



THE ECONOMIC TIMES

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Local Cement for Export

Ceylon Cement Corporation will shortly take steps to export locally manufactured cement.

This was decided at a discussion held between the Director of Development and the Director of the Standards Bureau of the Ministry of Industries recently.

It was pointed out that the present capacity of production of cement was 740,000 tons and that during the next three years there would be a surplus of nearly 30,000 tons per annum, reaching 60,000 tons in 1973.

A trial export of 10,000 tons of cement will, it is understood, be undertaken by the Corporation at any moment. At the discussion it was also decided that Exports Standards Certificates will be issued in respect of all exports of manufactures from Ceylon to ensure quality.

FEECs on Raw Materials: Industrialists say—

EASE THE BURDEN

LOCAL INDUSTRIALISTS ARE DISSATISFIED WITH THE EXISTING REQUIREMENT THAT THE FEECs ON RAW MATERIALS SHOULD BE PAID AT THE TIME THE LETTER OF CREDIT IS OPENED FOR THE IMPORT OF RAW MATERIALS. THIS INVOLVES ADDITIONAL CAPITAL FOR ENTRY INTO THE EXPORT TRADE WHICH AN INTENDING EXPORTER MIGHT FIND DIFFICULT TO OBTAIN, OR BE FORCED TO OBTAIN IT AT HIGH INTEREST RATES WHICH WOULD ADD TO THE COST OF EXPORTS AND THUS MAKE THE LOCAL PRODUCT LESS COMPETITIVE IN WORLD MARKETS.

The Ceylon National Chamber of Industries has pointed out to the Ministry of Industries that there is a long time lag extending up to one year or more at times between the payment of the FEECs on raw materials and the receipt of FEECs on the export of the manufactured goods. This situation creates financial problems to the manufacturer who has to wait till his export proceeds are realized. Payment of FEECs under the existing system not only creates hardships but also acts as a disincentive to the export of manufactured products.

In this connection the Chamber has suggested that:—

(1) Raw materials for manufacture of goods for exports should be allowed to be imported free of FEECs. This will be a powerful incentive for exports of industrial goods. The export industry will be earning foreign exchange for the country which is an urgent necessity and the exemption from FEECs of raw materials

for the manufacture of such exports can be economically justified.

(2) If, for reasons of revenue, the first suggestion is not acceptable it is suggested that licences should be issued to registered exporters to import raw materials without FEECs, on a guarantee by the exporter that the FEECs on the raw materials will be paid out of the FEECs paid on exports. When the export licence is issued the Bank can be instructed to deduct this amount from the FEECs to be paid to the exporter and remit it to the Department. The Government will not lose revenue but merely experience in some delay in recovery.

The exemption from FEECs

of the following is also suggested:—

(a) Samples— At present when samples are sent, the freight paid is subject to FEECs. This should be exempted.

(b) Machinery, spares & Ancillaries for Export Industries —

These should be exempted from FEECs for industries especially approved for exports.

(c) Expenses of export promotion, expenses of foreign travel foreign training for export promotion, foreign advertisements, etc should be exempt from FEECs.

U.S. endorses liberal world trade

Secretary of State Rogers and other U.S. officials are urging the world's industrialized nations to lead the way in assuring the continued expansion of international trade.

As one means to that end, Mr. Rogers told the opening session of the Ministerial meeting of the Organization for Economic co-operation and Development (OECD), the United States "strongly endorses" establishment of an OECD special group to develop proposals for future trade action.

"It is four years since the conclusion of the last round of tariff negotiations," Mr. Rogers pointed out. "while none of our countries is ready for a new round of trade liberalization negotiations at pre-

sent, It is time to reaffirm our determination to maintain and expand a liberal and non-discriminatory world trade system."

Mr. Rogers said the proposed OECD special group "could examine current and prospective trade issues—including tariffs and tariff discrimination, non-tariff barriers, and agricultural policies—and develop action program guidelines for dealing with them"

"Sober thought and careful preparation now can prevent a cycle of restrictions which, in the end, would benefit none of us," he added.

"As the keeper of the Reserve Currency and as the largest trader, the United States has fully recognized its own obligations," Mr. Rogers said. "But other countries and groupings are beginning to match our position. We hope they realize the responsibilities that go with their new roles."

The U.S. also urged friends and allies of the United States recognize the direct relationship between the U.S. balance of payments deficit and the heavy U.S. share of the common defence burden.

The five specific items of concern to the United States are:

* "Restrictions on trade and capital flows in Japan which are not in keeping with its present strong balance of payments position."

NEW FORMULA FOR COST OF LIVING INDEX

The Department of Census and Statistics is preparing to revise the formula by which the cost of living index is computed at present. The new base year will be changed from 1952 to 1970 which could result in a more realistic assessment of the cost of living.

This revision has been long overdue as the consumer price index as computed at present with 1952 as the base year, has come in for several criticism in recent years.

* The European community's common agricultural policies, which restrict American Agricultural Exports.

* "The Extension of preferential trading areas of the European community with developing countries, which arrangements discriminate against our exports and tend to divide the World into trading blocs."

* The possibility of further preferential arrangements between the European community and other industrialized countries.

Continuing restrictions against Japanese Exports, which tend to focus Japan's export efforts on the U.S. Market.

These restrictions, taken together, impose upon the U.S. A substantial balance of payments penalty.

PLANNING UNIT FOR TYRE CORP.

The Ceylon Tyre Corporation is considering the establishment of an Economic Research and Planning Unit. This unit is expected to collect data for future development planning of this corporation which is going to be one of the most vital Government Corporations.

The Chairman of the Corporation has also called for a report from the Industrial Development Board which had recommended the manufacture of technical rubber goods.

Exchange Savings

The immediate development plans of the corporation included the production of motor-cycle scooter and two-wheeled tractor tyres and tubes and the retreading of tyres.

The Corporation has recommended that the import of tyre casings on which about one million rupees were spent should be stopped. A corporation spokesman stated that tyre cord used largely in the manufacture of bicycle tyres also could be made in Ceylon and save about another million rupees. This cord could be manufactured by the Corporation, he said.

The Chairman of the corporation stated that about Rs. 2,500,000 was due from the CTB for supplies made to them.

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MARKET PRICES

COLOMBO CLOSING PRICES 10.6.71

TEA (Rs. Cts. Per lb.)

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

| | | | |
|----------------------|---------------------|-----------|-----------|
| High Grown | 1.70 * 3.35 | 2.0 | 3.0 |
| | 3 at 3.40 1 at 3.60 | 1 at 3.10 | 1 at 3.15 |
| | 2 at 3.50 1 at 3.70 | 1 at 3.20 | |
| Medium Grown | 1.58 2.00 | 1.58 | 2.24 |
| Small leaf Low Grown | 1.70 1.80 | 1.60 | 1.73 |
| Tea for Price | 1.45 1.58 | 1.45 | 1.58 |
| Leafy B.O.P. | 1.90 2.35 | | |

| | | |
|------------|--------------|-----------------|
| Tippy Teas | F. B. O. Ps. | F. B. O. P. Fs. |
| 3 at 2.41 | 1.90 2.36 | 1.90 11.00 |

RUBBER PRICES FOR THE WEEK ENDED 6.6.71

Rs. cts.—per lb.)

| Closing Quotations | Avg. to date 1971 | Avg. Same Period 1970 |
|--------------------|-------------------|-----------------------|
| RSS No. 1 | 81 1/2 | 83 1/4 96 3/4 |
| RSS No. 3 | 73 1/4 | 76 1/2 93 1/2 |
| RSS No. 3 | 72 1/2 | 75 1/4 90 1/2 |

(Rs. per candy)

| COPRA | Opening Price | Clos. Price |
|--------------------|---------------|-------------|
| Estate copra No. 1 | 202/- | 205.00 |

COCONUT OIL (Rs. per ton)

| Open. Price | Clos., Price |
|-------------|------------------|
| June | 1,375.00 1,375.0 |
| July | 1,300.00 1,300.0 |

DESSICATED COCONUT (Per lb.)

| | |
|--------------|------------------------|
| May and June | .57 cts. Closing Price |
|--------------|------------------------|

PRICES OF THE WEEK ENDING 6.6.71

| Commodity | Buyers Quotations | Exp. Duty |
|-------------------------|-------------------|--------------------|
| | (Per lb.) | |
| Cardamoms | 11.00—12.00 | 40% on true |
| Cardamom Seeds | 19.00— | |
| Cloves | 34.00—36.00 | F.O.B value |
| Clove Stems | 4.00—4.25 | |
| Mace | 6.00—6.50 | |
| Nutmeg (Shelled) | 3.00—3.50 | |
| Nutmeg (Unshelled) | 1.75—2.00 | |
| Pepper (Black) | 6.50— | |
| Papain (White) | 13.50—14.00 | |
| Papain (Brown) | 3.50—12.50 | |
| Cinnamon H/1 | 3.25 | 20% on true f.o.b. |
| Cinnamon H/2 | 3.55 | |
| Cinnamon Quilings No. 1 | 2.75 | value |
| Cinnamon Quilings No. 2 | | |

| Commodity | per Cwt. | Exp. |
|-------------------------------|--------------------------|--------------------|
| Cocoa | 394.00 | 40% on true f.o.b. |
| Coffee | 375.00— | value. |
| Kapok (Clean) | 165.00 | |
| Kapok (Unclean) | 55.00 | |
| Croton Seeds | 100.00—125.00 | |
| Essential Oils | Per 25 oz. lb. Exported. | |
| Cinnamon Leaf Oil | 22.00 25.00 | |
| Cinnamon Bark Oil | Per oz 24.00 | |
| Citronella Oil Estate Quality | 7.65 | 10% on true f.o.b. |
| Citronella Oil Ordinary | 7.45 | value |

SUBSIDIARY CROPS—WEEKLY PRICE LIST POYA ENDING 8.6.71

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/ (58 Lbs) Per bushel)

| | |
|-----------------|--------|
| Paddy | |
| Samba | 14.00— |
| Other varieties | 12.00— |
| Rice Par Boiled | 70.00— |

REPORT

No. 1 held on 9th 1971.

Offered... Leaf... Reprints... Lots... Ex-Estate... little... demand... teas hav-

There... active demand... Broken... on offer... to dealer... Below... irregular but generally firm except for poorer leaf descriptions which declined 5/15 cents. BOPF's met more demand and prices on average advanced 10/20 cents.

Medium-Grown Teas: The best, bright, coloury Broken declined 5/10 cents with poorer kinds dropping 2/5 cents. BOPF's were firm to 5 cents. Well twisted Pekoes with useful liquors were firm and OP's a little dearer.

Low-Grown Teas: At the beginning of the Sale, Small Leaf Low-grown BOP's were barely steady but later prices improved and were overall generally 2 or 3 cents higher than last week. Bright liquoring BOPF's with a good leaf were 3/5 cents dearer but other kinds remained firm. Leafy sorts suitable for the Persian Gulf were again dearer except for poorly made sorts.

Commodity Commentary

Tippy Teas: Best Flowery BOP's remained firm although the brown and poorly twisted sorts with little tip were 10 cents lower. Small leaf FB-OPF's declined 10 cents but showy kinds continued to attract a good demand and were firm.

Off-Grades: Medium and Uva Fannings were 5/10 cents and Westerns 10/15 cents easier. Neat leaf Low-grown Fannings were fully firm. All BP's and BM'S were 5/8 cents easier.

Dusts: Grainy Mediums and Uvas were easier by 5/10 cents while Westerns were 10/20 cents lower. Well made low-grown were fully firm. All Powdery sorts were 3/7 cents easier.

RUBBER REPORT

Week-ending 6th June, 1971

RSS NO 1. opened 2 1/2 cents easier at 83 3/4 cents per lb. despite the reduction in duty by 2 cents per lb. and declined further in line with overseas advices to touch 80 cents per lb. during the latter half of the week before recovering somewhat to close at 81 1/2 cents per lb.

Approximately 344 Tons of LATEX CREPES were offered at the Two Sales held during the period under review, a decrease of 29 tons compared to the previous week's total. At the First Sale, best latex crepes improved by 1 cent per lb. whilst the F.A.Q. types were also 1/2 cent per lb. better. Duller sorts, however, declined sharply by 3 to 12 cents per lb. but the inferior grades were 1 to 2 cents per lb. dearer. At the following Sale, best latex and F.A.Q. Offerings gained further by 1/2 to 1 per cent lb. Duller sorts were irregular whilst the inferior grades were marked down by 2 cents per lb.

Approximately 132 Tons of SCRAP CREPES were offered, a decrease of 32 tons compared to the previous week's total. At the First Sale, light and dark brown scrap crepes were marked down by 1 to 2 cents per lb. Darker offerings, however, were irregular. Flat Bark was quoted 1 cent per lb. lower. At the following Sale, light brown scrap crepes recovered by 1 cent per lb. but the dark brown and darker sorts declined by 1 cent per lb. Flat Bark eased further by 1 to 3 cents per lb.

Approximately 21 Tons of SOLE CREPE were offered during the week under review, a slight increase of 3 tons compared to the previous week's total. Selective demand was once again in evidence, with the F.A.Q. 1/8" Smooth Sole Crepes encountering keen interest. The Smooth 3/16" thickness was unquoted in the absence of any offerings.

Cocoa: Approximately 630 Cwts. of Cocoa were on offer, an increase of 263 Cwts. There was slightly better demand, with No. 1 quality being quoted at Rs. 294/- Nominal per cwt. Next best grades continued easier at Rs. 245/- to Rs. 265/- per cwt., whilst darker and poorer sorts declined further to close at Rs. 170/- to Rs. 200/- per cwt.

Coffee: There was very little buying interest for Coffee and one lot of approximately 11 Cwts. of Coffee, which was on offer was withdrawn due to lack of suitable bids.

Produce Report

Week-ending 6th June, 1971

Cardamoms: 5,343 lbs. of Cardamoms were on offer, a slight drop of 148 lbs. Although the market was slightly better there was still very little demand and No. 1 quality was quoted at Rs. 11/-

to Rs. 12/- per lb., as compared to Rs. 10/- to Rs. 12/- per lb. of the previous week. Next best grades remained at previous levels at between Rs. 8/- to Rs. 10/- per lb. whilst off grades fluctuated between Rs. 4/- to Rs. 6/50 per lb. Seeds were fairly firm at Rs. 19/- per lb.

| | | |
|----------------------------|---------------------|-----------|
| Country Rice No. 1 | 82.00 | 84.00 |
| —Country Rice No. 2 | 75.00 | 76.00 |
| —Samba Rice | 95.00 | 100.00 |
| —Kora Rice | 100.00 | 110.00 |
| | Per Cwt. | |
| —Maize | 29.00 | |
| —Red Gram (Toor Dhal) | 40.00 | 45.00 |
| —Black Gram (Undu) | 61.00 | |
| —Bengal Gram | 46.00 | |
| —Green Gram | 53.50 | |
| —Bombay Cowpea | 40.00 | |
| | Per Bushel | |
| —Finger Millet (Kurrakkan) | 10.50 | |
| —Sorgum | 440.00 | (per ton) |
| —Soya Beans | 850.00 | (per cwt) |
| Spices Condiment | Per Lb. | |
| —Mustard | 6.00 | |
| Chillies | Per Cwt. | |
| —Dried Long | 260/- | |
| —Dried Round | Unquoted | |
| —Off Grade | | |
| —Gofaka | 15/- | |
| —Vanilla | Per lb. 18.00—20.00 | |
| —Tamarind | Per Cwt. 115.00— | |
| —Nut Cashew | Per lb. 5.50 | |
| —Ground Nut | Per 80 Lb. 60.00— | |

COMPANY MEETING REPORTS

The Economic Times regularly features Company Meeting Reports.

Annual Reports of Companies may be addressed to:

Editor, (Company News)
C/o The Economic Times
(1st Floor.)
157, Jayantha Weerasekera
Mawatha,
Colombo

INCENTIVES NEEDED FOR PROCESSING PRODUCTS

Ceylon's main export products viz., tea, rubber and Coconut are exported without much processing and thereby the country is deprived of considerable foreign exchange according to the Ceylon National Chamber of Industries. Other countries have set up industries to process our export products and thus gain the foreign exchange that should normally have accrued to Ceylon.

As a remedy the Chamber suggest that the tax holiday and the set off of losses should be extended to include such

Big boost for local handlooms

The Ceylon handloom industry is to receive a big fillip from the Soviet Union which has placed an order for 98,000 towels and bed-sheets.

The agreement to purchase this quantity will be finalised under the Ceylon-USSR trade agreement for the coming financial year to be signed between the two countries shortly.

The export of these items will be handled by the Department of Small Industries Local weavers will be asked to supply the items to the Department

industries as the exports of Instant tea, Packeted tea, Processed rubber, Tea bags etc

FOREIGN EXCHANGE FROM COTTAGE INDUSTRIES

Three cottage industries in Udapalata will soon be earning foreign exchange from countries such as Germany, Switzerland and Czechoslovakia.

Already samples of two industries viz., laquer works and coconut shell spoons of varied shapes and sizes have been sent to these countries and large orders are expected shortly.

The third cottage industry is the making of clay plates which will receive the final touches at the Ceylon Ceramics Corporation.

There is also scope to improve the local pruning knife industry in this district which could also bring in valuable foreign exchange.

Automatic Sheller

The automatic sheller is basically provided with 20 guide and shelling units, but the number can be greater to smaller depending on the required capacity. In the existing model the machine does the work to twenty experienced manual shellers.

Seven patents have been applied for in respect of this machine and applications have been filed in 14 countries. A number of patents have already been granted. The dimensions of the machine are 4.5x1.8x1.3 meters, and it is 220/380 volts with a mains frequency of 50or60 c/s. The machine can be adapted for processing different types of shrimp. For details contact: N.V. Machinefabriek B & S, Postbus 69, Hengelo (Holland)

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EXPORT INTELLIGENCE

Trade Protocol with the G. D. R. for 1971

Ceylon and the German Democratic Republic have signed a Protocol relating to the exchange of commodities. An integral part of this Protocol is the schedule of commodities available for export

from each country including targets which the two countries will make their best endeavour to achieve. The items for export from Ceylon are as follows;

| Description | Quantity tons | Value in thou £ St. |
|--|---------------|---------------------|
| 1. Spices such as pepper cinnamon and cloves | | 150 |
| 2. Coconut oil | | 600 |
| 3. Desiccated coconut | | 650 |
| 4. Fresh coconuts | | 30 |
| 5. Coir fibre and Coir yarn | | 85 |
| 6. Sheet rubber | 2,000 | |
| 7. Crepe rubber | 1,000 | |
| 8. Mica | | 25 |
| 9. Drugs, medicinal herbs and essential oils | | 15 |
| 10. Automotive and dry cell batteries | | |
| 11. Handicraft products including batiks | | 25 |
| 12. other products | | 75 |

Local exporters who are interested may contact the following German Importers direct :-

For items No. 1-4
Deutsche Genussmittel GmbH Export and Import, 108 Berlin /GDR Lronenstrasse 33.

For item No. 5
Textilcommerz BAHB der DDR, 108 Berlin/GDR, P. O. Box 1206

For item No. 6&7
Chemie-Export-Import 1055 Berlin/GDR, Storkower Stresse 133.

For item No. 8
Bergbau - Handel 108 erlin /GDR Otto-Nusehke-Stresse 55.

For item No. 9
Intermed Export-Import 102 Berlin-GDR Schielerstesses 5-7

For item No. 10 (Automotive batteries)

Transportmaschinen Export - Import) 108 Berlin /GDR, Taubenstrasses 11-13.

Item No. 10 (Dey -cell batteries)
Heim-Electric 102 Berlin/GDR, Alexanderplatex, Hauser Elektroindustries.

For item No. 11 (Hamdierfats)
Demusa 108 Berlin/DGR, Charlottenstresse 46.

Item No. 11 (Batiks)
Wiratex 108 Berlin/GDR, Unter den Linden 62-68".

Cotton: A New Strain

An outstanding new strain of hybrid cotton "H-4" has been developed in India which holds promise of meeting substantially the present shortage of cotton experienced there, according to a news release.

Fourteen districts in Maharashtra and Gujarat have been identified for intensive development of cotton. These 14 districts presently account for 50 per cent of total cotton production in India.

The Indian Planning Commission has provided substantial funds for increasing cotton production. Cultivation programmes are being processed by the Agriculture Ministry and these will be launched shortly.

SHARE MARKET REPORT

Conditions on the Share Market which were quiet at the opening became a little more active towards the close as a result of sellers reducing their limits and meeting the Market, according to the report issued by the Colombo Broker's Association.

| | Previous Price | June 13th | + or - |
|------------------------|----------------|-----------|----------|
| | Rs. Cts. | Rs. Cts. | Rs. Cts. |
| Teas | | | |
| Estates of Uva | 4.00 | 3.75* | -.25 |
| Nyangas | 12.50 | 12.00 | -.50 |
| Uplands | 5.00 | 4.75 | -.25 |
| Upper Maskeliyas | 10.00 | 10.00 | |
| Tea-cum-Rubbers | | | |
| Hunuwellas | 6.25 | 6.50 | +.25 |
| Opatas | 6.00 | 6.00 | |
| Pelmadulla Valleys | 6.25 | 6.25** | |
| Rayigams | 5.00 | 5.00 | |
| Udabages | 7.00 | 6.00 | -1.00 |
| Vogans | 1.00 | .85 | -.15 |
| Commercials | | | |
| Ceylon Brewery | 16.00 | 16.00 | |
| Cold Stores | 9.25 | 9.75* | +.25 |
| Farms | .25 | .25 | |
| B.C.C. | 7.75 | 7.00 | -.75 |
| Browns | 9.25 | 9.50 | +.25 |
| Chemical Industries | 15.00 | 10.75 | -4.25 |
| Kandy Textiles | 10.00 | 6.00 | -4.00 |
| Rowlands | 4.50 | 4.00 | -.50 |
| Lankems | 8.50 | 10.00 | +1.50 |
| Commercials Banks | 6.00 | 5.50* | -.50 |
| Millers | 6.00 | 4.00 | -2.00 |
| Pegasus Hotels | 10.50 | 9.50 | -1.00 |
| Hayleys | 10.75 | 11.25 | +.50 |

There was no business in Rubbers, Coconuts, preference shares and Govt. loans.

The following were quoted ex-dividend:-

Lower Perak Coconut Co. Ltd. -10% Final on 27.6.71.
Perak Rivers Coconut Co. Ltd- 12 1/2% Final on 27.6.71.
Maha Uva Estate Co. Ltd.-5% First and Final on 18.6.71.
Ceylon Theatres Ltd-5% 2nd Interim (Tax Free) on 23.6.71.
Alliance Finance Co. Ltd.-3% Final on 28.6.71.

Plan for Asian Pepper & C'nut Community

A draft agreement to establish a Pepper Community, designed to provide benefits of cooperation in production, research and marketing, has been approved in Bangkok at a meeting held by major pepper-producing countries of Asia with the assistance of the United Nations Economic Commission for Asian and the Far East (ECAFE).

In discussing the draft agreement the participants were "guided by the need for improving the papper economy and promoting its development" states a report on the session held earlier this year.

The participants "noted the rapid increase in production in countries outside the ECAFE region and stressed the need to invite as many paper - producing countries as possible to join the Community", the report states.

The meeting also discussed organisational and financial requirements of the Community and requested the ECAFE secretariat's assistance in a series of tasks.

TEA EXPORT DUTY REBATE SCHEME

The sliding scale of rebate applicable to High, Medium and Low Grown Teas with effect from Sale of 16th June 1971, has been amended as follows:-

| | | |
|---------------|-----|-----|
| 1.30 to 1.39 | -17 | -05 |
| 1.40 to 1.49 | -16 | -05 |
| 1.50 to 1.54 | -15 | -05 |
| 1.55 to 1.59 | -14 | -05 |
| 1.60 to 1.64 | -13 | -05 |
| 1.65 to 1.69 | -12 | -05 |
| 1.70 to 1.74 | -11 | -05 |
| 1.75 to 1.79 | -10 | -05 |
| 1.80 to 1.84 | -09 | -04 |
| 1.85 to 1.89 | -08 | -03 |
| 1.90 to 1.94 | -07 | -02 |
| 1.95 to 1.99 | -06 | -01 |
| 2.00 and over | -05 | nil |

INDO - JAPANESE COOPERATION

Hyderabad

The Japanese Ambassador to India Mr. Atsushi Uyama, said that about 30 to 40 new projects proposed to be set up with Japanese collaboration, were now under discussion between his Government and India.

In an interview with UNI, the Ambassador said that the proposed projects would be both in the public and private sectors. They included fertilizer plants, shipyards electronics heavy and light engineering industries and plastics industry

Mr. Atsushi said that there were now 250 projects in India with Japanese collaboration. The functioning of these projects was satisfactory.

He admitted that in certain cases there were problems like inadequacy of water and electricity supply and lack of raw materials. These problems were regularly being sorted out, and there was perfect cooperation between the two countries in this regard.

Mr. Atsushi was all praise for the progress made in India in the machine-building industries. He said that in 1960, India was importing most of the components for machine building units but now it was capable of producing machinery.

Mr. Atsushi said that he would be glad to help set up new steel plants. He was of the view that the existing steel plants should be worked to their full capacity. Overall planning was needed in matters like this, he added.

LIPSTICK—A LUXURY

Bombay

Mr. Nehru did not consider lipstick to be an unnecessary article of luxury and had, in fact enquired about the plans of an industrial house to produce cosmetics.

When the import of lipstick was banned in the mid-fifties, there was a lot of hue and cry. Mr. Nehru then in a note to his Secretary Mr. M. O. Mathai, asked about the progress made by the Tatas towards the production of lipstick and other cosmetics.

Mr. Masani recalled this incident while commenting on Mr. Chavan's proposal to tax lipstick which the Union Minister considers to be an article of luxury.

... in the latest commercial 1970 prepared by the Ministry and approved by the Cabinet.

According to the white paper the industries fiscal 1969 output, in simple volume including fish hauls and other aquatic production, totalled 8,613,000 metric tons, levelling off from the preceding year's 8,670,000 tons.

It placed Japan as the second most productive nation in the world's fisheries after Peru which registered 9,220,000 metric tons for Calendar 1969.

In terms of value, however, the Japanese fishing industry produced a total of yen 848,800 million, topping all foreign equivalents. The figure represented a significant 14 per cent rise over the preceding fiscal year.

USSR LABOUR PRODUCTIVITY

Moscow

The Directives of the 24th Congress of the CPSU envisage a further growth in labour productivity throughout the Soviet economy. Thus in industry the increase in the new Five year plan will be 36-40 per cent against 35, and in construction 36-40 per cent against 22.

The "Trud" newspaper has published an article on the subject of labour productivity which points out that: "Labour productivity grows above all through all-round mechanisations, better management and the thrifty use of raw stuff and materials. An important role is played by the social system under which people work. It is far from accidental therefore that the average annual increase in labour productivity in 1951-1969, for example was 3.1% for the US, 2.8 for Britain, 4.8 for West Germany and 6.2 per cent for the USSR

The greater the social wealth of the socialist society, the weightier each per cent of the rise in labour productivity. "At present", the article stresses, "only one per cent productivity increase gives the Soviet economy approximately an extra 1 million tons of steel 7,000 million kilowatt-hours of electricity, 1 million square meters of living space, and 6 million pairs of footwear. Under these conditions the struggle for each per cent in productivity growth is truly becoming a concern of the entire people".



THE FULL EMPLOYMENT U.S. BUDGET

Washington

Excessive government spending over revenue in the latter half of the 1960's is generally accepted as a major cause of the inflation that has plagued the United States.

But in this fiscal year, ending next June 30, and probably in the following fiscal year, the United States budget will undoubtedly be in deficit. However, this deficit is not generally regarded by government officials, businessmen and economists as inflationary.

The reason is that they are studying the "Full employment" budget as a better indicator of inflationary or deflationary pressures on the economy than the real budget.

The full employment budget is not a budget at all in the sense that a government budget measures taxation and other revenues against spending. It is rather a measurement of what the government would take in and spend—given no change in the tax rate or spending policies—if the overall economy of the nation were moving ahead at full capacity and full employment. Ever since the time of Lord Keynes it has generally been accepted that the fiscal policies of a nation have a direct effect on the economy in general and the economy has an effect on the budget.

High taxation with low Government spending have a restrictive effect; while lower taxes and increased spending has a stimulative effect. This is not to ignore monetary policy which along with fiscal policy are the two major tools available to a government in setting forth its economic policies, in fact.

President Richard M. Nixon is discussing his budget philosophy said, "except in emergency conditions, expenditures must never be allowed to outrun the revenue that the tax system would produce at reasonably full employment".

In an effort to check inflation, the administration has, through fiscal and monetary policies, slowed the economy down below what it could produce at full capacity and full employment. As a result profits are down, resulting in less revenue for the government while unemployment and welfare payments are up, which means increased spending.

There will be a deficit in the regular budget this fiscal year but the full employ-

ment budget will be in the surplus, and hence the actual deficit will not be inflationary

U. P. FACES GRAVE POWER SHORTAGE

Lucknow

The U. P. Government has woken up with a start, as it were to the grave, almost critical, shortage of power in the State. It is realising that without steps being taken to promote massive investment in power generation, the State may sink deeper into the quagmire of economic stagnation.

The State Electricity Board has many schemes for power generation, but these cannot be implemented for want of funds. Unless generous financial aid is received from the Centre, the gap between supply of and demand for power will go on widening.

The power crisis was aggravated last year when the monsoon failed in the catchment area of the Rihand river and the highest level that the reservoir reached was 840.9 feet against the full level of 880 feet. Consequently, the power generation capacity of the Rihand power station was reduced considerably. The demand for new connections for private tubewells and pumping for private wells and pumping sets, however, continued to rise, creating a shortage of 600 million units during the year.

MANAGEMENT

Changing pattern in socialist countries.

Professor Grub of George Washington University gave an insight into the changes that are taking place in Socialist countries in the sphere of management a talk on Modern Trends in Management in Socialist countries at the Chamber of Commerce Hall recently.

Professor Grub who had toured a number of socialist countries like Yugoslavia, Finland, Hungary, Rumania etc said that the changing pattern of management in these countries indicated the decentralisation of powers delegation of great authority to individual managers. Emphasis is also laid on operation. It was found that such investments were pouring in the long run.

The distinguished professor of Business Administration added that there was definite tendency for individual managers to play an increasingly important role in production in these countries than ever before. The methods of increasing output by offering incentives to managers was also receiving attention of the authorities in Eastern European countries. These incentives come in several forms and have been found to result in great output, Professor Grub said.

It has also been found in some Socialist countries that when an industry is completely government owned it tended to become a burden rather than an asset due to much bureaucratic and administrative pro-

cedures which caused a good amount of delay, said professor Grub.

As an example the Professor cited the case of the Hungarian Wine Industry which was earlier earning a good deal of foreign exchange began to operate at a loss on nationalisation. Later the industry was denationalised and the private owners began to work it as an efficient unit. Before long wine was once again being exported and the exchange earned as a result amounted to several million dollars.

In Poland, the Professor said there is a definite trend towards the establishment of an increasing number of privately owned shops. Professor Grub added that during his visit to Poland he was amazed to find a large number of privately owned shops, boutiques and other business establishments in the country.

Professor Grub also said that he had participated in a number of Seminars in some of the socialist countries he visited and there was evidence of greater interest in adoption of modern marketing, operating techniques of the Western countries irrespective of ideology.

In conclusion the Professor added that the impression he got in regard to industry in the Socialist Bloc countries he visited was that they were increasingly adopting Western techniques of management which resulted in better output.

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Britain & the 'Six' deal

The next phase of Britain's negotiations for entry into an enlarged European Community will deal with the remaining major issues, and her chief negotiator, Mr. Geoffrey Rippon, believes that an outline agreement can be reached by the end of the month, when the extended meeting scheduled to begin on 21 June, in Luxembourg, concludes.

This would realise his target, set a year ago, of "breaking the back of the negotiations by the summer of 1971. But it would not of course, be the end of the negotiations themselves, since many other important, though less vital, matters would still remain to be dealt with.

Three keys

The three subjects which Britain has identified from the start as main issues are:

- (i) Community finance;
- (ii) New Zealand dairy products;
- (iii) Sugar from the developing Commonwealth countries.

Mr. Rippon will be able to tell the Six that the sugar producers have accepted the proposals made by them at the last ministerial session in Brussels on the night of 12 May. The key phrase in this was: "The enlarged Community will have as its firm purpose the safeguarding of the interests of the countries concerned whose economy depends to a considerable extent on the export of primary products, and in particular sugar".

He will also read out the three-paragraph statement embodied in the communique issued at the end of the two days of consultations in London between ministers of Britain and the developing Commonwealth countries concerned.

Firm assurance

The communique welcome the Community's offer of association and regards the Community's offer on sugar "as a firm assurance of a secure for and continuing market in the enlarged Community on fair terms for the quantities of sugar covered by the Commonwealth Sugar Agreement in respect of all its existing developing member countries". In effect, this will mean that one of the three major issues will be settled.

It will not be possible to establish the agenda for meeting until the Council of Ministers of the Six has concluded the meeting which it will before being joined by the British delegation. The Minister will be concentrating on formulating their position on Britain's contribution to the Community's budget and New Zealand dairy products. The extent of their progress will determine whether these items will then be discussed with Mr. Rippon.

The budget

At the last ministerial session in Brussels, the Six put forward a new formula for dealing with the problem of Community finance. This contained

no figures to represent the four stages of the formula.

no figures to represent the four stages of the formula.

no figures to represent the four stages of the formula.

The major problems had been solved. However fish has a political as well as an economic importance to Britain and by raising it now it is hoped that the problem can be resolved by the end of the month.

Fishing for six - not ten

At the start of the negotiations Britain made the general proviso that list of negotiating points was subject to any developments which took place in Community policy in the meantime. In this opening in the negotiations on 30 June last year, the then Chancellor of the Duchy of Lancaster, Mr. Anthony Barber, said that fisheries policy might prove to be one such development.

This has proved to be the case and that is why it is being raised now, because it is clear that the application of the Community's fisheries policy,

formulated, would not operate to the changed circumstances brought about by the enlargement of the Community. The present regulation is designed to regulate the existing Community waters, and, without modification, it would not be suitable for a community of ten.

The purpose of the discussions which will now follow is to determine what modifications would best suit the interests of the Six and of Britain; in other words, an enlarged Community approach to the problem.

The main difficulty lies in the provision in the existing policy for access by all members to the inshore waters of all other members. This rises issues of great economic and political importance, not for the United Kingdom but for the other applicant countries as well - Denmark, Ireland and Norway.

The British fishing industry is far larger than is generally recognised. British landings of fish for human consumption were some one million tons last year, far larger than those of any member of the Six, or even of the other three applicants. No less than 40 per cent of this tonnage is caught by the inshore fishing fleet which operates from ports all along the extensive coastline of the United Kingdom.

To maintain the prosperity of this industry it is essential to have rich fishing grounds with a wide variety of fish

and shell-fish and, by careful conservation of these grounds - particularly within the six-mile limit - the United Kingdom has been able to achieve this.

These waters, especially within the six-mile limit, are already being fished to the extent that stocks will stand. But the provisions of the existing fisheries policy of the six would permit unlimited access to these waters by the fishing fleets of all the other members of the Community. This would result in over-fishing and permanent damage.

Even if the conservation measures envisaged in the common fisheries policy of the Six could be - and were implemented, the end result would be a cutback in the British fishing industry.

Modification

Nor would the transitional period provided for under the common fisheries policy, which allows the temporary reservation of a three-mile zone for five years, resolve the problem.

From the British viewpoint, the talks on fisheries will centre on the need to recognise that modification of the fisheries policy will be needed to meet the requirements of an enlarged Community. From that point it should then be a short step to defining the area of the policy in which such modification should be made.

The British delegation is thinking along the lines that some form of control procedure will be needed for all waters within a six-mile limit. The most satisfactory way of doing this would be to restrict fishing of these waters to vessels belonging to the ports from which the waters are now fished

Alumina

One other subject which Mr. Rippon will wish to discuss is alumina. At the May ministerial meeting agreement

Contd. on Page 11

SCIENCE AND TECHNOLOGY

DEVELOPMENT OF SCIENCE THAT RESPECTS HUMANITY

Development of new types of science that will directly contribute to humanity has been recommended by the Government's Science & Technology Council in a draft to be submitted shortly to Japan's Prime Minister, Eisaku Sato.

The recommendation described the current decade as an age for respecting humanity (human dignity and value) more than simple material prosperity and laid stress on the development of such modern types of science still in their infancy in Japan as "environmental science", "soft science" and "life science".

Towards better living

The latter two represent the computer-using science of public information and the science of better living. Furthermore, it called for more national budgetary appropriations to scientific and technological researches to raise the Government's spendings for such researches to 3 per cent of the annual national income.

In its earlier recommendation the council had suggested 2.5 per cent as a target.

A sharp increase in the governmental research invest-

ments will be necessary for uplevelling nationally financed scientific research projects to a position of leading all of Japan's projects as to value of investments, the latest recommendation said.

The present 30 per cent ratio of such governmental projects to the national total of research investments should be raised to at least 50 per cent, it explained.

MEAT FROM MILK

At the instigation of London's Milk Marketing Board, commercial firms are now undertaking research into the spinning of milk protein fibres for simulated meat.

Initial work has already been carried out by the Board, and it has now decided to support experiments costing up to £1 million.

It is not expected that anything practicable will be available for the market before next year. However a whole range of "mock-meat", would be available if problems such as reaction to the heat of cooking without disintegrating can be overcome.

A t'phone for the deaf

Deaf people can now, for the first time it is claimed, communicate with others over the public telephone network, using equipment which has been specially developed by a London company.

The system is based on the Electrowriter produced by another London firm-Modern Telephones Ltd.-which transmits and receives handwritten messages over the telephone. A device which convert the audible signals for "dialling tone", "engaged", "ringing" and "unobtainable", into visual signals which appear on the telephone itself as winking lights, has been incorporated into the equipment so that now the deaf user can make his own connexion.

Special pen

The system already used in parts of Britain, can reproduce any handwriting. The message in sent by writing with a special pen on a screen connected to the telephone. Each mark of the pen is translated into two voltages, representing horizontal and vertical co-ordinates of its position on the screen.

These voltages are sent over the telephone line and translated back into marks on a similar screen at the receiving end. The original handwriting therefore appears on it. Drawings can be reproduced the same way.

AQUANAUTS TO LIVE IN UNDERSEA HABITAT

Aquanauts will take up residence in an undersea habitat 10 meters below the surface off Kanagawa in July to determine how long human life can be sustained beneath the ocean's depths. The Science and Technology Agency is sponsoring the Yen 350 million undersea habitat programme, known as the "Seatopia" project.

The agency hopes the project will aid Japan in catching up with the United States, France, Britain, West Germany and the Soviet Union which have been forerunners in such programmes.

The U. S. had earlier proved that men could live underwater for at least 60 days in its "Sealab" programme which began in 1964.

The under sea habitat will be equipped with a cylinder capsule measuring 10.8 meters

Medical Research in Britain

Spending on medical research in Britain is doubling every five or six years at the present rate of growth, says the Office of Health Economics in a statement last week.

The figure for the financial year 1970-71 was £80 million and it has been growing at an annual rate of 13 per cent over the past 19 years.

£50 million was spent by the Medical Research Council and the University Grants Committee and, despite some cuts in government support,

the overall of government spending is still expected to grow.

Expenditure by drugs firms in their own laboratories is also increasing. It reached £22 million, 27 per cent of the total, during the year.

But perhaps the most rapidly expanding sector is the research financed by trusts and charities-organisations like the Wellcome Trust, the Imperial Cancer Research Fund and the British Empire Cancer Campaign. Their spending totalled £8 million.

EMPLOYMENT IS THE FIRST PRIORITY

I intend to discuss here what I believe to be the first priority which the nation must today place before itself—the problem of unemployment, its sizes, its consequences and its possible cures.

The one subject on which reliable statistics are wholly lacking in India even after 20 years of planning is the degree to which unemployment is prevalent in our country, whether in absolute numbers or divided into categories such as rural or urban, educated or uneducated. The Dantwala Committee came to the said conclusion that no estimate could be made for unemployment in this country because the very concept of unemployment as accepted elsewhere was inapplicable in Indian conditions. This is of course scientifically correct but not of much help. Where exactitude is not possible, one must proceed by approximation.

Growing Numbers

It has however been estimated that there were a little over 3 million unemployed in 1950 and around 14 million in 1970. During the next decade, the gross addition of our labour force will be approximately 90 million people and net addition 63 million. The best estimate of additional employment in the sixties is around 30 million. Taking an optimistic view, if present policies continue the maximum number of jobs that can be created in the seventies cannot possibly

exceed 40 million. This would mean adding 23 million to the present 14 million unemployed, ending up the decade with 37 million — or no less than 14 per cent of the labour force of 1980. Thus for the next ten years, unemployment will increase on the average by the hair-raising figure of 6,000 per day.

Employment is not employment

Another and perhaps less inaccurate method of emphasizing the same point, namely that there is a fantastic number of people in India who have no, or an inadequate, means of livelihood, is to attempt to assess the number who may be regarded as living below the level of subsistence. These would include the wholly unemployed, the under- or partially-employed and those who may work throughout the year but produce less than is required for their sustenance. Those are estimated to number around 270 million today; according to the somewhat optimistic rates of growth envisaged by our perspective planners they will still number no less around 220 million in 1980.

The person who is unemployed or the one who is technically employed but living a life below the level of subsistence, has quite naturally no attachment to the preservation of a social, political and economic system which appears to him to be monstrously unjust, corrupt and hypo-

critically dangerous. The Planning Commission always refers to "gainful" employment, which to experts is synonymous with productive employment. But to the vast mass of our people, who are not experts, and who are the sovereigns of this country, gainful employment means simply the holding of a job which enables the holder to draw a wage or salary at the end of every month irrespective of how productive they are or how much they produce.

Truth is that

Obviously, the first priority overriding all other priorities, should be to increase employment. Organised society in peace time always has various objectives in view all of which it tries simultaneously to achieve. Life is very much simpler in war time. All the other desirable objectives—more roads, better schools, more hospitals, better housing, more clothing, better geographical and personal distribution of wealth—are subordinated to one simple test: whether the proposed action will or will not further the objective of winning the war.

Today we should subject any policy, action or decision to only one single test: whether or not it will create employment. If it does, we should accept it; if not, it should be rejected.

It is necessary, however, to be very clear about what

exactly is meant by the term employment. The Planning Commission always refers to "gainful" employment, which to experts is synonymous with productive employment. But to the vast mass of our people, who are not experts, and who are the sovereigns of this country, gainful employment means simply the holding of a job which enables the holder to

it may be gainful, unless it is also productive"

By B. K. NEHRU
Governor of Assam and Nagaland

Employment in this sense of everyone being on the payroll is merely a function of the amount of currency that the Government of India might be prepared to print.

Employment is not employment, even though it may be gainful, unless it is also productive. It implies employing the best available techniques and the best available mix of the factors of production. Thus, if production can be tripled by using power in the spinning or weaving process then prohibiting or discouraging the use of power (through fiscal or other means) in order that a larger number of people should be used for the production of the same number of yards of cloth is

not the creation of employment but the making of arrangements for the distribution among three people of the fruits of the labour of one man.

Income Distribution

This leads us to another truth: employment is required as a vehicle for the distribution of the gross national product.

If a society is so highly mechanised and so productive that it produces all the goods and services necessary to give to all its members the standard of consumption and the standard of living that they desire, it is totally unnecessary to force them to work. Arrangements other than what is known as full employment can be made for the distribution of the national product by the provision of free services, as also by the continuous grant, through the mechanism of the State, of a certain minimum income. This is the concept behind proposals for negative income tax as well as for a guaranteed income being discussed in advanced societies.

The proposal of the US President Mr. Richard Nixon on this subject now before the American Congress involves each American family getting a guaranteed minimum income of a thousand rupees a month whether its members work or not. Such a proposal is workable in the U.S. because goods and services are being produced in that

The problem of unemployment in many of the developing countries is as much as it is in India.

India's experience analysed by the author, states makers and planners in India.

country, or are capable of being produced, to satisfy the additional purchasing power created by this kind of grant. In our country a little increase in the dear allowance for people already employed pushes up prices, cause the total production necessities is still insufficient and the additional money causes the same quantity of goods resulting in an increase in price.

Thus the objective of creating employment is in reality objectives on the one hand of increasing production on the other of ensuring the total purchasing power in the country, so distributed that as much of the need as many people as possible met from the total production of the country.

We as a nation will have to revise our mental attitude and our policies if we wish the maximization of welfare. The first is our attitude towards the creation of material wealth. The caste system placed the creators of wealth in the third and fourth categories of social hierarchy; our Brahmins reinforced these injustices teaching us to up our noses at the "boxwallahs". If we wish a national effort

Industrial Arbitration in Ceylon (Part II)

Does it Involve the Exercise of Judicial Power

A controversy arose as to whether the determination of a dispute on a just and equitable basis would involve the exercise of the judicial power of the State (which under the Ceylon (Constitution) Order-in-Council 1946 can be exercised only by a body or persons appointed by the Judicial Service Commission in terms of Sec. 55 thereof), and a Bench of 5 Judges of the Supreme Court took the view by a majority decision, that it did involve the exercise of judicial power vis-a-vis the determination of certain disputes (described by the Supreme Court as "justiciable issues") such as those involving the termination of the services of a workman on disciplinary grounds. (16)

This decision was subsequently reversed in appeal by the Privy Council (17) and in order to put the matter beyond the vagaries of judicial decisions the legislature enacted the Industrial Disputes (Special Provisions) Act No. 37 of 1968 which gave permanence to the Privy Council decision.

If the power exercised by the Arbitration bodies is not judicial, what then is this power? The popular view is that held

in Australia where this power is described as "Arbitral" power

What is Arbitral Power

The meaning of arbitral power is clearly brought out in the following passage (Water-side Workers' Federation of Australia vs. Alexander Ltd.) (18) which draws a distinction between "judicial" and "arbitral" power:—

"The essential difference is that the judicial power is concerned with the ascertainment declaration and enforcement of the rights and liabilities of the parties as they exist or are deemed to exist, at the moment proceedings are instituted; whereas the function of the arbitral power in relation to industrial disputes is to ascertain and declare, but not to enforce, what in the opinion of the Arbitrator ought to be the respective rights and liabilities of the parties in relation to each other."

A similar view has been taken by the Indian Courts which have recognised the position that industrial adjudication does not mean adjudication in terms of strict legal rights. In one case the Court

observed (19):—

"It is necessary to bear in mind the nature of the functions and powers of a Tribunal constituted under Industrial law. It is the duty of such a Tribunal to do social justice. Broadly speaking, justice means whatever is fair, reasonable and equitable, and done with a good conscience not only in the interest of employer and the employee, but in the larger interests of the community. Unlike the Civil Courts, a Tribunal is not confined within the bounds of legal rights. It works within the realm of arbitration untrammelled by restrictions imposed by contractual or legal rights, its aims and objects is to do whatever is just and fair"

The view of the Privy Council is also that the functions of an industrial Arbitrator are completely outside the realm of judicial power and are of a different order... the exercise of the judicial function is concerned as the arbitral functions is not, with the determination of justiciable issue". (20)

Representation of Parties and Appearance of Lawyers

Any party (whether workman or employer) to an arbitration proceeding is entitled to be represented by—

- (a) an officer of the Trade Union of which he is a member;
- (b) a friend representative, if

By
K. THIYAGARAJAH
Industrial Relations
Division
Labour Department

- he is not a member of a Trade Union;
- (c) a Proctor or an Advocate.

The Effect and Finality of Decisions

- (i) Labour Tribunal Orders

The order of a Labour Tribunal in respect of an application filed under section 31B (1) of the Act is final and binding on the parties, subjects to an appeal, on a point of law, to the Supreme Court. Such appeal must be preferred within 14 days from the date of the Order (21) Where a tribunal misdirects itself on the facts such misdirection amounts to a question of law. (22)

- (ii) Arbitrators' Award (both voluntary and compulsory)

The Award of an Arbitrator a Labour Tribunal as Arbitrator is final and binding on the parties for a minimum period of 12 months; and the terms thereof become implied in the contract of employment between the employer and workman bound by the Award. An Award can be repudiated unilaterally, by either party in the prescribed manner after the expiry of 12 months.

- (iii) Industrial Court Awards

The Award of an Industrial Court is final and binding on the parties and its terms become implied terms in the contract of employment between the workman and the employer bound by such Award. Unlike an Arbitrator's Award, Award of an Industrial Court cannot be determined unilaterally. It is however, possible for any party to seek a reconsideration of the Award by an Industrial Court on grounds of changes in labour and economic conditions.

The Award of an Arbitrator and an Industrial Court is not appealable even to the Supreme Court. But any party which is dissatisfied with an Award can seek the interference of the Supreme Court by way of an appropriate writ

application filed under relevant provisions of Courts Ordinance (Chapter 17) The Supreme Court normally does not interfere with an Award of the Arbitrator or Industrial Court has—

- (a) exceeded its jurisdiction;
- (b) failed to comply with the requirement of natural justice; or
- (c) been guilty of an error on the face of the record.

Where an award is quashed by the Supreme Court in certain proceedings on a ground which does not deal with the merits of the case the Industrial Court has jurisdiction to re-hear the case with a view to making a fresh award. (23)

Strikes and Lock-outs

Strikes and Lock-outs commenced in furtherance of an industrial dispute in any industry must cease upon the reference of such dispute for settlement to an Arbitrator (including a Labour Tribunal or an Industrial Court) (24) Similarly, no party to an Award (which is for the time being in force) can commence a strike or lock-out with a view to altering the terms of the Award. (25)

A re-appraisal

While voluntary arbitration by its very nature can said to

The problem of unemployment is today the burning topic of any of the developing countries. It baffles Indian policy makers as much as it baffles their counterparts here in Ceylon.

India's experience and approach to this problem, as described by the author, should be of interest to our own policy makers and planners in their quest to find a practical solution

of are capable of producing, to satisfy additional purchasing created by this kind of In our country even increase in the dearthness need for people already pushes up prices before the total production of goods is still insufficient additional money chases a quantity of goods in an increase in their

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appraisal while voluntary arbitration, its very nature can said to

create more wealth we must hold those who create it in higher social esteem than those who regulate—and restrict its creation. We still tend to send far too many of our ablest men into the administration and our most ambitious men into the sterile field of politics, instead of into the productive arena of industry and agriculture. One of the consequences is that the brakes in our economy are far stronger than the engine which supplies the motive power and these brakes are applied on the slightest pretext.

New Look Needed

Next we must realise that the incentives and disincentives to each individual engaged in the task of creating wealth should encourage production. In this connection both our taxation and labour policies need a close new look.

We must also realise that the gigantic dimensions of the country require production of commensurate dimension. Yet we seem to display an incredible fear of anything which is not small. The result is that the units of our production, industrial and agricultural, as well as of our management, tend to be well below the optimum which modern technology requires.

have proved to be a successful alternative to strikes and lock-outs, the same cannot be said about compulsory arbitration.

There is strong argument against compulsory arbitration. For instance, Lewis B. Schellenbach (as Secretary of Labour, U. S.) stated thus—

"Compulsory arbitration is the anti-thesis of free collective bargaining. Labour and representative management are in complete agreement in their opposition to measures compelling arbitration. Both are aware that the existence of compulsory arbitration laws not only eliminates free collective bargaining insituations where the parties are genuinely at odds, but will frequently encourage one or both of the disputants to make only a pretence of bargaining in anticipation of a more favourable Award from an Arbitrator than would be realised through their own efforts." (26)

The President of India, Shri V. V. Giri bemoaned compulsory arbitration in the following words ;

"...It is a system of straightforward bargaining, there is no doubt a keen struggle through the period of negotiations, except in a few cases that lead to a strike or lock-out, the parties conclude their bargaining in a spirit of 'give and take', in an atmosphere of goodwill and under-

Money supply policy is now regarded as an indispensable tool of economic management. It is playing a vital supporting role in the British Government's present drive to bring down the level of pay settlements.

Proposals foreshadowed by Chancellor of the Exchequer Anthony Barber in his Budget and now published by the Bank of England for new techniques to control bank lending to the private sector could thus be of considerable practical importance for the country's economic future, since the expansion of bank advance is one of the principal ways in which new money is fed into the economy.

The Proposals are still just a basis for discussion. But another change announced by the Bank, with important implication for the money supply, has already been put into effect.

In the past the British central bank, operating in the stock market through the Government Broker, has been willing to buy gilt-edged securities (Government bonds) automatically when requested to do so. The Broker is still willing to buy such stock at discretion and on the initiative of the Bank and to accept exchanges of stock with the market at prices of his own choosing. But, since the middle of May, the Broker has only brought stock on request which is a year or less from maturity.

An important consequence of this step is that it will stop a channel through which new money has been able to leak from the banking system into the economy at times when the authorities were trying to keep money supply tight.

Public Spending

This link between official purchases of "gilts" and money creation arises from the way in which the public spending is financed.

Briefly, to the extent that the public authorities cannot meet their commitments from revenue and other sources of income, they finance them by borrowing, mainly through the sale of gilts and other savings instruments to the "public" (defined, in this context, to cover all sources of investment funds outside the banking system). If the proceeds from this are not sufficient, they make up the difference by selling additional short-term paper to the banks which,

standing. Neither party entertains any sense of humiliation or feels the urge for retaliation and revenge. But that is not the case of compulsory arbitration. When one has lost and the other won, the victor and vanquished get back to their work in sullen and resentful mood towards each other; neither can forget and forgive. The loser waits for the next opportunity to make good the loss, while the winner is carried away by sense of victory, which is not conducive to healthy co-operation. Such an attitude of suppressed hostility in one party and unceasing satisfaction in the other

for their part of the new

Since the total for their advances from expanding beyond a designated "ceiling", the authorities also influence the direction of lending by giving qualitative guidelines giving priority to certain of borrower.

This direct control of bank lending was superimposed on earlier arrangements under which the volume of advances was governed by a formal convention that the banks should hold liquid assets—mainly cash accounts at the central bank and three-month bills—in specified proportion to their total deposit liabilities, the so-called "liquidity ratio".

Special Deposits During the last decade the

NEW IDEAS ON CONTROLLING MONEY SUPPLY

Since that time the Bank of England, with an eye to money supply policy, has allowed the prices of gilts to fluctuate within wider margins than earlier, when the money stock was allowed to expand "passively" in response to the demands of the public and priority was given to debt management considerations.

Private Lending

The latest official decision to cease buying gilts on request takes this policy a stage further.

The market in gilts will continue but without the "floor" provided by the Bank the price will fluctuate more, like the Government bond markets of most other countries. And there can be no massive net outflow of funds from the Exchequer to the public to the detriment of money supply policy.

A further consideration is that the banks themselves will find it less convenient to dispose of gilts in order to ease cash shortages that would otherwise put a brake on their own separate money-creating process—namely, lending to the private sector. However, the main restraint on bank advances is likely to be exercised through improved techniques of control.

At present control of bank lending in Britain is mainly exercised through "requests" by the central bank to the bank and hire purchase finance houses

may lead to a transient truce but not everlasting peace. But that is not the worst. Compulsory arbitration looms in the background. If there is even some probability of a dispute being referred to a Tribunal for compulsory arbitration, neither party will either disclose his hand in full, or prepared to go to the utmost limit of concession it could afford to offer... (27)

Whatever may be said of compulsory arbitration, some aspect of compulsory arbitration and their long range efforts in Ceylon cannot be ignored. The leading arbit-

to keep the total for their advances from expanding beyond a designated "ceiling", the authorities also influence the direction of lending by giving qualitative guidelines giving priority to certain of borrower.

This direct control of bank lending was superimposed on earlier arrangements under which the volume of advances was governed by a formal convention that the banks should hold liquid assets—mainly cash accounts at the central bank and three-month bills—in specified proportion to their total deposit liabilities, the so-called "liquidity ratio".

Special Deposits

During the last decade the Bank of England has been able to reduce this liquidity base, and thus the funds available for advances, by calling on the banks for deposits of cash. These Special Deposits, expressed as a percentage of total bank deposits, bear interest at the same rate as bills but do not qualify for inclusion in the

By

DEREK PAYTON - SMITH

liquidity base of banks, whose scope for lending is thereby reduced. Such calls of course, also help to finance the public sector and reduce its dependence on inflationary borrowing from the banks. Releases of Special Deposits have an opposite, expansionary effect.

Both sets of arrangements have serious shortcomings. The liquidity ration and Special Deposits apply only to the London commercial banks and the Scottish banks. But a growing percentage of sterling deposits within the UK banking system are held by overseas and foreign banks, merchant banks and so on.

This fact, together with their quicker effect, encouraged the use of ceilings and guidelines which apply across the whole banking system and have been continuously imposed since 1965

But this has inhibited the commercial banks from developing competitively with one another. At the same time, the liquidity ratio system has put the commercial banks

at a competitive disadvantage with other types of bank which do not have to hold a proportion of assets in liquid, low interest-bearing form.

The Bank of England has now proposed to abandon quantitative ceilings—through qualitative guidance on the direction of lending—and to replace the liquidity ratio with a new minimum reserve assets ratio. This would apply not just to the commercial banks but to all banks in the United Kingdom, with parallel arrangements for hire finance houses.

More Flexible

Unlike the liquidity ratio, the reserve ratio would be calculated by reference to sterling deposit liabilities arising as a counterpart to foreign funds placed in London as well as to deposits from domestic sources.

Assets included in the "reserve base" would include gilts with a year or less to run as well as cash and other components of the present liquidity base (excepting notes in tills which are held mainly as stock-in-trade to meet customer needs). The reserve ratio would be the same for all types of bank and would be close to the existing average practice of the banking system.

With the establishment of this new reserve ratio the level of bank lending would be controlled by the Special Deposit system, with the rate of calls or releases the same for all banks. More flexibility than at present would be given by relating the calls or releases to all deposits with the banking system, to domestic deposits alone, or to deposits from overseas alone; or the rate of call might be different for domestic and overseas deposits

This would give the authorities a convenient means of neutralising the inflationary effect of hot money inflows while leaving the domestic credit situation undisturbed. And this, in view of the present strength of sterling, could be a useful addition to their armoury in present world monetary conditions.

Law Reports 434.
19 (1918) 25 Commonwealth Law Reports 434.
20 *Ranjilal Nathial and others vs Hinabhai Mills Co Ltd AIR 1959 (Bombay) 244*.
21 *Attorney General of Australia vs. Reginam (1957) 2 A.E.R. 45*.
22 *Section 31D (2) of the Industrial Disputes Act*.
23 *C.T.B. vs Abdeen 70 N.L.R. 407*.
24 *Eksath Engineeru Saha-Samanya Kamkaru Samithiya vs. S.C.S. de Silva et al 73 N.L.R.260*.
25 *Section 40 (1) (m) of the Industrial Disputes Act*.
Contd. on Page 11

16 *Walker Sons & Co. Ltd. vs. Fry 68 N.L.R. 73*.
17 *United Engineering Workers Union vs. Devanayagam 69 N.L.R. 289*.
18 (1918) 25 Commonwealth

H.M. QUEEN ELIZABETH II

Her Majesty The Queen was born in London on 21 April 1926 first child of the Duke and Duchess of York. Five weeks later she was christened in the chapel of Buckingham Palace, and was given names of Elizabeth Alexandra Mary.

Her early years were spent in London, at 145 Piccadilly, the house taken by her parents shortly after her birth; at the White Lodge in Richmond Park; and at the country homes of her grandparents, King George V and Queen Mary, and the Earl and Countess of Strathmore. When she was six years old the Duke and Duchess of York took over for their own country home the Royal Lodge in Windsor Great Park.

Princess Elizabeth and her sister Princess Margaret, born four years later, had their early education at home. After her father had succeeded to the throne as King George VI, Princess Elizabeth, now heiress presumptive, began to study constitutional history and law, taking lessons with the late Sir Henry Marten, Provost of Eton—then Mr. Henry Marten and Vice-Provost. The Princess took her studies seriously and her education was both broad and austere.

Public life

As she became older the Princess began to take part in public life. She was fourteen

when she made her first broadcast, in October 1941, in a message given during Children's Hour to the children of Britain and the Commonwealth. "It was not done", wrote the South African novelist Sarth Gertrude in her diary. "If there still queens in the world generation hence, this child will be a good queen".

Early in 1942 Princess Elizabeth was appointed Colonel of the Grenadier Guards, and on her sixteenth birthday she carried out her first public engagement when she inspected the regiment. Thereafter she was increasingly in the public eye, carrying out official duties becoming President of the Royal College of Music of the Queen Elizabeth Hospital for Children in Hackney, and of the National Society for the Prevention of Cruelty to Children. She began to accompany the King and Queen on many of their tours within the Kingdom and undertook various other offices with their attendant responsibilities. Shortly after her eighteenth birthday she was appointed a Counsellor of State during King George VI's absence on a tour of Italian battlefields, and with her mother Queen Elizabeth she signed the commission authorising the Royal Assent to new statutes.

When not engaged in public duties or study, Princess Eliza-

normal recast, in her age, of a book park with a studied label as-



Her Majesty, photographed in the Blue Drawing Room at Buckingham Palace is wearing a simple necklace and a pearl and diamond brooch. The Blue Drawing Room, which was the ballroom of the Palace until 1854, is furnished in the Regency style. (Portrait study by Cecil Beaton C/R Camera Press London)

always been fond of outdoor activities and is a great lover of horses. She has been an excellent horse woman since she was a little girl, and with Princess Margaret would often accompany her father on his rides through Windsor Great Park. A keen swimmer, she learned life-saving and at the age of thirteen won the Children's Challenge Shield at the Bath Club. Amateur theatricals were another of the little Princesses favourite recreations and the Christmas show at Windsor became an annual event, with Princess Elizabeth frequently in the part of Principal Boy.

From the end of the war onwards Princess Elizabeth's public engagements claimed more and more of her time. Many societies asked her patronage or presidentship and she travelled on public occasions throughout the British Isles. Scotland had known her well from her childhood when so many of her holidays were spent there. In the summer of 1946 she attended the National Eisteddfod of Wales at Mountain Ash, and was initiated into the Welsh Gorsedd of Bards under the title of Elizabeth O Windsor. The next year she accompanied her parents and sister on the South African tour, sailing in the *Vanguard* which she herself had launched three years earlier. It was during this tour the Princess celebrated her twenty-first birthday, when from Capetown she made a broadcast address to the Commonwealth, and in a "solemn act of dedication" said:-

Queen's Birthday A Special Supplement

"I declare before you all that my whole life, whether it be long or short, shall be devoted to your services But I shall

Her Majesty was crowned Queen in Westminster Abbey on 21 June 1953. The august ceremony, which was attended by representatives from all parts of the Commonwealth and from many foreign countries, was brought home to hundreds of thousands of her subjects in a way never hitherto possible; for the first time in history the coronation of a British sovereign was recorded by television, as well as by sound broadcasts throughout the world. The coronation was followed by drives through all parts of London, and by a review of the Fleet at Spithead, and during the weeks that followed Her Majesty and the Duke of Edinburgh paid State visits to Scotland, Northern Ireland and Wales.

In the autumn of the following year Her Majesty set out to accomplish as Queen the Commonwealth tour which she began with the Duke of Edinburgh, just before accession between November 1953 and May 1954 the Queen and the Duke visited Bermuda, Jamaica, Fiji, Tonga, New Zealand, Australia, Ceylon, Uganda, Malta and Gibraltar. The Royal couple were welcomed with remarkable demonstrations of enthusiasm and affection wherever they went. This tour was the first of many which Her Majesty has carried out throughout the Commonwealth.

Apart from her overseas tours, Her Majesty has visited nearly all English and Welsh countries all Scottish counties and also more than 30 offshore islands and has carried out hundreds of engagements in connection with agriculture, industry sport, the arts, medicine, the armed forces and education making around 40 speeches and replies to addresses each year.

Nearly 30,000 people, representing all sections of the community attend the three Garden Parties and one at Holyroodhouse, Edinburgh, each year, and further several thousands attend a "special" Garden Party sometimes given for a distinguished national organisation celebrating an important anniversary and the like. Although it is not possible for the Queen to meet all these people, many thousands are presented to Her Majesty or another member of the Royal Family on these occasions.

In addition to the annual Diplomatic Reception at Buckingham Palace, the Queen gives each year some 40 to 50 dinners luncheons and receptions for Commonwealth and foreign visitors and for her British subjects.

All this, and modern mass communications, brings the Queen much closer to her subjects than was possible for any of her predecessors. In addition history was made in 1970 when the Royal Family consented to the making of a television film showing the life of its members in their private and leisure activities as well as on official occasions.

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Modern upbringing for Royal children

At the age of eight, after having lessons for three years in the schoolroom at Buckingham Palace, Prince Andrew, third child of Queen Elizabeth II and Prince Philip, Duke of Edinburgh, became a boarder at a school near Windsor, just outside London, a little over two years ago.

The announcement that Prince Andrew was to go to school caused little comment in Britain. For since the Queen came to the Throne in 1952, both she and the Duke of Edinburgh have taken every step to ensure that each of their four children should spend a normal childhood undisturbed, as far as possible, by the spotlight of publicity.

Liberal upbringing

In a way never previously considered possible for young "Royals", the Queen's children have mixed with their contemporaries from an early age in the give-and-take atmosphere of school life. The precedent was established when the heir to the Throne, Prince Charles, Prince of Wales was small, and it has been successfully pursued in the case of the Queen's only daughter, Princess Anne.

The Queen's children as a result, have so far had infinitely broader educational and recreational opportunities than has been the case in any previous reign, and the contacts they have made have not only

been wider, but far less formal. The effect of this more liberal upbringing is already evident in the easy spontaneous way Prince Charles and Princess Anne mix with all kinds of people, and seem to be happily at ease in every kind of situation.

The Queen and her sister Princess Margaret, as children, had loving and close relationships with their parents, unlike their father, King George VI who, in the more formal atmosphere of his childhood, found King George V a remote and somewhat awe-inspiring figure.

The two young Princesses, however, grew up under the shadow of World War II, and their lives were consequently restricted. Neither of them went to school. They were educated by a governess at home, and Princess Elizabeth, as heiress presumptive to the Throne, later studied constitutional history and law with a tutor. Nor did they have much chance of making friends of their own age outside the immediate Royal circle, again because of restrictions to social life caused by the war—and no doubt the Queen, looking back on her own childhood with its limitations wanted her children to have more scope and freedom.

Prince Philip had, of course been brought up very differently from his wife. As a small

boy he had been a boarder at a school and a public school in Scotland. His son, Prince Charles, followed the same lines. The Queen and Prince Andrew have followed the modern trend of having their children with them as much as possible, and not leaving them largely to the care of nannies and governesses, as was the custom among wealthy families in England a generation ago. Except on formal occasions, for instance, the royal children have had many meals with their parents from an early age. This has led to them mixing with grown-ups of all kinds, and has undoubtedly helped to make them friendly and natural.

Public Statement

Even before the Queen's eldest son went to his first school, a public statement was made on behalf of the Queen about her plans for him, saying that he would attend classes and visit museums and other places of interest, and adding, "The Queen trusts that His Royal Highness will be able to enjoy this in the same way as other children can without publicity".

This was the first official intimation of the fundamental changes which the Queen and her husband intended to make upbringing of the heir to the Throne. Though some of them were at the time considered almost revolutionary, so that for a time the small

boy he has been beset with reporters and photographers the public respect his wishes, and eventually taken for granted. Young Royals were to lead the lives of ordinary children until of an age to start taking their share of official duties.

Queen and Prince Andrew have followed the modern trend of having their children with them as much as possible, and not leaving them largely to the care of nannies and governesses, as was the custom among wealthy families in England a generation ago. Except on formal occasions, for instance, the royal children have had many meals with their parents from an early age. This has led to them mixing with grown-ups of all kinds, and has undoubtedly helped to make them friendly and natural.

All the royal children began their education with a governess, and had their early lessons in the school room at Buckingham Palace. However, Prince Charles and his sister, and subsequently Prince Andrew and Prince Edward in their turn, had their horizons broadened far beyond the confines of their schoolroom by attending dancing classes, having music lessons, learning to ride, going regularly to a London gymnasium frequented by other children of their own age, and visiting such places as the House of Commons,

the Tower of London, Madame Tussaud's waxworks, broadcasting studios, museums and picture galleries. All the children have become expert swimmers, starting lessons under their father's tuition in the pool at the Palace.

All Precedents Broken

When Prince Charles was eight, all precedents were broken by sending him to Hill House, a London day-school to which a number of members of the Diplomatic Corps send their sons, and he seemed to settle down there happily enough. Going as a boarder to his father's old preparatory school, Cheam, a year later, was a different matter.

Like many small boys away from home for the first time, he is said to have been lonely at first. It is to his credit that eventually he made friends, took part in all the school's activities, showed a taste for music, acted in plays was reasonably good at games and had satisfactory all-round reports from his headmaster.

During the holidays his father, a fine sportsman, taught him to ride, shoot and sail and in 1962 Prince Charles went to Prince Philip's old school, Gordonstoun, which has a reputation for developing independence and self-reliance under a somewhat spartan regime. It is part of the tradition of the school.

Contd. on Page 10

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to

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Britain's Royal children

Contd. from Page 9
 that the pupil take part in the life of the neighbourhood (it is on the Moray Firth, in Scotland) and mix with local boys from all walks of life in games and sport. While at Gordonstoun, Charles was a member of the Army Cadet Force, and was one of a party from the school which undertook sea training with the Royal Navy at Portsmouth.

Express wish

Princess Anne was also growing up, and in 1963 when aged 13 she became the first Sovereign's daughter to go to boarding school. Benenden, in Kent South-East England, was her parents' choice. Until then she had studied at home. Anne joined a Brownie pack which included children far removed from royal circles, and she later graduated to the Girl Guides.

As with the case with Charles it was the Queen's express wish that her daughter should be treated no differently from any of the other girls at her school, and by all accounts, she enjoyed her time at Benenden which she left in the autumn of 1969 after passing her General Certificate of Education (GCE) A-level examinations.

At 20, the Prince is a lively extrovert character. It is whether she probably has quickly acclimated to school-life than her brother, who was 22 in 1967.

Princess Anne is very much an outdoor girl, an experienced horsewoman like her mother, enjoys helping to look after her father's polo ponies, and is keen on sailing. Like all the royal children Princess Anne's upbringing has given her an inquiring mind and a desire to "see things for herself". It is typical of her that on a recent visit with the Queen to the Palace of Holyroodhouse, the sovereign's official residence in Scotland, the Princess, who had never been in Edinburgh before, set out on a sight-seeing tour at the first opportunity.

Two Terms In Australia

Prince Charles's education departed even further from tradition when he spent six months at Timbertop, an offshoot, in the Australian bush, of the famous Geelong Grammer School. At Timbertop Charles hiked, climbed mountains, panned gold, chopped wood and did his

Prince Andrew who was eleven on February 19, is a sturdy, lively child with a taste for football, and like his elder brother and sister, he is being given every opportunity to see as many facets of contemporary life as possible. These activities have included going down the River Thames to the docks in a police launch, visiting Sir Francis Chichester's boat "Gypsy Moth", being shown round the Royal Mint and the Transport Museum, and making a trip in a hovercraft.

Meanwhile the youngest of the family, Prince Edward who was seven on March 10, is having lessons with a group of small boys and girls in the place schoolroom.

of an upbringing which has a complete break with tradition. In a quiet, very individual way this young man is beginning to make an impact on his countrymen as a personality in his own right, not only as the Queen's son and heir to the Throne. He seems to have a friendliness, a natural concern for others which make him not just respected, but liked and welcomed wherever he goes.

It is, however in the Prince of Wales, at present spending some months with the Royal Air Force before going on to the Royal Navy, that we can begin to assess the results

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Shipping & Aviation

ANOTHER MERCHANT SHIP FOR CEYLON

The Ceylon Shipping Corporation is negotiating the purchase of another cargo ship which has been offered by Pakistan, it is reliably learnt.

A final decision on the purchase of the ship will depend on the terms and conditions offered and the state of the ship which will all be examined by the planning sub-committee appointed for this purpose.

A number of similar offers are presently being studied by Corporation officials. The Corporation expects to have at least four ships as soon as possible.

LARGEST CAR TRANSPORT SHIPS

The N.V. Kon. Maatschappij "De Schelde" of Flushing, a member of the Rijn-Schelde Group of companies, has received an order from the Norwegian shipping line Jan-Erik Dyvi of Oslo for the construction of two identical car transport vessels.

The ships will have a capacity of around 3,800 medium range cars, making them the largest car transporting vessels in the world. Once the two new ships have been delivered—in the second half of 1973—the Norwegian shipping line's fleet will have a transport capacity of 230,000 cars per annum. The order is worth a total of around £95 million. This order brings

the value of the orders on the books of "De Schelde," which employs 3,800 persons, to more than £480 million.

ROTTERDAM AIRPORT IN 1970

According to data furnished by Rotterdam Airport the number of passenger movements through this airport climbed from 389,055 in 1969 to 490,985 in 1970, and increase of 26%. Freight traffic went up from 7,237 tons to 12,360 tons (+71%). The number of motor cars carried fell from 3,955 to 3,348. The number of commercial movements (take-offs and landings) was 12,478 (previous year 11,315).

HIGH PERFORMANCE HELICOPTER

The Lynx—the first new British-designed helicopter for many years—is now undergoing flight development trials at Westland Helicopters Ltd., in the west of England.

A high-performance helicopter with a maximum all-up weight of 8,000 lb., the Lynx is powered by two Rolls-Royce TS-360 900-shaft-horse power engines, giving it a cruising speed of 185 miles an hour and a range of 440 miles.

The Lynx has many technical advances embodied in a deceptively conventional-looking frame. Notable among these are the semi-rigid or hingeless rotor head, the simplicity of which contrasts strikingly with a conventional head, and the 'conformal'

gear train which, size can transmit power as efficiently as a conventional gearbox.

Its performance is designed to give a safe capability equally well suited to military operations.

CUNARD COMPUTER

A team of 14 BOAC computer experts has been adapting the airline reservation system for Cunard. A flight number and a date is the important data for an airline reservation. But the ship reservation is affected by the number of beds in a room; whether there is a bath or shower, and a toilet.

Responsibility for setting up and controlling the records for sailing lies with Cunard. All sailings will be treated as extra non-scheduled flights, so their records, date and sailing number can be set up by keyboard entry into the reservations control system.

The deal, worth nearly £250,000 means the London and New York offices of Cunard will be linked with BOADICEA at Heathrow to give central control of all their ships' bookings. BOAC are arranging all the communication lines. Cunard will be sharing BOAC's trans-Atlantic cable.

The programming by BOAC is under way and system tests should be complete by the end of 1971. The Cunard system is expected to go 'live' at the beginning of 1972.

INDUSTRIAL ARBITRATION ...

Contd from Page 7

Industrial Disputes Commission which was appointed to inquire into the changes to the industrial relations system in Ceylon has recommended as follows in regard to the future of compulsory arbitration in Ceylon.

After a most careful consideration of the evidence before us and having weighed the respective merits of the two systems we feel that it is still too early in the day for the exclusion of compulsory arbitration provisions from our statute book. Our labour movement has not yet developed to its full maturity. Although unionisation of labour is high, the trade union movement is divided on political and other lines. Most of the unions themselves are as institutions not sufficiently equipped or developed like those of the Western industrial states, to make a significant contribution to the collective bargaining process. Besides, ours is a developing economy still depending to a large extent on the export of a few primary products. In this formative stage, restraints and limitations are necessary on the "free for all" of collective bargaining. Our country can ill absorb the disruption of its economy. Further, it must be admitted that in socialist economies controlled by a certain amount of central planning, state regulation is almost inevitable, and such regulation claims priority over autonomous machinery. There would be time enough

to remove these restraints and limitations on free collective bargaining when employers and workers have learned to consider and respect each other and are also guided in their conduct and dealings by concern for the public good. We feel that that time is still a long ahead. At the same time we feel that the compulsory procedures should be very sparingly used and every encouragement should be given to voluntary collective bargaining". (28)

The Remedy

In the light of the above analysis, one might rightly conclude that if compulsory arbitration is to disappear from our industrial relations scene, it is necessary for both employers and workers' organisations to make genuine and sincere efforts towards making the best and extensive use of free and voluntary collective bargaining for which the Government's advice assistance and guidance are always available.

After all industrial peace is not a God given product! It must be cultivated and worked for constantly.

- 26 Section 40 (i) (1) of the Industrial Disputes Act.
- 27 Report of the Commission on Industrial Disputes Ceylon, Sessional Paper No. IV of 1970, page 109.
- 28 Report of the Commission on Industrial Disputes Ceylon Sessional Paper No. IV of 1970, Page 117.

BUSINESS NEWS

Success of the Golden Egg catering group

A 'Cautious entrepreneur' is how JOHN BOSMAN describes himself. And he certainly looks the entrepreneurial part. But is "cautious" the right word to describe the man whose Golden Egg catering group has increased by leaps and bounds

Bosman has in fact plunged into successive new ventures with apparent abandon, but he presumably means simply that the expansion hasn't got out of control, and that earnings have largely kept pace with rising turnover. If so, caution earns its rewards, for Golden Egg is one of those rare companies whose share price continued to climb through the great bear market. At the end of January Bosman's own slice of Golden Egg was worth over £6,000.

Bosman is already the biggest shareholder controlling around 9% of the equity, and he is committed to buy another

400,000 shares by the end of this year. At one time a property man, he launched into catering in 1963 when, with various associates, he bought a half interest in the Kaye family's chain of 18 restaurants. He and REGINALD KAYE became joint managing directors under PHILIP KAYE'S chairmanship. But it was accepted, says Bosman that 'I would supply management and finance, and that I should be the sole arbiter of when we should go public.' In fact, flotation followed the next year.

By 1966 the group had acquired control of Angus Steak Houses, another public company catering for a slightly more affluent trade. Bosman himself took the chair of this subsidiary, with the Kaye brothers as joint managing directors. Since then, Golden Egg has spread into Wemy's bars, Italian restaurants, Indian restaurants—at the last count it operated 76 eating places

of various kinds, plus 21 pubs and six hotels. Bosman is well aware of the managerial barrier that can buffet fast-growing companies approaching middle size. 'This is no longer a business to be run by three entrepreneurs,' he says. 'We have reached the position where we have to have middle management.'

Hence, the three dimensions—restaurants, pubs and hotels—each with its own managing director. Ideally, says Bosman, a third of the profits should come from each division, 'which would give us a far more solid base.' Or there might be a fourth leg, to the structure, though he has 'nothing in mind' at the moment. In fact, 77% of 1970's profits came from the restaurant. However, the restaurants also take on hotel catering, which leaves the hotel management free to attack the problem of filling beds. Operating managing directors are actually supposed to get out and about in their branches, not to sit and administer—Bosman complains that this is 'what men like to do.'

At the top level, the solution to the administrative problem was prompted partly by Reggie Kaye's illness last year. Following his retirement, Bosman took over as chairman and managing director of the group, while Phillip Kaye be-

came planning director, and the ex-company Secretary joined the board as finance director. In practice, the top executive trio still work closely together at Golden Egg's Leicester Square head office, almost literally within a stone's throw of half a dozen of its interests. At least in intention, all three are now 'pretty free from day-to-day concerns.'

Money, on the other hand, is an admitted problem. More than 80% of Golden Egg's net capital employed has lately consisted of loans, including overdraft. 'One's always extended, admits Bosman, adding but not over extended. In an expanding industry it is right for us to be highly geared an expansion minded. When the convertible loan stock matures in 1972-73, then the ground will be cleared to re-finance the group on a much sounder basis.' As it is, Bosman and his colleagues have shown some ingenuity in the business of raising funds. When Golden Egg sold out its franchise interests to J. Lyons last year, it took the opportunity of borrowing £100,000 from the purchaser at the same time. And a £1 million loan from Morgan Grenfell has been guaranteed by brewers Scottish and Newcastle.

BRITAIN AND THE "SIX" ...

Contd from page 5

was reached on 12 out of a list of 13 basic imported materials, vital for British industry, on which tariff quotas had been sought.

Alumina, the one item not agreed, is the raw material with which the newly established British aluminium smelters operate.

After further discussions with the Six in the interim since the May meeting, a small gap now remains between the positions of the United Kingdom and the Community. The latter has proposed a lower common external tariff (CET) rate on imported alumina, but the two sides are still apart on the date when Britain should make the first move towards the CET.

The Six have been thinking in terms of 1 July 1975, whereas Britain has suggested that it should be 1 January 1976.

THE ECONOMIC TIMES

Editorial Department
Wednesday 16th June, 1971

(1st Floor), 157, Jaya
Weerasekera Mawatha
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PRIVATE FOREIGN INVESTMENT

In our last issue we had occasion to comment on the investment climate in Ceylon, with particular reference to local private sector investment. We now intend to complete the picture by discussing the importance of attracting private foreign capital within the wider framework of overall economic development.

It is common knowledge that Ceylon lacks entrepreneurship and expertise as much as it lacks investment capital. Therefore, the importance of attracting private foreign investment to ease the pressure on our external finances need hardly be stressed. It is almost impossible for a developing country like Ceylon to develop on its own resources.

The economic history of the developed countries show that (perhaps with the exception of Great Britain) there is no country that has developed without the aid of foreign capital investment. Russia depended on foreign capital investment towards the end of the 19th century; so did France from the middle of the 19th century and Japan from the beginning of the 20th century. So, the smaller and less developed countries like Ceylon need not fight shy of attracting foreign capital. This is what Ceylon needs urgently today. But have we the right type of climate to attract foreign investors?

The inhibiting factors pertaining to local private investment which we discussed in our last editorial, apply equally to foreign capital investment. Hence, it is imperative that the Government should take immediate steps, consistent with national objectives, to identify and remove the existing disincentives to private investment, while ensuring stability in the laws and regulations affecting foreign investment.

At present Ceylon is going through a phase where sentiment or political sensitivity should not be the guiding factor—the country must develop first and foremost under whatever "ism." Is it said that only fools benefit from their own experience while sane people benefit through the experience of others. But right now we in Ceylon do not seem to be benefitting from the experience of either!

Direct foreign investment has added substantially to the real national income of developing countries. So, there is no reason why Ceylon should not take advantage of it—especially at this critical juncture. The economy must be raised from the lowest depths into which it has fallen.

An ECAFE paper submitted to an Asian Conference on Industry emphasises the fact that foreign capital investment not only accelerates the development process, but also promotes the transfer of technology and know-how. The report adds:—

"From the economic point of view, therefore, National Governments themselves would have to take steps to ensure that foreign capital is entertained on the basis of certain desirable functions that it is expected to perform in the process of economic development. . . . To implement a clearly defined foreign investment policy, it is necessary to spell out the detailed legislative needs to suit the objectives of private foreign investment."

It is time the Government gave serious consideration to this question.

material allocations need new basis

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"When orders are confirmed, we must ship the goods almost immediately," a spokesman for the Chamber ex-

claimed. "Unless we can do so, we shall not be able to sell our goods in the highly competitive markets of the world," he added.

Remedy

It is therefore suggested that all existing exporters should be granted allocations on the basis of the previous year's exports or on the basis of capacity for export productions. If additional allocations are required during the course of the year, the export-

will have to make an application with a statement of the goods already exported and the confirmed orders.

TRACTOR M'FACTURING PROJECT MOOTED

A Ceylon Tractor Corporation, to initially assemble and ultimately manufacture tractors here, is the latest industrial project being studied by the Government.

Project plans for this proposed new corporation are now being evaluated by a panel of officials appointed by the Minister of Industries and Scientific Affairs, Mr. T. B. Subasinghe.

It is reliably learnt that an earlier proposal to set up a tractor assembly plant, under the State Hardware Corporation had been consequently abandoned.

The new venture would go ahead with the assembly and eventual manufacture of about 600 to 1,000 agricultural and other tractors, annually, if the

project gets the 'green-light' from the Government, the sources said.

Exchange Saving

It had been estimated that an annual foreign exchange saving of over Rs. 20 million could be realised at the outset through the implementation of this Ceylon Tractor Corporation project.

One of the principal matters being considered by the Industries Ministry panel evaluating the tractor manufacture scheme is whether the project should be undertaken as a 100 per cent State monopoly because two key Ministries, that of Agriculture and Trade, have favoured a State take-over of the multi-million rupee tractor business in the country.

Dept. of Govt. Supplies: Changes recommended

The Committee of Inquiry appointed by the Minister of Foreign and Internal Trade to investigate the activities of the Department of Government supplies was handed over its report to the Minister.

Its main recommendation is that a State Trading Corporation (Government Supplies) should be set up to replace the present Department of Government Supplies and Civil Medical Stores.

Among the other recommendations are:—

The establishment of a trade and Marketing Intelligence Centre in London to promote Ceylon's products and tourism and also to act as Ceylon's Purchasing Agent in Europe and

The termination of the private contracts system for clearing and delivery of Government cargo from the Port of Colombo and arrangements to be made by the Government supplies Department itself to do the clearing and delivery of cargo.

Japan gifts Burma rice to Ceylon

The Government of Japan has undertaken to provide US \$300,000 of food aid to Ceylon, within the framework of the International Food Aid Convention of 1967. This aid will be in grant form and will be utilized for the purchase of rice from Burma. Letters providing for this grant were exchanged last week.

C. W. E. PROFITS DROP

The Co-operative Wholesale Establishment earned a net profit of Rs. 26,841,589 during the year 1969 and paid Rs. 17 million out of this as income tax. A further Rs. 2,150,000 was paid as bonus to staff.

The turnover for the year amounted to Rs. 391,631,831.

The net profit for the previous year was, however, Rs. 42,435,853. The drop in the profits is attributed to the Food Commissioner taking over the wholesale distribution of sugar.

In addition to investments of Rs. 5,376,980 in the Lanka Sahu Sala Ltd., Rs. 1,535,880 in the Consolidated Exports (Ceylon) Ltd. and Rs. 9,140,000 in the Asian Hotels Corporation Ltd., the CWE has placed Rs. 80 million in cash not required for day to day operations, as a fixed deposit in a commercial bank.

RS. 4,287,000 IN FOOD AID FROM BRITAIN

Under an agreement signed in Colombo last week Britain is giving Ceylon some £300,000 (Rs. 4,287,000) for the purchase of wheat or flour during the harvest year 1970/71. The Government of Ceylon will be responsible for shipping and other costs.

This grant is additional to that of £700,000 given earlier in the 1970/71 harvest year. Grants of about £1 million were also given by Britain to Ceylon in the 1968/69 and 1969/70 harvest years.

This gift fulfils part of the obligation which Britain has accepted under the terms of the Food Aid Convention to provide 225,000 metric tons of grain, or the cash equivalent, each year for three years as aid to developing countries. It forms part of Britain's obligation for the third year of the Convention.

In addition, the Government of Japan has also provided in 1971, credits to the extent of US\$ 8 million for the purchase of fertilizers, equipment and industrial raw materials.

These credits carry an interest of 5 per cent per annum and repayable in 13 years after a grace period of 7 years.