 1970 the value of export earnings in respect of this crop rose from Rs. 3.18 million to Rs. 4.7 million.

The average price of nutmeg and mace rose from Rs. 176.27 per cwt to Rs. 201.65 cwt.

Cinnamon quotas showed a further decrease in price in 1970. The price of this commodity which was Rs. 513.37 per cwt in 1969 dropped to Rs. 405.79 per cwt in 1970.

This item is the biggest exchange earner in the category and the export earnings from this item fell from Rs. 33.8 million in 1969 to Rs. 28.4 million in 1970, despite the fact that the quantity exported rose from 65,882 cwt. to 70,046 cwt last year.

The average price of cinnamon chips too, fell in 1970 from Rs. 191 per cwt in 1969 to Rs. 134 in 1970. The quantity exported showed a sharp drop in 1970 compared with the previous year.

The quantity of cinnamon chips exported in 1969 was 21,554 cwt bringing an export earning of Rs. 4.12 million compared to 12,737 cwt. exported in 1970 and bringing in export earnings of Rs. 1.7 million

SHARE MARKET REPORT

Conditions on the Share Market continued to be quiet, according to the Report of the Colombo Brokers Association,

Teas	Previous Price		15.5. 1971 + or -	
	Rs. cts	Rs. cts	Rs. cts	Rs. cts
Marigolds	3.50	3.25 **	—	25
Oonoogaloya	12.50	13.00 *	+	50
Uplands	5.00	5.00		
Commercials				
Ceylon Brewery	17.75	16.00	—	1.75
B.C.C.	6.00	6.00		
Browns	9.50	9.50		
Preference Shares				
Nyanza 7 1/2 cum prefs.	10.00	5.25	—	4.75
Debentures and Loans stock				
Neuchatel 7 % Loan stock	6.50	5.50	—	1.00

The was no business in Tea-cum-Rubber, Rubbers and Coconuts.

The following were quoted ex-dividend: Diesel & Motor Engineering Co. Ltd., 5 % Final on 26.5.71.

Ceylon Guardian Investment Trust Ltd.—3 1/2% Interim to be notified later.

Talangawella Rubber and Tea Estates Ltd.—5% First and Final on 22.5.71.

Glasgow Estate Co. Ltd., —10% First and Final on 20.5.71

Chamber News

DEVELOPMENT PROPOSAL

Mr. N. U. Jayawardane, Chairman, Ceylon Association of Manufacturers, has urged the Federation of Chambers of Commerce and Industry of Ceylon to give consideration to a proposal formulated by him to resuscitate the economy from the aftermath of 5th April 1971.

Mr Jayawardane has pointed out that the private sector has a positive and substantial contribution to make in the national development effort. His proposals state that:-

* A positive way that private enterprise can assist in this task is by raising a substantial capital sum to be harnessed in the service of economically viable projects to be promoted and operated under the aegis of private enterprise but selected and located in consultation with, and with approval of, the relevant Government Authority or Authorities.

* It is suggested that the private sector should organise itself so as to raise a capital sum of Rs. 100 million and this within a very brief space of time.

* It should be possible to raise a capital sum of this magnitude (i) by picking out a group of 500 business enterprises engaged in the field of agriculture, industry and trade, and (ii) by enlisting them to contribute a minimum of Rs. 200,000 each. Some, depending on their size and profit performance, may be able to contribute more, but Rs. 200,000 must be the minimum. Those unable to summon immediately adequate cash resources may be requested to offer guarantees to Bank against which their contribution of Rs. 200,000 could be raised, but repayable by the contributor to the Bank in instalments spread over 4 years.

* To assist business enterprises to make contributions on this scale, an approach could be made to have "subscriptions to the Capital Fund" declared, if really necessary, as an "approved charity" under the Inland Revenue Act.

* The Fund should be administered by a Board of Trustees duly approved. The projects selected would be incorporated into separate companies; the capital subscription for each project would be contributed from the resources of the Fund; it could be supplemented by loan capital raised from existing financial institutions and expanded by subscriptions by private investors to Capital issues raised on behalf of each project; the resources of the Fund would, thus, get augmented over time from accruals of profits earned on investments in each project.

Big business from modest beginnings



One day in 1849 a man named Henry Harrod started selling behind the counter in a small grocery shop he had bought at Knightsbridge between London and what was then the village of Kensington—and founded a romance of British business enterprise and achievement.



Henry Harrod himself was content just to keep the business going. It was his son Charles who began the expansion which was to make the name of Harrod world-renowned. He enlarged the premises, added cooked meats, china, fruit, flowers to his father's modest stock. Business boomed.



By 1868, nine years after he assumed control, Charles had at turnover of £1,000 a week. Soon plate glass windows were put in the shop and the name 'Harrods Stores' was put up. By now Charles Harrod was getting a reputation for supplying whatever customers asked for.



The energetic ambitious Charles, a businessman to his finger tips, watched the pennies as well as the pounds. He kept a close eye on his staff and imposed a fine of a penny half penny on employees for every quarter of an hour they were late for work.



In 1883 Harrods was struck by what looked like disaster. The whole of the now extensive premises and the Christmas stock was destroyed by fire. But Charles was not daunted. Not only did he carry on but the stores did a record Christmas trade.



Many wealthy and famous people were now among Harrods customers and limited credit was extended to 'approved' names. Among these were the celebrated actresses Lily Langtry and Ellen Terry and the writer and wit Oscar Wilde, all of whom were frequently seen in the stores.



Harrods made still further progress under Mr. Richard Burbidge, who became general manager in 1891, and the island site at Knightsbridge, where the modern Harrods rises to six storeys over an area of four and a half acres, was acquired in 1911.



Mr. Burbidge who was a business genius, was created a baronet by King George V in recognition of Harrods' services to Britain and her allies in the first world war (1914-1918). These included the total fitting out of a war base hospital in three days.



During the second world war (1939-1945) the doors of the store were never shut, though its great display windows were often blown in by bombs. One of its cellars was turned into a 'factory' where members of the staff worked when off duty making aircraft parts.



Today, 120 years after Henry Harrod bought the small Knightsbridge grocery shop, the business he founded has grown into large department store in Europe. It has about 200 selling departments, a staff of 5,000 and serves something like 25,000 customers a day.



Harrods, they say, can supply anyone with anything. On one floor, for instance, you can buy baby clothes. There is a department for garden furniture, one for antiques, one for pet animals, another for pianos and one for food of all descriptions.



Not only can you buy almost anything over the counter, but Harrods provide a astonishing variety of services. For instance, they will move furniture from anywhere to anywhere. Once they delivered a load to a grating house on a Venice canal by freight gondola.



There is hardly a country in the world with which Harrods does not have or has not had dealings. Their estate agency has sold not only British country mansions, but chateaux in France. They furnished houses for a former King of Siam.



The store's elegant banking hall often becomes a sort of meeting place of the nations. Indian men and women in their national dresses, an African chief, perhaps, in his robes fezz-wearing Turks, Egyptians, Japanese mingle as they wait to cash traveller's cheques.



Buyers from all over the world account for hundreds of thousands of pounds' worth of sales by the personal exports department, which has handled such varied orders as gramophone records for an island in the Atlantic Ocean, fruit for Saudi Arabia and shoes for a Middle East ruler.



Harrods will arrange a honeymoon, cut hair, mend shoes, insure a life, sell stocks and shares, teach golf (on the premises). Charles Harrod would have been proud of the business empire which he began to build on the foundations of his father's little shop.

New method to assess protein content in seeds

The Bhabha Atomic Research Centre has standardised a rapid and non-destructive procedure for estimating the protein content in the seeds of important food crops, according to the latest issue of "Nuclear India".

The scientists of the Biology and Electronics divisions of the centre have standardised the procedure by fast neutron activation of nitrogen.

The process essentially involves irradiation of half to one gram of seeds with a fast

neutron beam in a 14 mc.V. neutron generator. This makes the nitrogen in the seeds radioactive.

RADIATION DOSE

The induced radioactivity proportional to the nitrogen content of the seeds is measured by a Gamma ray spectrometer. With the present set-up it takes about two minutes for single estimation. This time can be reduced by simultaneous irradiation and counting.

The radiation dose has no deleterious effect on the plants grown from seeds thus exposed to neutron bombardment.

This facility has already been used by agricultural scientists in the country for analysis of wheat, rice, sorghum, and other grains with satisfactory results.

Isotopes help to get bumper harvests

"Kolos" is the name of the world's first mobile production gamma-installation for the radiation treatment of seeds before sowing. This installation was designed by Moscow scientists of the Institute of Organic Chemistry, USSR Academy of Sciences.

It has long been established that the weak doses of ionising radiation accelerate the growth of plants and increase the crop capacity. The new device, which is highly efficient, completely safe and manoeuvrable, will become a reliable helper for the farm workers. (APN)

Latest cotton picking machine

A new four-row cotton-picking machine—more efficient than all existing models—has passed tests and been recommended for serial manufacture. It is intended for work in wide inter-row spaces. Each of its four working elements can automatically adjust itself to the terrain relief, while the frontal arrangement of the elements facilitates their tech-

nical maintenance. A record crop of 650 tons of raw cotton per season was picked on this machine.

The new machine has been developed in Tashkent at a designing bureau where all earlier models of Soviet cotton-picking machines operating on plantations in the Central Asian Republics and Azerbaijan were evolved.

MANAGEMENT

The Professional Manager

Within the last generation, a number of factors have combined to foster the growth of a new kind of manager:

Economic stresses following World War II and Korea have forced executives into financial and organizational decision making areas that have little to do with the technologies on which their businesses were founded.

Widespread mergers and acquisitions have resulted in industrial complexes with such diversified technologies that detailed knowledge of all of them is virtually impossible. Management research, the rapid growth of management literature and improvement in the curricula of leading schools of business and public administration are producing an available body of management talent on which business has been quick to capitalize. In addition, management research has produced quantitative measures for executive decision making, many of which have little to do with technologists.

The influences have fostered the growth of the professional manager. His knowledge of the specific technology employed by the business may be limited, but his ability to understand, direct and control the internal and external inter relationships that affect the business is great.

Professional managers are in the minority in business today. The majority of executives are those who grew up

with their industries. These managers usually have extensive knowledge of the technology of the business they manage but only limited knowledge about the discipline of the growing group of analysts they employ.

The purpose of employing specialists is to assist the executive to make decisions. Many experts devise new or revised systems of management. Others provide psychological, sociological and other predictive information about the individuals to be selected by the executive as his lieutenants. Still others provide analytic and predictive information about major projects or major expenditures when the executive, because of the importance of the decision, must make the decision himself.

But can the technologically oriented executive understand and evaluate the recommendations of his horde of specialists? Such executives usually have general knowledge of particular fields—most have broad knowledge of finance, merchandising, production and employee relations, for example. And they have gained experience in ingrating these functions as they climbed the ladder of the organizations they now manage. But most of their decisions are made intuitively based on experience and on the degree of confidence they have in subordinates who make recommendations.

ERA OF THE SPECIALIST

Now comes the expert who is known only by reputation. Assume that his job of the moment is to make a study of the degree of risk involved in a proposal to shift inventories from one central warehouse to three decentralized ones. His background for making such a study may be knowledge of linear programming, probability distributions and market surveys. He will explain his analysis in terms of zero equivalents, Z scores, sigma's polynomial equations and their derivatives, Monte Carlo distributions and Bayesian hypotheses.

Let us further assume that the executive who must make the decision feels intuitively that no changes in the warehousing pattern should be made at this time. The specialist assures him, however, that the analysis clearly indicates that the proposed change has a .95 probability of decreasing annual cost by 9 per cent and a .85 probability of decreasing annual costs by 12 per cent. As a footnote he adds that there is a .001 probability that annual costs may be increased by 15 per cent.

A DILEMMA

The executive now faces a dilemma. If he denies his intuition, he also denies the whole structure of the personal background on which his position as an executive is based. On the other hand, if he denies the recommendations of the expert who has studied the proposal in detail, he also denies the system of manage-

ment he has established to gain detailed knowledge to guide him in making major decisions. He can do neither, without some frustration and high-risk, until he has reviewed every aspect of the analysis made by the specialist.

He must review the assumptions that guide the study to be sure that they did not improperly influence the conclusion. He must review all inputs to be sure that nothing was overlooked or received undue weight. He must review the mathematical and statistical methods not to be sure that every computation was correct, but to assure himself that the gross derivations are consistent with the equations used.

SCIENCE AND TECHNOLOGY

"Starlightscope"

The Nippon Electric Co. has developed the "Starlightscope", a device that enables one to clearly see humans or objects 300 meters away without lighting on a starlit night.

A photoelectronic multiplying tube amplifiers dim natural light from an object several tens of thousand times. Because lighting by a projector is not needed, this equipment for viewing in the dark is small and lightweight. Even on a starlit night with 1/1,000 lux in brightness, this device enables one to see clearly in a bright field of vision humans 300 meters ahead or an automobile from 700 to 800 meters away.

The Nippon Electric Co. says that the device has wide range of use in combination with binoculars for observation work performed at night and with microscopes, with lasers as a laser radar, for observing luminescence of luminous

creatures and diodes, and for shooting with television cameras at night.

Novel alarm surveillance system

A micro-wave radar which offers a revolutionary solution for surveillance problems of commercial and private premises has been invented by a French firm M/s SFIM Societe de Fabrication D' Instruments de Mesure (13 Avenue, Marcel Faillol, Garnier 91, Massy).

The System consists of an extremely sensitive movement detector which has field effect of approximately 50 meters. The Unit is capable of operating for several tens of thousand of hours without any fault at a particularly competitive cost price.

PLASTIC MOULDED CHAIRS

Dual Furniture and the plastic Division of Imperial Chemical Industries have developed a blow moulded polypropylene chair which is said to be the first of its kind in the world.

The process of manufacture of the Chair is as follows: Tubular parison with a high melt strength is extended at a melt temperature of 199-205 degrees. C. between the open half of the steel mould. When the halves of the mould are brought together at a closing force of 60 tons applied air is blown into the mould at 40 lbs a sq. foot and the moulding is cooled by water.

The metal frame work is available in nylon finish for outdoor use and at additional cost, chrome plated.

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Indian Reserve Bank to help small farmers

Bombay

The Reserve Bank of India has decided that a part of the credit limit sanctioned by it in favour of central co-operative banks should be embarked specifically for financing the small and economically weak farmers.

depending on the merits of each case while sanctioning credit limits to central co-operative banks for meeting fully the credit requirements of such farmers.

DM 11000 MILLION * IN CAPITAL AID

Bonn

The Federal Republic of Germany's total long-term bilateral capital aid to developing countries has reached about DM 11,000 million by the end of 1970, says a report issued recently by *Deutsche Welle*.

This makes the Federal Republic of Germany the world's second largest distributor in this area of development aid, ranking right behind the United States of America, according to the report.

INDIA PLANS TO BOOST EXPORTS TO HONG KONG

Hong Kong

No special concession is envisaged by the Reserve Bank for disbursement of credit to the economically weak, small or marginal farmers, such as relaxation of the condition regarding the maintenance of adequate non-overdue cover for borrowings from the Reserve Bank by a central co-operative bank through the apex-bank. However, the bank will take a liberal view

India's Minister of Foreign Trade, Mr. L. N. Mishra, disclosed that the Indian Government was considering a

proposal to post a resident representative of the Engineering Export Promotion Council in Hong Kong.

He told a gathering of leading Indian, Chinese and British business men of the measures being considered to increase economic intercourse between Hong Kong and India.

The question of enlarging the scope of operations of India banks in Hong Kong was also being examined this point of view.

Mr. Mishra also stressed the need for a sense of partnership among countries of this region to facilitate their development.

PANEL TO STUDY DRUG INDUSTRY IN MAHARASHTRA

Bombay

Dr. Rafiq Zakaria, Maharashtra Minister for Health announced last week that the State Government had set up a high-powered committee to go into the problems of the pharmaceutical industry and



present a report so that a practical policy could be framed.

Dr. Zakaria, who addressing the sixth All-India Drug and Pharmaceutical Manufacturers Conference organised by the All India Manufacturers Organisation said the industry must bring down the prices of essential drugs. The Government was vitally interested in the growth of the pharmaceutical industry in the State as more than 75 per cent of the units in the country were located in Maharashtra.

BRITISH SYNTHETIC LEATHER FOR EAST EUROPE

London

Two British firms are about to set out in a joint venture to sell synthetic leather making plant to Eastern European countries.

The artificial leather, called 'Porvair', is already proving popular on the home market as the first synthetic material which is really comparable to animal leather in comfort and hard-wearing qualities.

The manufacturers, themselves called Porvair, have now decided to enter the export market. They have just signed an agreement with a big contracting firm with wide experience of building factories in Eastern Europe—Humphreys and Glasgow (Engineers) Ltd., of London.

Humphreys and Glasgow will build the plant; Porvair will provide the know-how, train local workers, and issue licences for local manufacture. This new synthetic leather should give a considerable boost to the shoe-manufacturing industries. It can be made in convenient sizes for large or small shoe-making plants and can be cut, sewn and finished exactly like genuine leather. Porvair does not need special

was expressed by Mr. Shultz when he ruled out, at least for the time being, any further tax reduction. The possibility of a tax reduction had been discussed in various economic circles as one means of getting more money into the economy to get it moving again after last year's slow-down.

"What is more to the point," Mr. Shultz noted, "is the president feels that it is an expensive policy, that the economy is showing an upward movement, and the thing for us to do is to keep watching it very closely..."

U. S. ECONOMY ON THE REBOUND

Bouncing back strongly from the effects of a prolonged automobile industry strike total U.S. economic output forged ahead sufficiently in the first quarter of 1971 to convince most observers that recovery from the recent economic slow-down is solidly under way.

The gains were modest enough, however, to reassure those who feared that an excessively fast rate of expansion might cause inflation to accelerate again.

A first glance at the latest figure for the U.S. gross national product (GNP) seems to indicate that the U.S. economy is leaping forward in great bounds.

The Department of Commerce announced that for the January-March 1971 period, the nation's output of goods and services advanced 28,500 million dollars to a seasonally adjusted annual rate of 1,018,500 million dollars—an annual rate of increase of 12 percent.

These first quarter figures are preliminary estimates based on the first two months data. GNP figure are revised often, either upwards or downwards.

The Department pointed that the increase reflected to a "considerable extent" the rebound from the depressed fourth quarter when an automobile strike drastically slowed output of one of the nation's major industries—an industry which contributes greatly to the overall GNP.

A closer look into the figures provided by the commerce Department shows that although the economy was indeed expanding, it was certainly at a more modest rate than it appeared at first. The main reason for this has been the inflation that the Nixon administration gradually is seeking to bring under control.

Looking at the GNP in terms of 1958 dollars—the amount it would be if inflationary price increases were wiped out—the first quarter growth was 11,300 million dollars at seasonally adjusted rate, a 6.5 percent annual rate of increase. In the previous quarter, total output had declined at a four percent annual rate as a result of the automobile strike. Nevertheless, the first quarter rise in real output was still one of the largest quarterly increases on record.

George P. Shultz, Director of the office of management of budget, emphasized this that point when he pointed out "when you take our the effects of rising prices and speak about it (the GNP) in real terms, it still remains one of the larger quarter over quarter increases". Although data from one source cannot be taken as a definite economic trend, there do seem to be some supporting indications that the U.S. economy is gradually achieving a return to a more normal growth pattern.

Mr. Shultz noted that there have been some other indications of an expanding economy. One of these is the March retail sales figures which showed a 1.5 percent increase. In addition, personal income in that month rose by 8.9 percent—"A very strong rise", according to the director.

Prices on the U.S. stock exchange have also risen after last year taking one of the sharpest nosedives in history.

This turnaround has been attributed by members of the New York stock exchange to the Nixon administration's efforts to get the economy gradually back on a sustainable footing.

Stock exchange members made a graphic point of their feelings when they presented Mr. Nixon on April 16 with a small stuffed replica of a bull—the symbol of a prosperous "buying" stock market.

President Nixon responded to this gift by pledging that he would continue to "build solidly" and "not result to gimmicks" to expand the economy.

"What it all adds up to," Mr. Shultz said, "is that we do definitely have an expansion underway. It is a good solid expansion in terms of what we expected and what other people expected."

One measure of confidence that the expansion has proceeded satisfactorily thus far

equipment; it can be used on all the traditional shoe-making machinery.

NEW LIFT-UP BARGE METHOD

Tokyo

The world's first bridge construction work, in which a girder weighing 600 tons was lifted from a barge and spanned between piers in one try, was conducted in Tokyo recently.

It is the 390-meter-long bridge (209 meters over water) linking Oi Wharf with the Kethin (Tokyo-Yokohama) industrial area. The bridge girder spanned was one of three blocks each 108 meters long, nine meters wide and weighing 538 tons (see Photos).

This bridge construction work is called the "lift-up barge method" developed by the Ishikawajima-Harima Heavy Industries. Under the method, the 538-ton girder, manufactured beforehand at the works, is raised by a hydraulic lift-up equipment aboard a special barge and taken to the construction site. At the girder is hoisted to the needed height (13 meters above water) by the lift-up equipment and placed between the piers.

Under this method, a girder about double the size of one that can be handled by the conventional floating crane can be spanned in one effort. Since the barge can be used in shallow waters, this method will shorten the period of construction and reduce construction cost.

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INDUSTRIALISATION OF CZECHOSLOVAKIA

Czechoslovakia, or at least her western part, is one of the most industrialized countries in the world. The first factories went into operation in the country already in the 18th century. In 1829, an "Association for the Promotion of Industry in Bohemia" was found in Prague, to assist the country's industrialization.

Statistics show that in 1856, there were 66 factories in Bohemia, mostly plants manufacturing equipment for sugar refineries, breweries and distilleries. Many more industrial enterprises came into existence in the 19th century, mainly textile and foot wear factories and chemical works. The industrial map of Bohemia of 1893 shows that there was a small factory, with 20 or more workers, in virtually every town in Bohemia.

Klement Gottwald, for many years leader of the Communist Party of Czechoslovakia, made a speech in the Chamber of Deputies on February 4, 1942—at a time when the industrialization process carried out by the bourgeoisie was culminating—in which he quoted from a letter from the Bohemian town of Kraslice, which said in part:

"There is hunger in the Ore Mountains region/one of Bohemia's most industrialised regions. Unemployment runs into tens of thousands, many of the jobless out of work for years. Production has been halted in most of the factories. On January 18, a nine-year-old boy collapsed on street in Kraslice and died from exhaustion induced by starvation. The burgomaster of Prebuz, district of Nejdek, disclosed that two children died in the village as a consequence of undernourishment, i.e. they starved to death."

At the time of the industrialization process, the bourgeoisie regarded Slovakia only as a substitute raw material base, and a source of labour. People were trying to escape their miserable plight by going abroad, in search of even a meagre existence. Official emigration figures show that 214 846 people left the country for good, to make a living abroad, in the first decade of the 20th century. In the 1922—1933 decade, 138 604 persons emigrated, driven out by poverty which persisted even in the period of the relative stabilization of capitalism after the great depression.

Diagnosis of the ills

A clear analysis of the situation was made by the leaders of the vanguard of the Czechoslovak working class, and proposals for curing the ills were made. At a national conference of the Communist

Party of Czechoslovakia on January 30, 1934, a manifesto was issued which called for confiscation of excessive supplies, nationalization of banks, expropriation of all mines, factories and wholesale businesses, expropriation of big estates and land owned by the Church and their distribution among poor peasants, introduction of a unified taxation scaled according to the income level, putting all resorts and sanatoriums under the management of workers and farmers, higher wages, a unified social security system, elimination of unemployment, putting production into high gear and making it possible for the working people to attain a higher standard of living.

In Banska Bystrica Central Slovakia, the Communist Party held its Slovak national conference on May 16-17, 1937. A detailed plan of economic, social and cultural advancement of Slovakia was adopted by the conference, and submitted to the public. It condemned the ruthless policy of the Czech big capital, and formulated clear objectives: to close the gap between backward Slovakia and more advanced Czech lands, and thus to strengthen the ties between the nations of Czechoslovakia. The plan called for steps to promote industry in Slovakia, and to bring Slovak agriculture at least to the level of that in Bohemia and Moravia.

The Banska Bystrica plan of economic, social and cultural advancement of Slovakia represented at that time, under the then existing circumstances, the only realistic program capable of implementation.

First Five-Year Plan

The prewar programs put forward by the Communist Party of Czechoslovakia could be carried out only in conditions of the postwar socialist industrialization. The Communist Party proclaimed its policy of socialist construction and socialist industrialization at its 9th Congress in 1949, after the successful restoration of the war-ravaged industry. Nationalization became a decisive factor of the new upsurge. Later, the Communist Party was able to deal with the necessity to change the structure of the industry, to secure independence on the capitalist economy, and to carry out a plan of industrialization of economically under-developed regions of the country.

Engineering became the key industrial branch, and accounted for a full one-fifth of the total industrial production. The engineering branch began to supply Czechoslovak heavy industries and other industrial branches manufacturing production essentials with up-to-date machinery and equip-

ment. In the course of the First Five-Year Plan, Czechoslovakia ceased to be a country of textile, footwear and glass industries, and priority was given to a wide range of machine tools and to a metallurgy.

During the short period of postwar development directed by Communists, Slovakia lost its character of an agrarian appendage of the Czech lands and supplier of cheap labour. Already during the First Five Years Plan, the Czech working class and technical intelligentsia helped expand the country's industry to such an extent that its production was brought to 4.5 times the prewar level. Compared with the year 1837, the output of the Slovak heavy industry was

There is tremendous difference, in terms of motives, goals, means, methods and rate of progress, between the process of industrialization promoted for more than 150 years by the bourgeoisie, and the 25 years of post war industrialization.

Nationalization of Czechoslovak industrial enterprises made it possible to concentrate production capacities, and to reorganize them. In the prewar bourgeois Czechoslovak republic, there were 341 000 scattered industrial units, of which 40% employed fewer than 20 workers. Socialization brought the number to under 20,000 most of which with more than 500 workers. The value of machinery and equipment per one

the Czech lands, production grew 5.5 times in the same period.

Nearest future

The Fifth Five-Year Plan is currently being fulfilled in Czechoslovakia. In the period of the plan, only a very small increase of the total labour force can be expected, as well as a limited labour 15% increase of capital production funds and an approximately 20% increase of the materials base. That is why intensification factors must become the main factors of growth. The increase of productivity will be the main criterion of industrial development. Czechoslovakia has now a per capita income of some 1500 dollars. The figure is 2500 - 3500 dollars in the most industrially advanced countries. Thus, there are still considerable untapped reserves in technical progress and rationalization.

Industrialization based on the so-called backbone programs—i.e. those economically most effective in conditions which exist in Czechoslovakia, viz electrical engineering, electronics, computer technology, automobile industry, chemization and the construction of a modern materials base for the building industry, will be reflected in everyday life of the people. The aim again is to ensure higher consumption by the broad strata of population. Czechoslovakia has a considerably high so-called durables. That is why attention will be given to supplies of other industrial goods in the household equipment range, to a greater share of services in private consumption, and—naturally—to housing. The industry must, however, first create the material prerequisites necessary for a development of all branches of the national economy, and for an unimpeded progress of the scientific-technical revolution.

By Dr. FRANTISEK NAVARATIL

more than seven times greater.

Socialist industrialization has made Czechoslovakia independent on the capitalist economy, helped ensure the security of the socialist state and neutralize the consequences of the imperialist embargo and blockade. Industrialization enabled Czechoslovakia an industrial state, to fulfil her internationalist obligations towards the other socialist countries by supplies of capital equipment and machinery. Within a very short time, food jobs were available for everyone. During the First Five-Year Plan, personal consumption grew at a rate of 4% annually, an old age insurance system and a medical care system, free for the majority of the population, were introduced. Higher education ceased to be an almost unattainable luxury for young people from workers and farmers families.

worker is about 100,000 crowns. Concentrated production also provided entirely new possibilities to increase productivity and per capita output. Productivity in socialist Czechoslovakia rose three and a half times, and gross production at the end of the 1960s was six times higher than that in the prewar bourgeois republic.

The problems of industrialization in terms of regional distribution of production have on the whole been solved: there is no major region in Czechoslovakia today in which industry is not the decisive economic factor. There are, of course differences in economic standards of individual regions and areas, but all areas are industrially advanced. The program of economic equalization of all regions is being successfully carried out: in 1969, industrial production in Slovakia was 21 times higher than in 1937, while in

INVESTMENT BOOM...

Contd from Page 9

Entering the '70's, the aims of investment of Singapore, which are being vigorously pursued and also noted by investors are:

- Encouragement of private enterprise and maintenance of a climate of full confidence and co-operation among business, labor and government enhancing Singapore as one of the ideal places to do business.
- Practice of sound fiscal and monetary management.
- Modernization of labour legislation, defining clearly the respective rights and responsibilities of employees and employers, and maintaining the desired equilibrium between wages and productivity.
- Continuing modernization and expansion of infrastructure, especially industrial estates, containerized port and

harbor public utilities and telecommunication services.

- Rapid expansion of technical and engineering education and training at all levels to provide the required modern skills.
- Provision of generous investment incentives and maximum support, including financial assistance to deserving projects with minimum red tape and.
- Taking an active part and giving maximum support to all practical regional development projects.

Industrialization

Singapore's industrialization brought along not only large industrial concerns but also numerous small scaled industries. The Economic Development Board defines a small industry as one which employs less than 50 persons and/or has fixed assets of less than

S\$1/4 million (excluding land and buildings). Using this definition, it is estimated that 85 per cent of the 2,800 industrial establishments currently located in Singapore fall into this category. These concerns employ approximately 40 percent of the total manufacturing work force and account for 25 per cent of total value of industrial output. Recognizing this sector as a very potent force, a workshop was recently organized by the government to delve into the problems of small industries especially in regard to their financial needs. It is quite obvious that the government wishes to generate financial support for this sector.

The economy of Singapore is registering progress in an environment of continued economic, social and political stability largely sustaining the high level of activity experienced during 1965-1969 period.

THE ROLE OF MERCHANT BANKS IN DEVELOPING COUNTRIES

About a dozen years ago, merchant banks began to spring up in some of the more distant industrial countries like Australia and South Africa. More recently, they have started operating, or are about to start operating for the first time, in a number of developing countries, including India, Pakistan, Kenya, Uganda, Hong Kong, Singapore and Cyprus. This is logical. As economies become more complex and sophisticated, a need for more specialised financial intermediaries develops naturally. And wherever control of industry and commerce passes into local hands, another reason is added for the provision of merchant banking services on the spot.

Merchant banks specialise in financial advice and management; and in the arrangement rather than just the provision of finance. Two main features distinguish them from commercial banks. Merchant banks do not provide current account and payment transfer facilities. Secondly merchant banks are wholesale banks dealing mainly with institutional customers, though they may handle a few large individual accounts. Commercial banks by contrast serve masses of ordinary individuals as well as companies.

Range of services

Beyond these broad definitions, it is not easy to provide a uniform description of what merchant banks do, because so many have their individual specialities, especially in the big international financial cen-

tres, where large numbers of merchant banks have long existed. By contrast, the newer merchant banks now spreading into the developing world tend to offer a fuller range of services, including the provision of medium and long-term finance, the management of fixed interest and equity issues, help with industrial rationalisation through mergers and acquisitions, and specialised export financing—indeed, financial advice and help in almost any form. But as yet, they are only beginning to develop their operations and what follows is not so much a catalogue of their achievements as a description of some of the services they have been created to offer.

Merchant banks can play a particularly useful role in those developing countries where industrialisation has re-

ached a point of fairly rapid expansion and where some companies, as a result, may have expended both their operations and borrowings in a rather haphazard fashion. Here, a merchant bank can help restructure a company's financing to put internally generated funds to the most efficient long-term use and by advising on the best combination of internal and external funds. This could mean a complete capital reconstruction if it does involve a new share issue, a merchant bank can arrange the underwriting and placing of the shares and later follow this up by advising on dividend policy and relationships with shareholders. And, if required, it can also attend to the mechanics of maintaining share registers, and paying out dividends and interest.

In helping a company to raise capital, either fixed interest or equity, the role of a merchant bank is essentially that of a catalyst. Any financing that it provides directly, on its own account, tends to be small, and is mainly intended to create confidence and stimulate the interest of other investors.

Equipment Finance

In an economy that is growing and becoming more complex,

there are other ways in which merchant banks can help provide finance beyond that ordinarily arranged through commercial banks, notably through leasing and factoring, two approaches that were pioneered in the United States, spread in turn to other industrial countries, and which could now be extended to the developing countries.

In factoring, a bank arranges for immediate payment of a client's invoices against a small discount, and then collects trade debts as they fall due, not merely providing additional working capital for the client, but also relieving him of the work of administering his sales ledger. Leasing, on the other hand, allows industrialists to hire costly equipment instead of sinking capital into its purchase: it differs from hire purchase in that the hirer does not build up an ownership in the equipment. But if he wishes it, a merchant bank can arrange hire-purchase of capital equipment too.

However, a merchant bank's business is not confined to helping to raise funds for expansion; it is also there to help companies manage the funds generated by growth. This includes provision of investment advice, both local and

international, or the complete management of investment portfolios for trusts and pension funds. But it also includes helping firms to expand, either by suggesting new areas or services for the firm's operations, or by proposing and helping to bring about association with other firms, ranging from marketing or technical agreements to full mergers. Here, a merchant bank can help not only with an evaluation of a proposed partner's assets and potential, but also in arranging the finance for an exchange or purchase of shares. Alternately a merchant bank can help a client ward off an unwelcome take-over bid.

Export Capital

Last, but by no means least in a brief list, there is the help merchant banks can provide in financing exports, particularly in a country like India, which is now joining the ranks of the world's exporters of expensive capital equipment for which large and more extended credits are needed. These credits are often too big to fall within the credit policies of any single bank. And while commercial banks are ready to contribute towards such export credits, they do normally help arrange a consortium with other banks to

supply the full amount. Many developing countries this has often been left to the exporter, but it is a task which a merchant bank, with its international contacts, is specifically fitted to handle.

Beyond that, it is also true that merchant banks in many other developing countries could help to stimulate export financing in many different ways. At present, export financing in many developing countries is very important, respect the common practice in industrial countries. In Britain, an exporter of capital equipment can arrange an export credit through a London bank which pays him, the bank becoming the creditor to the foreign importer, with credit extend by the bank being insured by the Export Credits Guarantee Department of the Department of Trade and Industry.

However, in many developing countries, including India, the procedure is different. The bank finances the local exporter and it is he who extends credit in his turn, to the customer abroad, the loan being insured by the Indian Export Credit Guarantee Corporation. Though not to the full amount, in practice, this puts the Indian exporter of capital equipment at a disadvantage in the world market, as credit terms have become increasingly important in international competition.

Where merchant banks eventually make a contribution here is by helping to set up a system of export credit extended directly by banks to the foreign importers, instead of through the supplier now. If that could be brought about, industrial exporters in India and other countries would be able to compete on more equal terms with rivals in the industrialised world.

(National & Grindlays R)

The reason given for the large demands is that they offer the only chance of a change in the near future the target which is aimed at was pledged by the industrialised countries. The development aid by western industrialised countries being to the DAC amount of 1968 to \$13bn, including 1bn of public assistance, 0.77 p.c. of their GNP or 700 bn. The development aid could thus have to be increased by 0.23 p.c. of i.e., by \$4bn, in order to reach the 1 p.c. target.

Attitude of the industrialised countries

The industrialised countries were able to fend off the when the SDR system was under preparation. Under IMF Article of Agree-

Special Drawing Rights and Development aid

On October 24, 1970, the UN General Assembly adopted the Strategy Document for the Second Development Decade. This document which will be the basis of development policy in the next year contains for a link between the Special Drawing Rights (SDR) and development aid. The document says:

As soon as adequate experience is available on the working of the scheme of Special Drawing Rights serious consideration will be given to the possibility of the establishment of a link between the allocation of new reserve assets under the scheme and the provision of additional development finance for the benefit of all developing countries. The question will, in any case, be examined before the allocation of Special Drawing Rights in 1972."

The Demand

Two possible forms of procedure have been mentioned in the discussion hitherto as regards the implementation of this idea of creating a connection between SDR's and development aid which has become known under the term "link".

Part of the annual SDR allocations destined for industrialised countries is transferred to the international Development Association (IDA). IDA uses them to procure the national currencies of industrialised countries which it requires for its loans to developing countries. This "direct" or "organic" link would presuppose another amendment of the IMF Articles of Agreement as IDA cannot be authorised to acquire or use SDR's under the currently valid regulations.

IDA is not given any SDR's but the industrialised countries put the equivalent of a certain percentage of their SDR allocations at its disposal in convertible currency. This method of establishing an "indirect" link does not require amendment of the IMF Articles of Agreement.

For some time the developing countries have lodged the demand in all international bodies which in their opinion provide a suitable forum that the question of the link should be clarified by 1972 at the latest. They regard this date as advantageous because the decision on further SDR allo-

cations for the second Basic Period which under the IMF Articles of Agreement will cover five years must be taken in 1972.

Following an intensive discussion centering on the study of a group of experts (1) the LDC's presented a draft resolution for the link of the Finance Committee of the World Conference which was however rejected by the industrialised countries. The constellation was the same at the meeting of the World Trade

reserve in their statements on the problem.

Arguments in favour of the link

The idea of a link was broached already in the initial schemes for a rational supply of international liquidity to the world monetary system but it did not find any reflection in the new statutory provisions for SDR's because of the vigorous resistance offered by the industrialised countries. Since agreement has been re-

By

Dr. HANS-DIETER HANFLAND

Council in October 1970. The deep rift separating industrialised and developing countries over this issue also showed at the last annual meeting of the IMF in Copenhagen in September 1970 although the fronts were by no means solid on either side. A large number of LDC's expressed themselves in favour of first examining the possibility of a link in the IMF. Few of them went beyond the demand for a study of the subject and took already a clear stand in favour of the link. Many LDC's showed a remarkable

ached on the SDR system and the supplementary IMF agreement has been passed, the campaign in favour of the link has however gained in intensity not only in the developing countries but in the industrialised countries as well. Essentially, the following arguments are adduced as justifying the link.

According to the present criteria for the distribution of SDR's (IMF quotas) the developing countries receive only about 28 p.c. of all SDR's.

Owing to their unfavourable export structure, high invest-

ment needs and the food imports necessitated by more frequent crop failures, the LDC's require a relatively higher degree of liquidity than the industrialised countries.

National budgetary difficulties arising when development aid is increased can be obviated by the transfer of SDR's. The link is therefore a suitable vehicle for raising developing aid towards the 1 p.c. target.

There is no adequate access to the international capital markets and to bilateral balance-of-payments assistance for LDC's at present.

The view on the volume of SDR's to be surrendered by the industrialised countries range from 25 to 75 p.c. of their national allocations; 50 p.c. is mentioned most frequently as a figure for purposes of illustration. On the basis of the first decision on SDR allocations, which was for \$9.4 bn consisting of \$3.4 bn on January 1, 1970 and \$3bn in each of the following two years, the total amount could, in absolute terms, very between \$750mn and \$2.5bn a year.

OPING

the full amount. In developing countries, has often been left to the merchant bank with international connections specifically fitted to play.

beyond that, it is possible merchant banks in India and other developing countries help to stimulate exports in other way. At present, financing in many developing countries differs in an important respect from common practice in industrial countries. In Britain, say, a merchant bank can arrange an export through a London bank which pays him, the bank then turning the creditor of the importer, with the bank extend by the bank insured by the official Export Credits Guarantee Department of the Department of Trade and Industry.

However, in many developing countries, including India, the procedure is different. The bank finances the local exporter who is he who extends credit, in turn, to his customer and, the loan being insured by the Indian Export Credits Guarantee Corporation, the bank is not to the full amount.

In practice, this puts an exporter of capital at a disadvantage in the world market, where the terms have become an increasingly important factor in international competition. The merchant banks might actually make a contribution by helping to evolve a system of export credits extended directly by banks to foreign importers, instead of through the supplier, as is the case now. If that could be brought about, industrial exports in developing and other countries would be able to compete on equal terms with their counterparts in the industrial world.

onal & Grindlays Review

The reason given for these demands is that they are the only chance of attaining in the near future the 1 p.c. target which is aimed at and pledged by the industrialised countries. The total development aid by western industrialised countries belonging to the DAC amounted in 1969 to \$13bn, including \$6.4 of public assistance, or 0.23 p.c. of their GNP of \$1,100bn. The development aid could thus have to be increased by 0.23 p.c. of GNP to \$4bn, in order to reach the 1 p.c. target.

itude of the industrialised countries

The industrialised countries are able to fend off the link between the SDR system and their preparation. Under the F Article of Agreement

Singapore is now right in the midst of an investment boom, resulted from the inflows of money from many sources: Britain, United States, Japan, Republic of China, European countries and even India and Pakistan.

The biggest single investor is the United States, with a reported \$540 million out of a total investment of \$750 million last year. This sum represents two-thirds of all foreign investments and dwarfs the contributions of British, European and Japanese businessmen who signed only contracts worth a total of \$210 million.

US Investment

The US investment last year almost equaled the entire flow of American investment undertakings throughout the 1960's, when Japan was the leading foreign investor in the then fledgling Jurong industrial estate.

It is reported that at the end of 1969, American stake in Singapore was about \$600 million. By 1974, when the latest projects are completed, the figure would have jumped to just about \$1,200 million.

The next biggest single investor, over the years when Singapore was part of the British Empire, is of course Britain.

There is also a considerable Overseas Chinese floating capital now earning good interest in Singapore in the name of Asian dollar. Such inflow belongs mainly to Chinese in Indonesia Malaysia, Taiwan and Thailand. Some of the Chinese investors are American nationals.

Without a cent in investment but enjoying quite more respect than the others with money in the republic, is Communist China which ac-

knowledges Singapore as an independent country, and has not, and probably will not under the present circumstances, officially accord recognition.

The only mainland Chinese institution in Singapore is the Bank of China, its manager is being treated with great reverence by the local Chinese community, who recognize that a hostile word from Peking will have disastrous consequences for Singapore, in view of the fact that 82 percent of the population of this republic is Chinese and among them are chauvinists and admirers of Mao Tse-tung as well as followers of the Malaysian Chinese Communist Party which still regards Malaysia and Singapore as one

INVESTMENT BOOM IN SINGAPORE

territory and calls it Malaya despite everything that has happened in the last five years.

Apart from this worry, as Mainland China can really create trouble and uncertainty if she wants to, there is no perceptible threat to Singapore's political freedom or fiscal independence from foreign investments.

Confidence

The Government of Singapore, which consists of some of the smartest men in Asia, is confident of containing any political influence which such massive influx of foreign capital might bring. Even the common men who are unaware of high financial manipulation will concede that the government of Lee Kuan Yew is not influenced by any foreign power unless that influence is to the interest of Singapore.

An important point to be noted is that foreigners come

on the terms for the government which sees the necessity of such investment for the provision of more jobs for the people of Singapore for raising their standard of living and promoting Singapore to be the focal economic point in Southeast Asia, just as she is geographically situated at the crossroads of ocean and air routes.

Soviet Union

Take the case of the Soviet Union, she is developing considerable trade interest, including ship-repairing in Singapore.

Under the trade treaty between the two countries, the USSR is required to use 50 percent of all her exports value

in Singapore for purchasing Singaporean products. Actually, this agreement did not work out so well for the Soviets as they could not find sufficient locally produced consumer goods she wanted. Therefore, there were a few million dollars lying idle in the bank, and the Soviet requested the Singapore Government for permission to use such amount to pay for ship-repairing in Singapore. After protracted negotiation, it was agreed to let the Soviets use one-third of the account for the requested purpose.

Firm Control

This illustrates the kind of control or firm direction the Singapore Government has in foreign investment matters. Foreign investors may introduce into Singapore any investment for setting up factories, buying houses, ships or whatever they like but regulations concerning such transactions must be made by

the Singapore Government to be strictly followed.

In 1969, the Soviet Union exported \$35.2 million worth of goods to Singapore, mainly machinery and machine tools, and Singapore exports to Russia amounted to \$129 million. The favourable trade balance for Singapore is not surprising as the Soviet Union is one of Singapore's best customers in rubber and Malayan primary produce.

U. S. Banks

Before Singapore became independent in 1965, there was only one American bank. Now there are more—the Bank of America and Chase Manhattan Bank being the latest additions. These banks play a leading role in making Singapore the leading Asian dollar center, perhaps outside Japan.

However, the Ministry of Finance and the Central Banking Department keep a close watch and tight control on them to ensure that they comply with the foreign exchange regulations and other financial rules of the Singapore Government. Therefore, to say or even to imagine that these banks or the millions they represent may pose a political threat to Singapore is preposterous and without any facts and political realities.

The Ban

As pointed out earlier, the only foreign power which may wield influence, through the Chinese way is Communist China. The Bank of China just did this two years ago with little success. The Singapore Government after finding that the bank was not keeping enough liquidity, eventually imposed a fine on it. Troubles thus followed, which led to the banning of the bank's activity in foreign

exchange by the government despite the opposition of some of the Chinese communities. At last, mostly Chinese withdrew their deposits from the bank. Under such pressure, the Chinese Chamber of Commerce backed out its rally from the bank which then admitted its irregularity by paying the fine and was readmitted into the exchange control. In banking the rules of Singapore are supreme.

Exports vs. Imports

In 1969, imports from Communist China amounted to \$418.4 million against Singapore exports of \$174.7 million. There are a number of emporiums in the city selling exclusive mainland goods.

Objectives of Investment

The main objectives of foreign investors to Singapore are four:

- * Manufacture high quality parts and components at competitive cost for supplying parent companies or their subsidiaries.

- * Produce finished products in large volume at low cost for international markets.

- * Manufacture capital equipment, intermediate products and chemicals with cost advantage for Southeast Asian, Middle East and East African markets, especially for offshore exploration, mineral resources, agricultural and forestry development as well as construction projects in these areas, and.

- * Use Singapore as the investment base or launching site for branching out manufacturing operations in surrounding countries.

In these, they have been quite successful as illustrated by their further investment.

Contd. on Page 7

the World Bank and IDA are not permitted to hold any SDR's. The uncompromising attitude of the industrialised countries was made clear again at the World Trade Conference as well as the annual IMF meeting in Copenhagen. The industrialised countries therefore did not deem themselves able to accept No 52 of the Strategy Document either and lodged formal objections to it.

The argument so far presented against the link are, essentially, concentrated on the following points:

The SDR system has been designed to satisfy the need of the individual countries for "reserves to hold" and not for "reserves to spend". The SDR's and the IMF should not be encumbered with tasks of development policy with

which they were not originally intended to cope.

Development aid demands a constantly expanding supply of long-term capital which should not be subject to possibly wide fluctuations and interruptions when new SDR's are created.

Inauguration of the link would establish on the world a new principle for the raising of funds which enables development aid to be given not through international money creation and does not presuppose voluntary restraint on consumption and investment in the donor countries. The objections which must be raised against financing domestic tasks within a State by creation of money apply with even greater force to such back door financing in the sphere of international tasks.

There is a danger of excessive reserves being created under pressure by the developing countries, with the long-term consequence of loss of confidence in this new reserve medium and an increasing inflationary potential in the world.

In the industrialised countries, as in the developing countries, there has for some time been no full consensus on the question of the link. The differences are however, in the present phase of the discussion, confined to the question of the appropriate tactical approach to the problem. While some countries express themselves in favour of an investigation of the link by the IMF, the overwhelming majority of the industrialised countries are against a formal investigation into the link on the part of the

IMF because this could only raise unjustified hopes in the developing countries.

In view of the existing differences between industrialised and developing countries the IMF has been very cautious in its pronouncements. The Managing Director of the Fund Mr Schweitzer, avoided in his concluding address in Copenhagen giving a promise of an investigation into the link by 1972, but he pointed out that the Executive Directors would give careful attention to the IMF working programme in this field.

The negative attitude of the industrialised countries to the financing of development aid by a redistribution of SDR's does not mean that they do not appreciate the particular liquidity requirements of the LDC's.

On various occasions the developing countries have already received a large portion of international liquidity than would be their due under the so-called Bretton Woods formula which comprises changes in national income, currency reserves and exports and imports among the criteria determining the share of individual countries. On the strength of the IMF decision of 1963 concerning compensatory financing of shortfalls in export proceeds, for instance, a number of quotas of primary producing countries have been selectively raised and thus the scope for IMF credits to them enlarged.

(1) *International monetary reform and co-operation for development, Report of the Expert Group of International Monetary issues, United Nations, New York, 1969.*

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Ceylon Tyre Plant - 4th Anniversary Supplement

TYRE CORP. STRIDES AHEAD

March 1971 was a happy month for the Ceylon Tyre Corporation. Production reached its highest ever level with the number of lorry and bus tyres at 8472 compared with 3426 produced in March 1970. Enthusiasm amongst the employees of the Corporation was equally high. These feelings saw the tyre factory operation proceeding smoothly even in April during the difficulties in the country.

All employees of the Corporation look back over the past few months with a sense of real achievement. The extent of this achievement can be judged not only from production figures but also by the assurance with which they look at the future.

The Corporation takes special pride in its management labour relations. The unity of all employees and their devotion to the Corporation and the Government is evident. Together with expanding production, more than 300 persons have found employment with the Corporation during the

past few months. The Trade Unions have been given their due place and are informed of the Corporation's plans. The Employees' Council has been an unqualified success. This body has received every encouragement from the Management and has enthusiastically carried out its own obligations towards greater production. Their members shared Security duties with the regular Security Staff and Corporation officials during the recent emergency. The Corporation's youthful management team has always been ready to shoulder any responsibilities.

Targets

The targets accepted for this year are high. For instance, we hope to produce 78650 lorry and bus tyres during the 9 month period from April to December 1971 compared with 53311 of these tyres produced during the whole of the 12 month period April 1970 to March 1971. This increased production will more than meet the country's require-

ments of the tyre sizes now being made by the Corporation. Consequently, an urgent need has arisen to find export markets for our excess tyres. Corporation officials are busily exploring such export possibilities. In the near future the Corporation also expects to go into production of additional tyre sizes including Agri-

By



M. S. WIJERATNE
Chairman, Ceylon Tyre Corporation.

cultural & Industrial tractor sizes.

Quality

A special word must be mentioned about the quality of Kelani Tyres. The Public might have heard adverse reports on Kelani tyres, from

time to time. However the best estimate of our tyre quality comes from the largest fleet owner in this country, the Ceylon Transport Board. At a recent conference we had with the Chairman of the Ceylon Transport Board, C.T.B. officials revealed that in the most popular tyre size (namely) 8.25-20) Kelani tyres gave a considerably better mileage than the imported brands. The actual average mileage figures were Kelani 13,136 miles, best imported brand, 12,536 miles.

The Corporation is however not complacent in the matter of quality. Continued road tests are being started almost immediately. These tests will also include a fairly large number of private owned motor cars. The Corporation will then be in a position to remedy any defects shown up in these tyres and also to appreciate customer complaints better.

The Corporation hopes to not only increase the number and range of tyres and tubes it manufactures and their quality but also to start ventures in other fields of rubber manufacture. Projects studies have already been undertaken in these fields. We firmly believe that the success of any industrial venture depends on the training, both technical and managerial, given to its employees to better them-

Contd. on Page 13

Minister's Message



The progress of the Ceylon Tyre Corporation during the past few months has been gratifying. The success of this Corporation has proved that it is possible to run a State owned enterprise efficiently and profitably. The harmonious relations existing between the Management and the Employees is most encouraging.

I take great pleasure in sending a message of good wishes to the Ceylon Tyre Corporation, on this occasion.

T. B. SUBASINGHE
Minister of Industries and Scientific Affairs

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Customers who have made advance bookings with us for Soviet Machine Tools are informed that we have received a shipment of the following Machine tools.

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- * Tool Room Lathe, model IA-616 without gap
- * Tool Room Lathe, model IA-616 with gap
- * Bench Drilling Machine, model HC 12
- * Vertical Drilling Machine Model 2H-118
- * Vertical Drilling Machine, model 2H-125
- * Radical Drilling Machine, model 2E-52
- * Surface grinding Machine, model 3G-71
- * Universal Tool Grinding Machine model 3464-D
- * Crank Shaper, model 7H-35
- * Hydraulic Shaper, model 7M-36
- * Hydraulic Shaper, model 7M-37
- * Universal Milling Machine model 6H-80
- * Cutting off Machine model 872-M
- * Press, model K-2324

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THE TYRE & TUBE FACTORY:

Ceylon is well known the world over as one of the main rubber producing countries. The annual yield of rubber in this country is about 150,000 tons. But until recently the local utilization of rubber did not exceed 2,000 tons per year. The relatively low rubber sale prices and high cost of imported rubber goods caused considerable expenditure in foreign exchange badly needed by CEYLON.

On March 23rd 1967, the Ceylon Tyre Factory, set up with economic and technical assistance of the USSR was commissioned. This Factory is the first and so far, the only big enterprise of the rubber industry in Ceylon.

The Tyre Factory at Kelaniya is a large modern enterprise. Its designed capacity for the 1st stage is 250,000 tyres of various sizes per year. In future it will be possible to produce 360,000 tyres and tubes making the country almost self-sufficient in these products.

Specialists of a number of countries have a high opinion regarding the quality of the construction, equipment and technical design of the Factory.

Technology of Production.

The technology of tyre production is very complicated. To produce a tyre, more than 60 various items of raw materials must be utilized. Wide

knowledge, experience and time to acquire this experience are needed for mastering such technology. During the four years that have passed since the Factory was commissioned, 10 sizes of tyres and 14 sizes of tubes were successfully mastered. These include car tyres which are in great demand in Ceylon and tyres for all types of buses and lorries. At present, production of jeep tyres is being mastered, and soon production of tractor tyres too, will be started.

Kelani tyres have passed laboratory stand and road tests. The running period of Kelani tyres, if compared with foreign tyres, under similar conditions is more, by ten to fifteen per cent.

The greatest success was achieved at the Factory this year. In February the designed capacity for the first stage was reached.

Yet, it should be noted, that there are still more capacities for production of car tyres, and these capacities are not being utilized due to difficulties with the sale of this product. To improve the exist-

A Specialist takes a look four years after it was set up

BY
I. LEMESHENKO
Leader of the team of
Soviet Specialists

ing situation, it is required to impose a more strict ban on importing car tyres of the same size as produced at the Kelani factory. That would make it possible to improve the economies of the Factory operation, and enable Ceylon to save more foreign exchange

Continuous rise in production and the high quality of the finished products is the result not only of the modern technology at the Factory, credit should also go to the Board of Directors of the Tyre Corporation headed by Mr. M. S. Wijeratne (Chairman) and Workers' Committees. This is

the result of Ceylonese specialists and workers mastering the operation of sophisticated machinery and technology of tyre production.

Soviet - Ceylon Co-operation
Fruitful co-operation between Ceylonese and Soviet

specialists sharing of experience and know-how, have also contributed to the Corporation's successes.

During the four years of operation the Tyre Factory achieved much, and has still

brighter prospects for the future.

The administration of the Tyre Corporation has exerted every effort to make Ceylon self-sufficient to a great extent in tyres of its own. Moreover this would make possible the export of a large quantity of tyres and ensure another course of earning foreign exchange

The construction, commissioning and successful operation of Tyre and Tube Factory in Kelaniya is a splendid example of Soviet-Ceylon technical and economic co-operation.

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The Role of Workers' Councils

People of Ceylon endorsing the policies of the Coalition, set up a Peoples' Government at the last General Election on the 27th of May 1970.

The Coalition in their election manifesto, pledged to speed up the journey towards Socialism by facilitating the people to actively participate in the sphere of the country's administration. In accordance with pledges given, the Coalition has taken steps to implement the same as soon as they handled the reins of Government. Along with the establishment of such Workers' Councils in Urban and Rural areas, such Committees were established in Government Departments and Public Corporations as well, enabling the people to participate in this sphere of state administration. There are many aims behind this move:- viz:-

- * Consolidate the functional efficiency in Establishments.
- * Step up the levels of production.
- * Ensure good service to the Public.
- * Suggest any useful changes in production in such ventures and make any progressive suggestions.

- * Point out neglect of duty.
- * Avoid waste of Public Funds and draw attention to any malpractices prevalent in any venture.
- * Examine and report on administrative matters to the authorities from time to time.

The above mentioned duties of the Workers' Committees are in particular beneficial to all industrial ventures.

On the 21st of January 1971, a Workers' Council comprising 20 members was elected in the Ceylon Tyre Corporation too. All the aims mentioned earlier have become the basis of this Committee, and it has readily addressed its mind to these tasks. Mutual understanding and willing co-operation of workers is most essential in preparing these tasks. Willing co-operation of Trade Unions is also a must.

It has been possible for the Workers' Council in the Tyre Corporation to function efficiently under a very cordial atmosphere.

It has so far rendered useful services such as :

Increasing production; use of waste material, expediting repairs to machinery avoiding damage to machinery

and buildings and suggesting ways and means of utilising the building materials and other items

By
H. EDMUND
Chairman, Employees' Council
Ceylon Tyre Corporation.

brought from the Soviet Union at the inception of this project and which are left over.

It is a prime duty of all employees in Government Departments and Public Corporations to safeguard their buildings against possible damage.

The establishment of a Tyre Corporation in Ceylon by the late Premier S.W.R.D. Bandaranaike signalling the dawn of an industrial era in this country was a calculated move by him in the direction of economic self-sufficiency, breeding a fruitful Socialist State. The yeomen services rendered by the Hon'ble R. S. Perera Minister of Information and Broadcasting in the establishment is also praise-worthy. It is a bounden duty to pay a tribute to Mr. M. S. Wijeratne, the present Chairman, for his untiring efforts to maintain and elevate the level of production while encouraging and fostering the Workers' Council and Trade Union activities.

Tyre Corp. . . .

Contd from Page 11

selves not only in training courses within the Corporation but also outside.

A special word of thanks is due to our consultants from the USSR who have played their full role from the time of the construction of the Tyre factory through our numerous difficulties to help us to attain our present stage of achievement. The Corporation looks forward to the future with confidence. We are sure we will be able to play our part in the country's industrial development.



Members of the Workers' Council of the Ceylon Tyre Corporation



The Chairman of the Ceylon Tyre Corporation, Mr. M. S. Wijeratne (seated centre) is seen in discussion with his Excellency the Soviet Ambassador to Ceylon and the Economic Counsellor of the Soviet Embassy.

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Soviet - Ceylon co-operation

As far back as the Great October Revolution Lenin wrote "We shall do our best to become the most close friends with Mongols, Iranians, Indians, Egyptians and others and consider it our duty and our interest to do so.... We shall do any effort to render these people, which are more backward and oppressed than we are, a generous cultural assistance, i.e. to help them to pass on to using machinery,

to facilitation of labour, to democracy and socialism."

Lenin's declaration has become the guiding policy of the Soviet state in its relations with developing countries ever since then.

It is generally known that a country can achieve real economic independence only by the industrialisation of its national economy. That is why the main trend in economic and technical co-operation between the USSR and young independent states is assistance in establishing and developing this industry.

The characteristic feature of Soviet assistance is, that it is mainly directed to establishing and expansion of the public sector in the economy of developing countries. Existence of the public sector makes it possible to mobilise resources on a nation-wide

scale and and utilise them for accomplishment of the most important tasks. Experience proves, that in a number of developing countries the public sector favours to expedite economic development, to strengthen the position of the national economy in its struggle against foreign monopolies.

Under the Soviet - Ceylon Agreement on Economic and Technical Co-operation of 25th February 1958, Ceylon was granted a long-term credit for the sum of 27,000,000 roubles (about Rs. 180,000,000 according to the exchange value of the Rupee after its devaluation in 1967).

According to this Agreement, the Soviet organisation assisted Ceylon in making up the Kelani-ganga Irrigation and Power Scheme. The Soviet Union rendered technical assistance in jungle clearing near Kantalai and Hambantota, where 8,000 acres of land were cleared for cultivation of cotton and sugar cane.

Also, the USSR supplied the equipment to clear 3,000 acres of jungle for cattle-breeding farm near Tamankaduwa. In Kandy the cold storage building was built with Soviet aid, capable of storing 200 tons of fruit and vegetables.

The most important projects assisted by the USSR are the biggest in Ceylon state enterprises: the Iron and Steel Works, having the Rolling Department with a year capacity of 60 thousand tons of steel rolled products, and the Tyre and Tube Factory with a year capacity of 250 thousand tyres and tubes and with the prospect of producing 300 thousand. These enterprises were commissioned in March 1967.

In the colonial times, the economy of Ceylon was subjected to the needs of the British who made the country their raw-material appendage.

That is why holding the fourth place among rubber producing countries, Ceylon had to pay foreign currency for imports of a large quantity of tyres and tubes produced from natural rubber. So, exporting its natural rubber, Ceylon at the same time was compelled to import at high prices a part of this rubber in the shape of tyres and tubes.

With mastering production at the Tyre and Tube Factory, the country will be almost completely provided with its requirements of tyres and tubes, and a great amount of foreign currency can be spent for other needs of the national economy.

The Iron and Steel Works is a not less important field of Soviet Ceylon co-operation.

The operation of the Works enables Ceylon to stop import of a great part of rolled products, wire and wire products.

The Government of Ceylon expressed its gratitude to the Soviet Union and pointed out that the commissioning of the above enterprises is a valuable contribution to the development of an independent economy in the country.

Another big project, carried out under the Soviet-Ceylon co-operation is the construction of the Flour Mill, capable of processing 70 thousand tons of wheat per year, and the Elevator for 20 thousand tons. This project was brought into reality in December, 1968.

At present, the USSR continues to render Ceylon economic and technical assistance in development of the national economy. Utilization of 9,100,000 Roubles (about \$ 10,000,000) — being the balance of the long-term credit of 27,000,000 Roubles (\$ 30,000,000) granted in 1958—was extended up to 16th May, 1973.

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Development of pneumatic tyre construction (Part 1)

It is said that development is the intermediate process between discovery or invention and a useful product. If one turns over the pages of history of science numerous examples can be found to support this. The most striking among them would be the laws of motion and gravitation formulated by Newton and the process of development that followed during the span of 250 years which resulted in the historic moon landing.

Discoveries and inventions have been achieved by searching minds at a very little economic cost but the development process involved to obtain a useful product out of the discovery has cost millions.

The wheel was invented thousands of years ago. From its primitive stage it has gone through a series of development and has found numerous applications in transport and industry, in various forms. The origin of the wheel is unknown. Who would have expected that a wheel from its primitive stage would take up the shape of a tyre in its present form. Various factors have influenced the development of the pneumatic tyre. As new needs in road transport have sprung up, the paths between the development process and production have been traversed so many times and so many different kinds of tyres have come into being. This trend will continue.

To trace the history of development of the pneumatic tyre the principle of the wheel has to be understood. As the wheel rotated without slipping, the centre of the wheel moved forward uniformly in a straight line. Any point on the periphery of the wheel describes its perimeter relative to the centre while the centre moves forward a distance equal to the perimeter. Hence the tangential velocity of any point in the perimeter relative to the centre is equal to the velocity of the centre which is the forward velocity. At the point of contact between the road and the wheel there is no relative velocity between them. Hence there is no abrasion of the wheel. But when the wheel is braked, the rotation stops and therefore the tangential velocity is reduced to zero. The forward velocity is still there. Therefore there is a relative velocity between the wheel and the road surface which gives rise to abrasion. When the wheel accelerates tangential velocity becomes greater than the forward velocity which again results in abrasion. As it is seen, when the wheel rotates uniformly there is no abrasion.

In 1845, R. W. Thompson patented what he called an improvement in carriage wheels which is also applicable to other rolling bodies. He applied elastic bearings round the wheel of carriages which reduced the power required for pulling. It also reduced the noise and made the carriage comfortable. It can be easily shown by simple mathematics how the draw bar pull is reduced because of the deformable periphery associated with a wheel applied with elastic bearing. At the time Thompson developed the elastic wheel, there was strong

opposition for the use of steam carriages on roads as they frightened the horses which pulled the carriages. Even if these type of wheels were fitted in horse drawn carriages the horses were unable to express their appreciation of the reduced draw bar pull. Bicycles had not become popular at that time. Hence Thompson's development did not find much application.

Thanks to the problem that Dunlop's son was faced with when he was trying to ride a tricycle over uneven surfaces, Dunlop re-developed the pneumatic tyre in 1888. This coincided with the development of the internal combustion engine and

By
V. J. A. MARIATHASAN
Senior Designer
Ceylon Tyre Corporation

the growth of the automobile industry. There was the market for these tyres which Thompson missed very badly in his time.

The pneumatic tyre has gone through a series of changes from the early days of its development. In the early days comfort has been the main consideration. Then came the need for improving the structural performance of the tyre and better tread life. The tyre industry had to keep pace with the growth of the automobile industry which had been growing at a tremendous rate. There was the need for better road holding properties and vehicle stability because of the increased speeds of automobiles. Noise generated by tyres had to be reduced because of the 'silent' engines.

The areas in which the tyre development has been focussed are comfort, durability, tread life and vehicle stability. Let us examine these briefly.

COMFORT

Because of the vastly improved comfort that modern tyres provide, comfort is taken for granted and no one is much worried about it. However, comfort has been the prime consideration till today.

Due to the improved load-deflection characteristics of the modern tyre, the low frequency large amplitude vibrations arising out of large irregularities in the road surface have been reduced. This has been made possible because of the availability of better cord material and improved rubber compounds. The high frequency small amplitude vibrations arising out of small and continuous irregularities in road surface have also been reduced due to the use of better materials in tyres. For any further reduction in vehicle vibrations the tyre and the suspension system have to be taken together and studied as one unit. Studies of this nature are being done and it has already found application in vehicles fitted with radial ply tyres. The suspension system has been modified to accommodate radial ply tyres because it has been found that vehicles fitted with radial ply tyres give a harsher ride at low speeds.

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EXPORT PROMOTION

The Minister of Industries and Scientific affairs has spoken of a scheme to increase the country's exports of manufactured and semi-manufactured products at a recent meeting with industrialists. The Minister has set the ambitious target of increasing Ceylon's export earnings from the present Rs. 19 million which such manufactures and semi-manufactures bring in, to Rs. 500 million. Increased export earnings of this magnitude is indeed what the country needs most today. This scheme provides the remedy for the basic ills that plague the economy.

But how often over the last decade at least have such good intentions been proclaimed and what little success have we achieved in this sphere?

In 1969 a high powered Export Promotion Mission which toured several West Asian, Middle Eastern and African countries made the following observations in its Report:—

"Ceylon has good prospects in the markets of West Asia the M.E., North and East Africa if our prices are competitive, the quality is acceptable, and a persistent and sustained export promotion programme is worked adopting modern techniques of advertising, packaging and distribution."

A well planned co-ordinated and purposeful export promotion drive is bound to provide adequate export markets for Ceylon's industries for the next decade or more."

Little or no action seem to have followed since this official Report was submitted to the authorities. It is perhaps lying in cold storage like most other official Reports. So, while other developing countries have achieved a notable growth in the category of exports under reference, Ceylon's share of this increased growth has been negligible.

The urgency to diversify our export trade and step up export earnings is emphasized by the fact that import requirements of the developing countries grow at about the same rate as overall production or slightly faster—as the Pearson Report pointed out. If the rate of economic growth is to be accelerated to six per cent, imports have to grow at 7–8 per cent while the investment ratios accelerate. And if foreign aid requirement are not going to get out of hand, exports too will have to grow at this rate. Thus increased export earnings are vital for Ceylon in the interest of overall economic development.

While export promotion and market research will out of sheer necessity be permanent features in the scheme, there is also the need to ensure a regular and adequate supply. Ceylon's non-traditional exports have time and again failed to gain a major break through because local supply has failed to meet the foreign demand. This matter too needs much consideration. A proper co-ordinated system of production must be developed where public sector agencies would work in harmony with the private sector manufacturers. Ensuring an adequate supply is as important as maintaining quality control and ensuring competitive prices.

It is hoped that the Minister's scheme would be implemented expeditiously and effectively. Any further procrastination would prove disastrous.

Constructive end to currency crisis?

The recent flurry of excitement and decision making regarding currency exchange rates commonly referred to as a "crisis," has been successfully passed without anything happening that could by any stretch of imagination be considered a catastrophe, according to U.S. financial experts.

A review of the currency crisis states that: "Faced with difficult decisions, the governments concerned have chosen that will make possible continued growth in world trade and uninterrupted progress toward greater international prosperity. Governments have avoided being panicked into actions that would have caused severe problems for the economies of other nations."

No serious disruption

Only a few countries changed the par values of their currencies as a result of the events of the past few days, and the amount of the changes were not enough to cause serious disruptions in trade or the international payments system.

As is true of any change in price relationships, of course, some individuals and business firms engaged in international trade and investment will gain from these changes and some will lose. But there is no

reason to expect that the economy of any nation as a whole will suffer any appreciable adverse effects.

For countries outside of Europe, probably the chief effect of the weekend's changes will be that the goods they import from certain countries will be somewhat more expensive than before. But there will be no effect on prices charged by other producers, in the United States and elsewhere. Countries that did not change the par values of their currencies have no reason to expect any adverse effects on their exports—if anything, the effect should be to improve their export prospects, somewhat.

The decisions by Germany and the Netherlands to allow their currencies to "float"—that is, to allow the values of their currencies to be determined largely by market forces rather than by government intervention—will probably

mean that the exchange values of these currencies will remain above their previous officially determined par values for a time, at least.

It is possible that one or both of these currencies will eventually "float" right back to the area of their previous par values, or close enough that the governments concerned will end the float and restore the old par values. Even if the Deutschmark does stabilize at a higher exchange rate, the change is not expected to be large.

The fact that the Deutschmark is "floating" does not mean that it will be subject to sharp and disruptive swings in value from day to day, or week to week. Experience with the Canadian dollar, which has "floated" for extended periods, is reassuring on this point.

SHIPPING CORP. MAKES A PROFIT

The Ceylon Shipping Corporation is reported to have made a net profit of Rs. 8 lakhs last year. A main source of income for the Corporation was chartering of ships for food cargo. The Corporation is now examining quotations of more shipowners mainly from the U.K. and the Continent. The Corporation has hitherto invited quotations from a panel of over 20 shipowners and brokers approved by the Food Commissioner.

DELAY IN SUPPLY OF TEA CHESTS

The acute shortage of Tea Chests now being experienced by Tea estates is being aggravated by the problems currently experienced by them usually due to the emergency, according to well-informed sources.

The despatch of a considerable quantity of tea is held up as result of the lack of Tea Chests.

REORGANISED PORT OPERATION

The Ports of Colombo, Galle and Trincomalee are being reorganised in the context of today's conditions and work is being carried out satisfactorily, according to a spokesman of the Corporation.

The spokesman added that export/import cargoes are being cleared out satisfactorily and there is no waiting time for ships for commencement of work. Turn around of vessels has also been maintained at a satisfactory rate. Arrangements have been made with public Corporations to remove essential cargoes out of the port round the clock.

New first Secretary



Mr. Achilles Papadopoulos

The new First Secretary and Head of Chancery at the British High Commission, succeeding Mr. Peter Maxey, is Mr. Achilles Papadopoulos, M.B.E., recently Assistant Head of the United Nations (Political) Department at the Foreign and Commonwealth Office.

Mr. Papadopoulos served with the British Military Administration of Eritrea (Ethiopia) from 1943 until 1952, when he proceeded to Cyprus to join the Administrative Service of Her Majesty's Overseas Civil Service, first as an Administrative Officer and later as an Information Officer.

From Cyprus Mr. Papadopoulos went to Tanganyika in 1959 and to Malta in 1961, where he transferred to H.M. Diplomatic Service from 1965 to 1968, when he was posted to the Foreign and Commonwealth Office, he served with the British High Commission in Nairobi.

U.S. Aid to India

Rs. 7,422 CRORES

American aid to India now totals Rs. 7,422 crores (9,896 million dollars) according to a "facts sheet" released by the U.S. Ambassador, Mr. Kenneth B. Keating.

Mr. Keating said since 1951 the US had contributed to India's development efforts in almost every sector. Of the total foreign assistance utilised by India, the US share was more than 56 per cent.

The following is the breakup of American aid:

- * Technical co-operation programme—development grants Rs. 337.58 crores; loans repayable in rupees or dollars Rs. 115.58 crores.
 - * US AID development loans—repayable in dollars Rs. 1,975.05 crores; repayable in rupees Rs. 379.35 crores.
 - * PL-480 Title I Rs. 2,600 crores.
 - PL-480 Title II Rs. 487.85 crores
 - * Emergency flood and famine relief grants (not repayable) 4.13 crores.
 - * US Export - Import Bank loans (repayable in dollars) Rs. 142.28 crores.
- Of the total aid of Rs. 7,422 crores a sum of Rs. 127 crores was in foreign exchange to finance the requirements of priority and export industries.